DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)
EXECUTIVE SUMMARY

The Department of Defense (DoD) AcqDemo transforms civilian personnel management policies and procedures to better support DoD's acquisition mission. Specifically, AcqDemo aims to provide a system that retains, recognizes, and rewards employees for their contributions, and supports their personal and professional development.

Background

Beginning with the Naval Aviation Warfare Center - Weapons Division at China Lake in California, Congress has provided DoD special personnel demonstration authorities to support complex laboratory mission and technical workforce needs. In 1999, Congress provided DoD similar personnel demonstration project authority to support DoD's complex acquisition mission and workforce needs. DoD implemented AcqDemo as a contribution-based, broadband compensation, and personnel system for acquisition organizations. AcqDemo expansion was interrupted from 2007 through 2010 by the Congressionally-directed National Security Personnel System (NSPS). AcqDemo, although similar to NSPS as a broadband system, differs from NSPS through its design and management flexibilities. Also, unlike NSPS, AcqDemo garners union support as it requires for local union bargaining agreements. After Congress repealed NSPS, AcqDemo participation returned to 16,000 and remained stable until 2015. Since 1999, **Congress has repeatedly extended AcqDemo's temporary authority, which now will expire on December 31, 2023 unless congress adopts the DoD legislative proposal for FY22 to grant a temporary extension to the AcqDemo authority 10 USC 1762**. As a result of the National Defense Authorization Act for Fiscal Year (NDAA) 2016 extension, AcqDemo participation has more than doubled. By January 31, 2021, the population count has expanded to approximately 49,000. To enhance DoD's AcqDemo success, Congress, through the FY17 NDAA, transferred full management authority for AcqDemo from the Office of Personnel Management (OPM) to the Secretary of Defense (SECDEF). Using the new SECDEF authority, DoD is now positioned to make the most significant improvements to the AcqDemo design and management flexibilities since 1999.

Section 1762 of Title 10, United States Code, provides the Secretary of Defense authority to establish personnel management system demonstration project. AcqDemo is described in the revised Federal Register Notice, (FRN), 82 FR 52104, dated November 9, 2017. A PDF copy is located on the AcqDemo website: http://acqdemo.hci.mil/library.html.

Organizational and team participation in AcqDemo is voluntary and to be eligible each organization or team will have:
    a) At least one-third of their civilian workforce occupying positions coded as meeting the requirements of the Defense Acquisition Workforce Improvement Act (DAWIA); and
    b) At least two-thirds of the civilian workforce consisting of members of the AWF and supporting personnel assigned to work directly with the AWF.

The total number of participants in AcqDemo is limited to 130,000.

The purpose of AcqDemo is to demonstrate that the effectiveness of DoD acquisition can be enhanced by allowing greater managerial control over personnel processes and functions and, at the same time, expand the opportunities available to employees through a more responsive and flexible personnel system. To this end, the proposed project involves: (1) simplified job classification; (2) broadbanding; (3) streamlined hiring processes; (4) contribution-based compensation and appraisal system; (5) other pay flexibilities such as supervisory and team leader cash differential; (6) accelerated compensation for developmental positions (ACDP); (7) expanded training opportunities; (8) sabbaticals; (9) a voluntary emeritus program; and (10) revised reduction-in-force procedures. AcqDemo is the first personnel demonstration that crosses DoD component lines, and the first demonstration to be designed along functional lines instead of organizational lines.

This demonstration project does not waive civil service laws in the areas of employee leave, employee benefits, equal employment opportunity, political activity, merit system principles, or prohibited personnel practices. There are two criteria that must be met by interested organizations to participate in AcqDemo: at least one-third of the organization participating in AcqDemo must be members of the AWF; and at least two-thirds of the organization must be members of the AWF and supporting personnel assigned to work directly with the AWF. Participation has varied over the 20 years of AcqDemo. From a starting population of 4,000 in 1999, it increased to a peak of 11,392 in 2006 just before the National Security Personnel System (NSPS) started. Since the return from NSPS in 2011, the AcqDemo population has grown to approximately 45,000 as of September 2019.
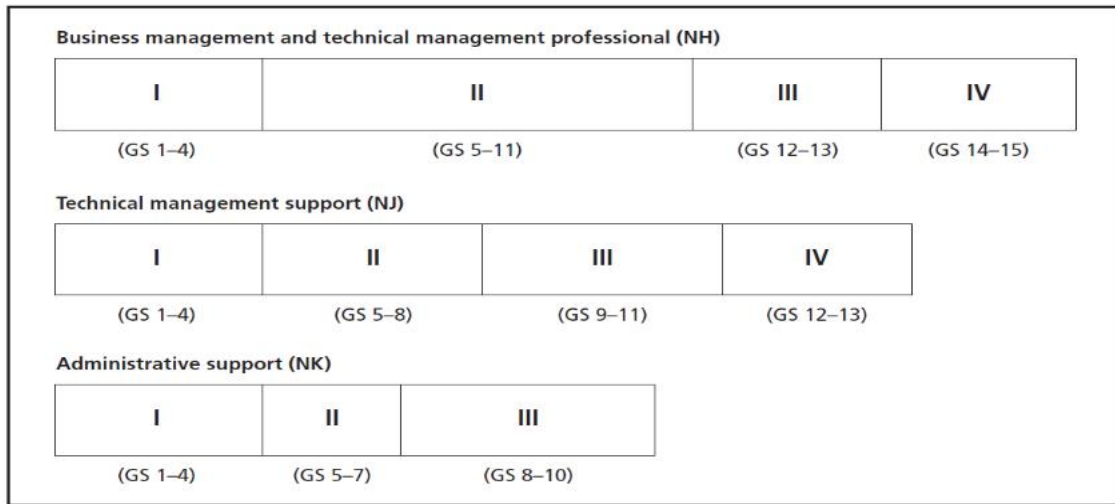
Broadbanding

