

2016 Assessment of the Civilian Acquisition Workforce Personnel Demonstration Project

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April 26, 2017



AcqDemo's Purpose

“The purpose of the project 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. This project not only provides a system that retains, recognizes, and rewards employees for their contribution, but also supports their personal and professional growth.”

Section II A, Federal Register Notice, January 8, 1999

Summary of Assessment Criteria

- AcqDemo's key features pertaining to hiring, appointments, and performance appraisal
- The adequacy of AcqDemo's guidance, protections for diversity, efforts to ensure fairness and transparency, and means used to involve employees in improving AcqDemo
- AcqDemo's impact on career outcomes, such as compensation, promotion, and retention, particularly with respect to similar outcomes for the General Schedule (GS) workforce
- AcqDemo's ability to support the acquisition mission

Data Sources

- **Documents** obtained from the AcqDemo Program Office and website
- **Archival data**, including site histories, AcqDemo Executive Council meeting minutes, training session feedback summaries, and grievance data
- **Interviews** with 22 AcqDemo subject-matter experts
- 2012 and 2016 AcqDemo **surveys** conducted by CSRA Inc.
- **Administrative data** from DMDC and the AcqDemo Program Office covering FYs 2011 through 2015

AcqDemo's Structure and Flexibilities

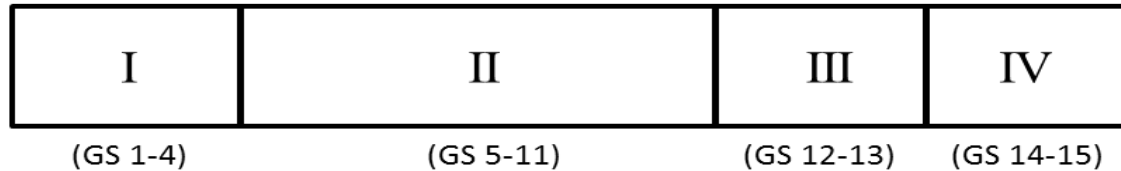
Distinguish It from the GS System

Two of AcqDemo's features are particularly relevant to this assessment:

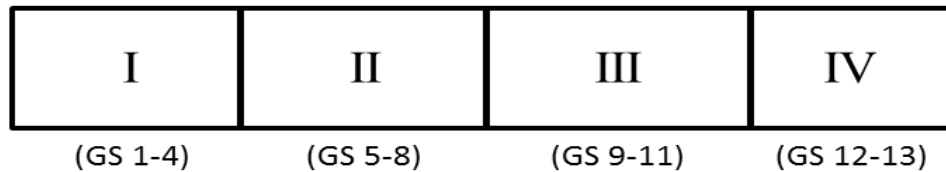
- Its use of **broadbands** to classify employees
- Its **performance appraisal system**, which ties compensation to contribution to the organizational mission

AcqDemo Career Paths and Broadbands

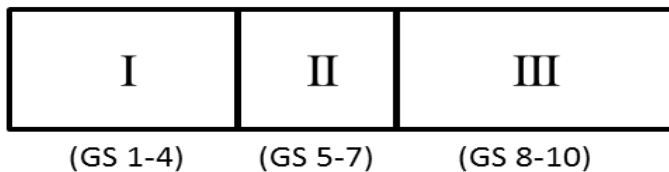
Business Management and Technical Management Professional (NH)



Technical Management Support (NJ)



Administrative Support (NK)



Source: AcqDemo Program Office, "Conversion to DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo): 2016 Employee Orientation Briefing," 2016.

Distinguishing Features of AcqDemo's Performance Appraisal System

Feedback built into the system

- Informal dialog between supervisors and employees throughout the year
- Formal mid-point review
- Written assessments by both the employee and supervisor at the end of the cycle