AcqDemo includes appointment flexibilities designed to make DoD's acquisition organizations more agile and improve their ability to compete for talent, especially from the private sector. A key flexibility that distinguishes AcqDemo from General Schedule (GS) is its use of broadbanding. As shown in the table below, the AcqDemo workforce is divided into three career paths, each with either three or four broadband levels. These bands are comparable to GS grades and salaries and provide employees with the opportunity to earn a salary commensurate with the value of their positions within the band in which they fall.

Pay Schedule
The broadband levels replace the current General Schedule (GS) fifteen-grade structure. The fifteen GS grades are arranged into three or four broadband levels within a career path in accordance with recognized advancement expected within the occupations assigned to the career path. Each broadband level provides for a basic pay range that represents the various phases of career progression within each career path. Each broadband level defines the minimum and maximum rates of basic pay for that broadband. Broadband level pay ranges were derived from base pay rates under title 5 United States Code (U.S.C.) Section 5303 of the banded GS grades. The lowest basic pay rate of any given broadband level is step 1 of the lowest GS grade in that broadband level. Likewise, the highest basic pay rate of any given broadband level is step 10 of the highest GS grade in that broadband level. There is a natural overlap in base pay ranges in the GS grades that also occurs in the broadband system. The three career paths and their associated broadband levels compared to GS grades are shown in the table below.

Career Paths and Broadband Structure

Business management and technical management professional (NH)

I	II	III	IV
(GS 1–4)	(GS 5–11)	(GS 12–13)	(GS 14–15)

Technical management support (NJ)

I	II	III	IV
(GS 1–4)	(GS 5–8)	(GS 9–11)	(GS 12–13)

Administrative support (NK)

I	II	III
(GS 1–4)	(GS 5–7)	(GS 8–10)

Link between Contribution and Pay

AcqDemo's Contribution-based Compensation and Appraisal System (CCAS) links pay and awards to contribution to the mission and value of the position rather than to longevity. CCAS is designed to provide an equitable and flexible method for evaluating and compensating the workforce's contribution. In the figure below, the Standard Pay Line (SPL) defines the relationship between pay and contribution. The SPL is determined by an Overall Contribution Score (OCS) of 0 for pay of GS-1/1 and 100 for GS-15/10. The Upper Rail (UR) is 8% above the SPL and the Lower Rail (LR) is 8% below. The Normal Pay Range (NPR) is defined as the region between the UR and the LR.