Appraisals based on six common factors

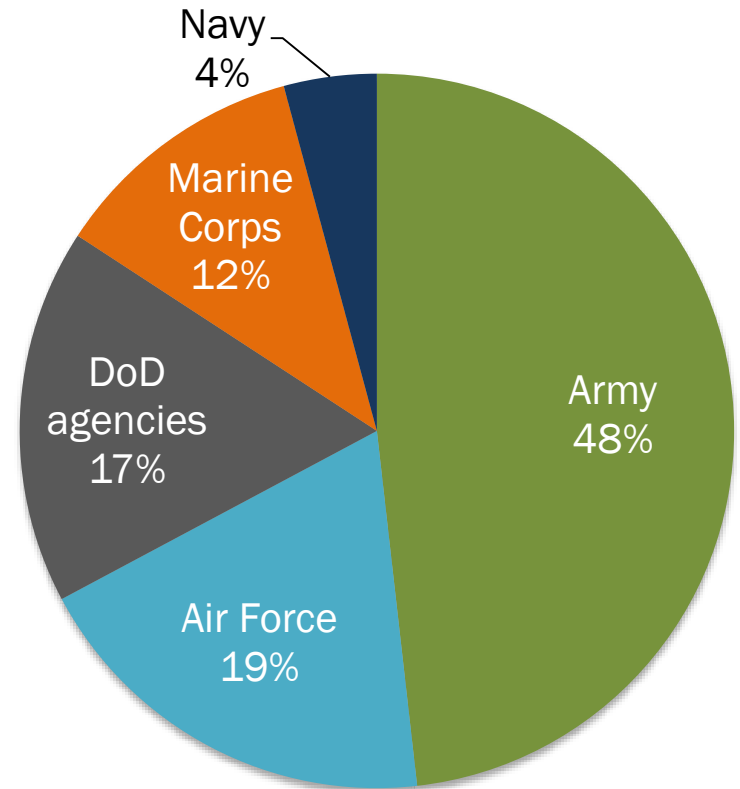
- Problem solving
- Teamwork/cooperation
- Customer relations
- Leadership/supervision
- Communication
- Resource management

End-of-cycle reviews by pay pools

- Factor scores adjusted to ensure equity across employees
- Final factor scores averaged to yield the employee's Overall Contribution Score (OCS)
- Algorithm translates the OCS into a compensation action

Demographic Characteristics of AcqDemo Employees, September 30, 2015

	AcqDemo Participants
Number	16,000
Female	35%
College educated or better	78%
Senior level (GS-14 and above)	39%
Acquisition workforce	74%
Bargaining unit	10%
Average annualized basic pay	\$89,921



Sources: DMDC civilian personnel inventory files and DAWIA personnel files

AcqDemo Employees Are Demographically Different from GS Employees

	AcqDemo Participants	DoD Employees in GS System	GS Employees in ADEOs
Number	16,000	466,878	124,166
Female	35%	40%	42%
College educated or better	78%	51%	60%
Senior level (GS-14 and above)	39%	8%	10%
Acquisition workforce	74%	20%	37%
Bargaining unit	10%	56%	62%
Average annualized basic pay	\$89,921	\$62,919	\$66,933

Sources: DMDC civilian personnel inventory files and DAWIA personnel files, 30 Sep 2015

Aspects of AcqDemo That Are Performing Well

1. The salary disparity was largely explained by demographic differences.
2. Unionized employees in AcqDemo fared well in terms of their career outcomes.
3. Within AcqDemo, higher levels of contribution were associated with greater rewards.
4. Most AcqDemo employees held favorable views of their communication with their supervisors.

Salary, Salary Growth, and Retention Disparities Were Largely Explained by Demographic Differences

Salaries

- In FY 2015, the average salary in AcqDemo exceeded the average salary of GS employees in ADEOs by about \$23,000.
- Only \$1,500 to \$1,800 could be attributed AcqDemo itself.

Salary Growth

- From FY 2011 to FY 2015, salaries in AcqDemo rose at an average annualized rate of 1.2 percent.
- This rate is statistically similar to the corresponding rate for GS employees in ADEOs.

Retention

- 78 percent of employees who were in AcqDemo on 30 Sep 2011 remained in the DoD civilian workforce over the ensuing 4 years.
- This rate is statistically similar to the corresponding rate for GS employees in ADEOs.

Unionized Employees in AcqDemo Fared Well in Terms of Their Career Outcomes

Compared to unionized GS employees in ADEOs

- Starting salaries in AcqDemo were \$12,000 higher
- Overall, AcqDemo also paid higher annual salaries by a margin of about \$700 to \$1,400

Compared to nonunionized employees in AcqDemo

- No discernible differences in starting salaries or overall salaries
- Unionized employees experienced more-rapid salary growth, more promotions, and a higher retention rate

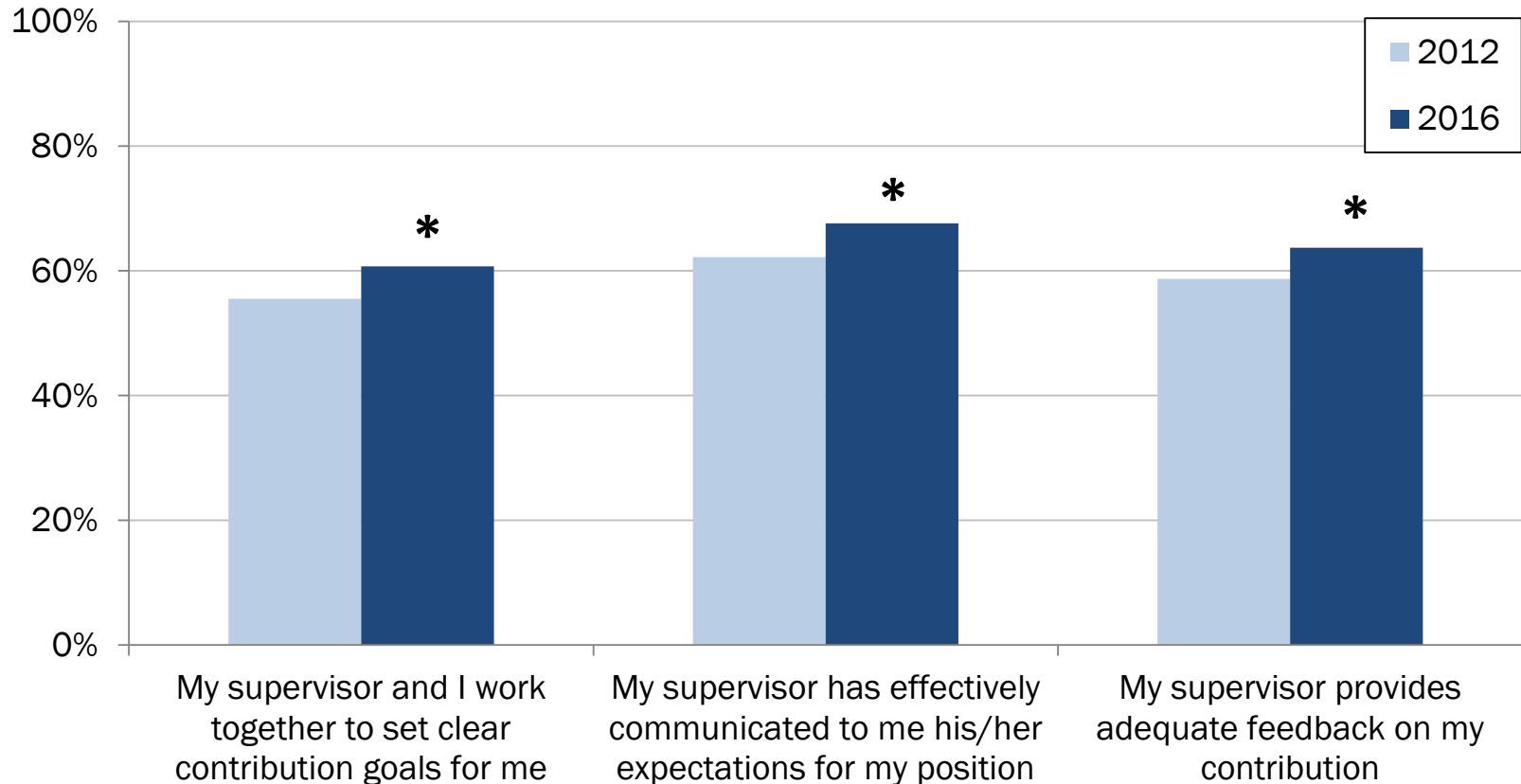
Within AcqDemo, Higher Levels of Contribution Were Associated with Greater Rewards

Effect of a 1-Point Increase in Δ OCS on Annualized Basic Pay in the Following Fiscal Year

Increase in Annualized Basic Pay in the Following FY			
FY	All AcqDemo Participants	AcqDemo Participants with Δ OCS \geq 0	AcqDemo Participants with Δ OCS $<$ 0
2012	\$375	\$429	\$104
2013	\$360	\$401	\$240
2014	\$197	\$238	\$33

Sources: DMDC civilian personnel inventory files; DAWIA personnel files; administrative data provided by the AcqDemo Program Office.