A. Employees whose OCS and basic pay plot in the NPR or below receive the General Pay Increase (GPI) and are eligible for a contribution-based basic pay increase called the Contribution Rating Increase (CRI) and a Contribution-based Award (CA). Employees, who plot above the UR, the GPI may be denied, reduced, or given in full, but are not eligible for the CRI and CA. See the example below:
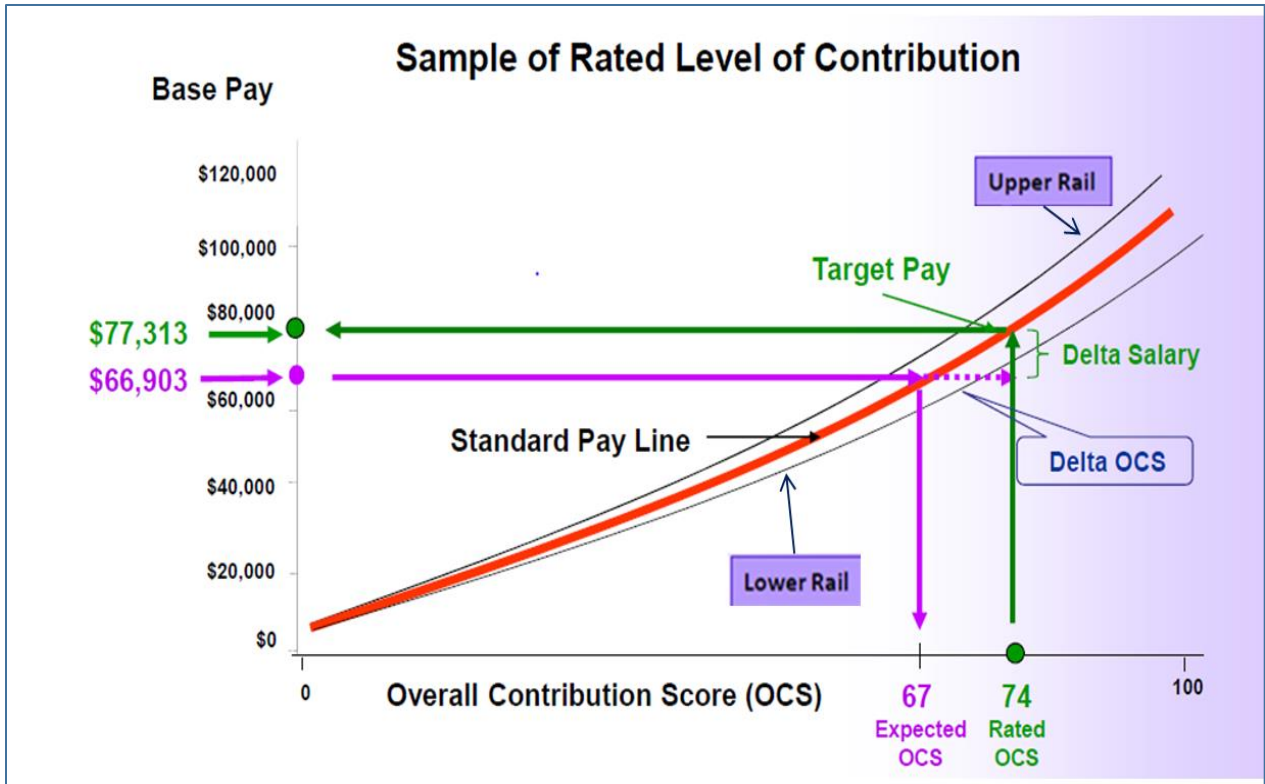
Relationship between Basic Pay and Overall Contribution Score

B. Overview of AcqDemo Flexibilities from the Federal Register notice include:
1) Broadbanding
    a) More competitive hiring by using the larger pay range of the broadband to set pay
    b) Wider range of reassignment possibilities (reassignment to positions within the broadband)
    c) Pay-setting flexibilities to competitively attract and retain highly skilled professionals
    d) Larger range of pay available without a promotion
    e) Simplified classification
    f) Use of Position Requirements Documents (PRDs) versus Position Descriptions (PDs) reduces classification standards from 236 standards to 3 for each career path
    g) Position classification delegation to heads of participating organizations

2) Contribution-based pay rather than longevity-based
    a) Link pay to contribution to mission of the organization and the value of the position
    b) Reward for mission contributors (relative to pay) rather than longevity
    c) Wide range of pay increases – rewards increase with contribution

3) Hiring Authorities
    a) Direct hire for NH-Business and Technical Management Professional career path
    b) Veteran direct hire for NH and NJ-Technical Management Support career paths

c) Acquisition student intern
d) Scholastic achievement
e) Expedited hiring

4) Compensation Costs
   a) Initial within grade increase buy-in
   b) Overall growth in base pay under AcqDemo is virtually the same as under GS with a mandated funding level for contribution-based salary increase
   c) Employees who are capped out at the top of the band, including those on retained pay, may receive a lump sum carry-over award equal to the calculated contribution rating increase (CRI) due to a basic pay cap
   d) Mandated funding level for contribution-based awards
   e) Supervisory or Team Leader Cash Differential
   f) Accelerated Compensation for Developmental Positions (ACDP)

5) Other Features that Help Organizations Better Meet Mission Needs
   a) Mandated regular supervisor-employee interactions throughout the annual appraisal cycle (contribution planning, mid-point review, and annual appraisal results)
   b) Opportunities for greater professional development
   c) Career growth and development through the use of 3 to 12 month sabbaticals
   d) Voluntary Emeritus Program offering AcqDemo separated/retired civilians and former military members an opportunity to keep working after accepting retirement or a buyout

Summary

AcqDemo is a proven and innovative performance management system. The growth in participation AcqDemo has experienced over the past six years, nearly tripling our population, indicates more acquisition organizations are realizing the need for AcqDemo in order to be competitive with the private sector, other demonstration projects, and other federal agencies in attracting and retaining a high quality workforce. AcqDemo's flexibilities are intended to help organizations achieve their mission by ensuring they have a highly qualified and motivated workforce and by making employees more agile and adept in responding to evolving mission needs or changes in the environment.