Most AcqDemo Employees Held Favorable Views of Their Communication with Their Supervisors



Source: 2012 and 2016 AcqDemo surveys.

Aspects of AcqDemo That Leave Room for Improvement

1. Flexibility in starting salaries may not have been used appropriately.
2. Promotions were less prevalent among AcqDemo employees than among comparable GS employees.
3. In some cases, we observed disparities in career outcomes across gender and race or ethnicity groups.
4. Most AcqDemo employees did not perceive a link between contribution and compensation.

Aspects of AcqDemo That Leave Room for Improvement

5. Pay caps present a greater challenge to AcqDemo than to the GS system.
6. The link between contribution and compensation appears to have weakened over time.
7. A majority of AcqDemo employees expressed concerns about a lack of transparency and fairness.
8. The time, effort, and administrative burden associated with AcqDemo may be problematic.

Flexibility in Starting Salaries May Not Have Been Used Appropriately

Prevalence of Starting Salaries at the Top of the Pay Band, Newly Hired Employees between Fiscal Years 2011 and 2015

Career Path and Broadband	Top GS Grade in Broadband	Total Number of New Hires in Broadband		Share of New Hires at the Top of the Broadband or at Step 10 of the Top GS Grade	
		AcqDemo Participants	GS Employees in ADEOs	AcqDemo Participants	GS Employees in ADEOs
NH-2	GS-11	473	12,202	3.8%	2.0%
NH-3	GS-13	805	7,869	9.4%	3.7%
NH-4	GS-15	394	1,261	9.4%	4.0%
Full sample		1,873	31,822	7.2%	2.5%

Sources: DMDC civilian personnel inventory files; administrative data provided by the AcqDemo Program Office.

Promotions Were Less Prevalent among AcqDemo Employees Than among Comparable GS Employees

- For the average employee, AcqDemo participation reduced the probability of promotion from about 19 percent to about 14 percent over the four years that elapsed between FY 2011 and FY 2015.
- Only 25 to 30 percent of AcqDemo survey respondents felt satisfied with their opportunities for promotion.

In Some Cases, We Observed Disparities across Gender and Race or Ethnicity Groups

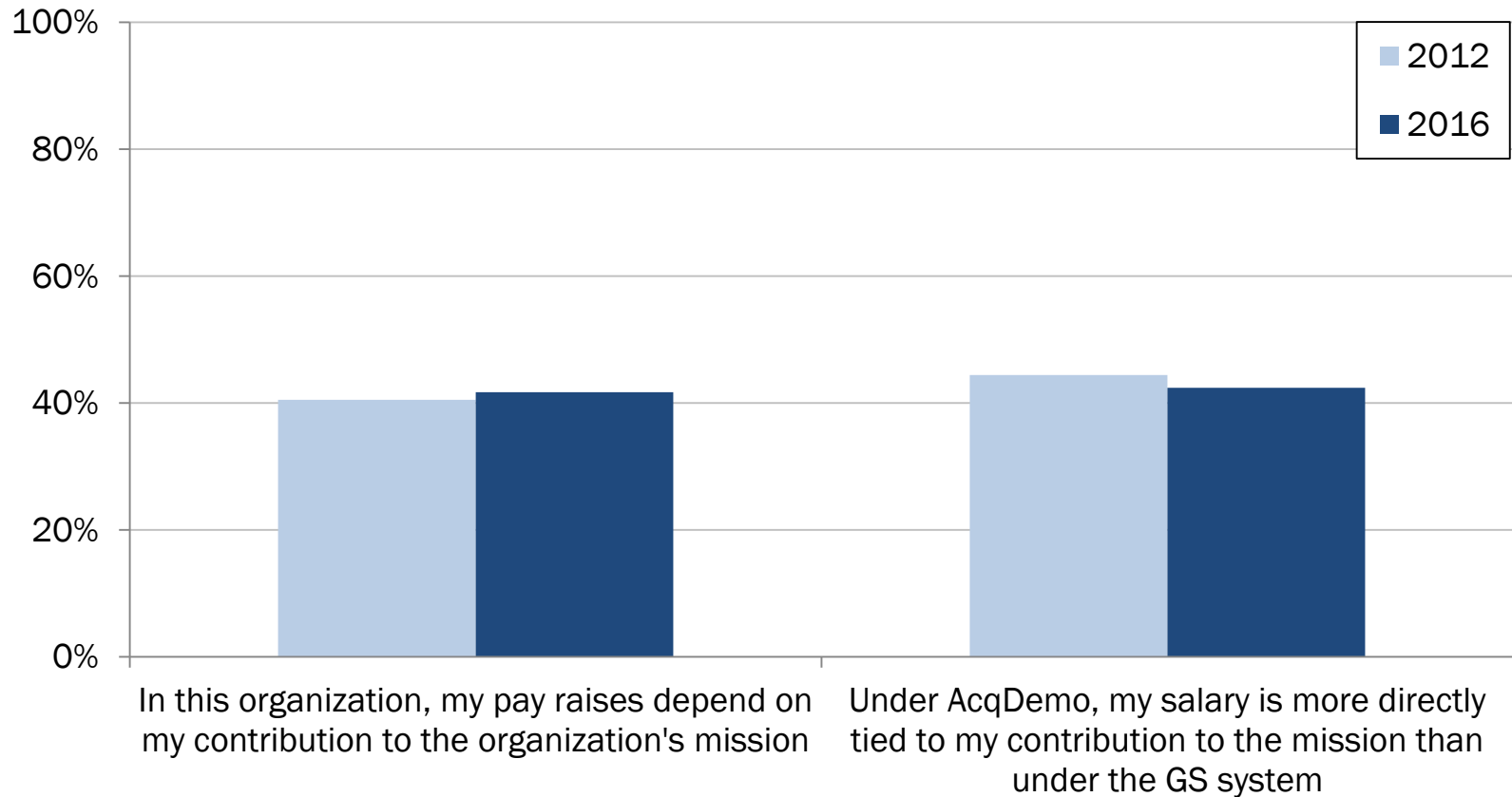
Comparing AcqDemo employees with GS employees

- The AcqDemo starting salary premium was about \$13,000 for the population at large, but only about \$11,000 for black employees
- Female and nonwhite employees in AcqDemo experienced fewer promotions and less-rapid salary growth than did their counterparts in the GS system

Comparing groups within AcqDemo

- Female employees were retained at a lower rate than were male employees
- Black and Asian employees were retained at higher rates than were their white counterparts

Most AcqDemo Employees Did Not Perceive a Link between Contribution and Compensation



Source: 2012 and 2016 AcqDemo surveys.

Pay Caps Present a Greater Challenge to AcqDemo than to the GS System

- In FY 2015, nearly **40 percent** of AcqDemo employees were subject to pay caps.
- In the same FY, only **14 percent** of GS employees in ADEOs were at Step 10 of their respective grades.
- Pay caps erode the association between salary increases and employee contributions to the organizational mission.

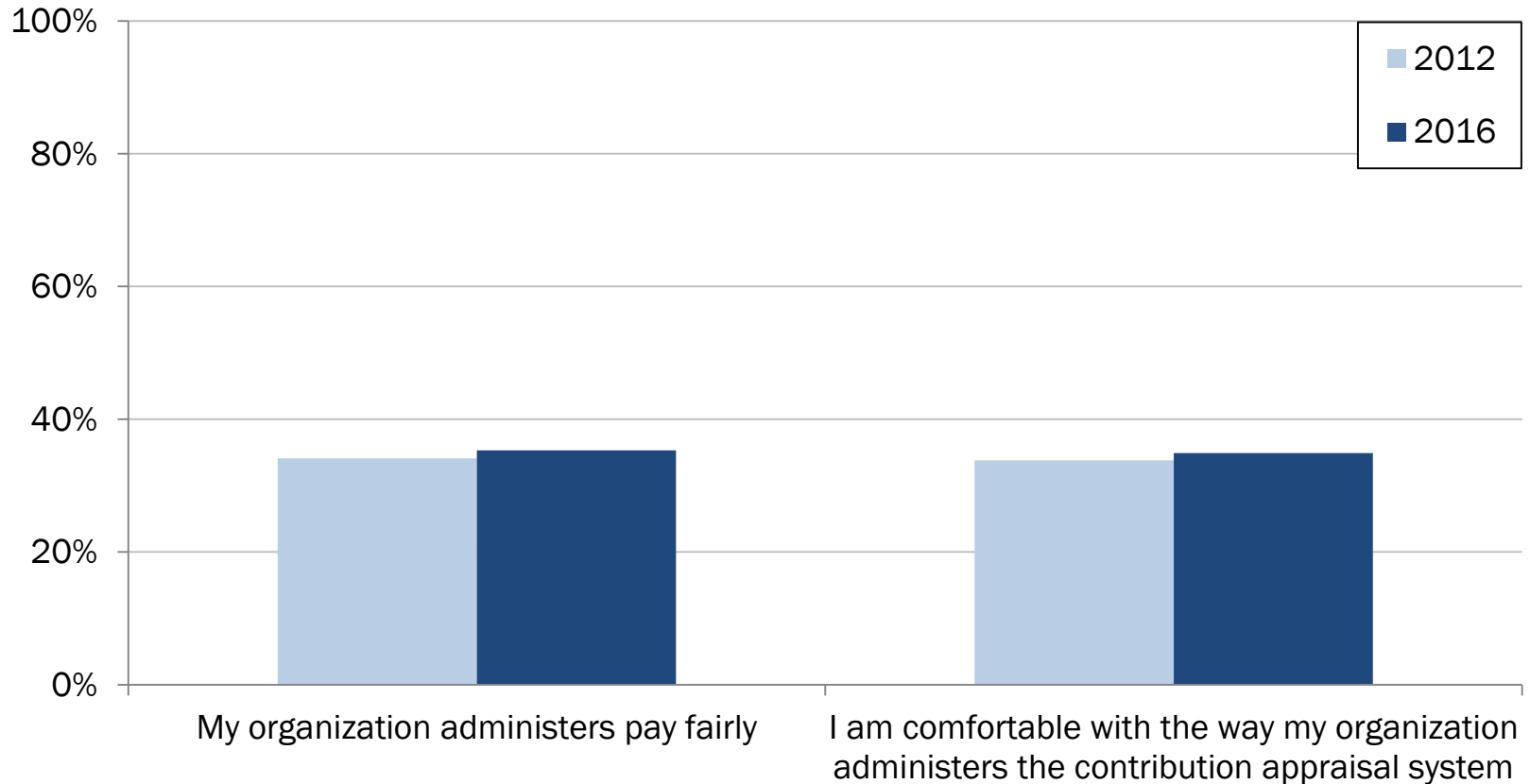
The Link between Contribution and Compensation Appears to Have Weakened over Time

Distribution of Annualized Basic Pay within AcqDemo

	Annualized Basic Pay on September 30 of				
	2011	2012	2013	2014	2015
Minimum	23,616	23,138	22,804	23,295	24,000
Bottom 25 Percent	74,004	72,214	71,229	70,975	73,115
Median	94,365	92,688	91,723	91,391	92,437
Top 25 Percent	115,540	113,397	112,023	111,338	112,461
Maximum	172,042	168,554	168,672	166,719	167,270
Mean	96,256	94,021	92,706	91,950	93,172
Standard deviation	31,380	30,437	29,471	28,272	27,794

Source: DMDC civilian personnel inventory files.

A Majority of AcqDemo Employees Expressed Concerns about a Lack of Transparency and Fairness



Source: 2012 and 2016 AcqDemo surveys.

The Time, Effort, and Administrative Burden Associated with AcqDemo May Be Problematic

- Appraisal writing, feedback sessions, and pay pool administration, in particular, were perceived to be time-consuming.
- Both subject-matter experts and survey respondents recognized the value of these features but felt they were inefficient.
- Plans to cut the number of appraisal factors from 6 to 3 could help AcqDemo achieve a better balance.

2016 Assessment of the Civilian Acquisition Workforce Personnel Demonstration Project

Full report: https://www.rand.org/pubs/research_reports/RR1783.html

Executive summary: https://www.rand.org/pubs/research_reports/RR1783z1.html

