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An Assessment of the Civilian Acquisition Workforce Personnel Demonstration Project

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Summary

The vast majority of U.S. Department of Defense (DoD) and, indeed, federal civilian employees work on the General Schedule (GS) personnel system. The GS system has 15 numbered grades (1 through 15) plus steps within each grade (1 through 10). However, some concerns have been raised about the GS system, including perceptions that poorly performing employees are tolerated for extended periods of time and that monetary rewards are not directly linked to performance.

In response to concerns of this nature, Congress has authorized some demonstration projects, in which additional flexibilities are provided, intending to produce better outcomes than if the employees were in the GS system. One such demonstration project, the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo), is the subject of this report. Implemented on February 7, 1999, AcqDemo was an opportunity to reengineer the civilian personnel system to meet the needs of the Acquisition, Technology, and Logistics workforce and to facilitate the fulfillment of the DoD acquisition mission.

Section 872(a)(1)(e) of the fiscal year (FY) 2011 National Defense Authorization Act (NDAA) required the Secretary of Defense to designate an independent organization to conduct two assessments of AcqDemo. The first of those assessments shall be completed not later than September 30, 2012; the second shall be completed not later than September 30, 2016. The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD[AT&L]), Human Capital Initiatives Office, which administers AcqDemo, asked the RAND Corporation to be the independent organization to conduct the first assessment.

Section 872(a)(1)(e) of the NDAA of FY 2011 also enumerates what criteria the assessment shall include. The required elements of the assessment are displayed in Table S.1.

Research Methodology

A compressed time frame limited the RAND project team's ability to engage in the primary data collection typical for such an assessment (e.g., survey, focus groups). Given this constraint, the study primarily drew on existing data sources, including a survey of the AcqDemo workforce and of a comparison, non-AcqDemo population; extensive AcqDemo program documentation; and data from the Defense Manpower Data Center (DMDC) describing AcqDemo employees. The RAND study team also conducted a series of interviews with subject-matter experts (SMEs).

The history of AcqDemo provides an analysis challenge. AcqDemo commenced in 1999. The population in the program increased through 2006. But then, in 2007, the vast majority of

Table S.1
Legislatively Prescribed Assessment Criteria

Criterion	Description
A	A description of the workforce included in the project.
B	An explanation of the flexibilities used in the project to appoint individuals to the acquisition workforce and whether those appointments are based on competitive procedures and recognize [veterans'] preferences.
C	An explanation of the flexibilities used in the project to develop a performance appraisal system that recognizes excellence in performance and offers opportunities for improvement.
D	The steps taken to ensure that such system is fair and transparent for all employees in the project.
E	How the project allows the organization to better meet mission needs.
F	An analysis of how the flexibilities in subparagraphs (B) and (C) are used, and what barriers have been encountered that inhibit their use.
G	Whether there is a process for—(i) Ensuring ongoing performance feedback and dialogue among supervisors, managers, and employees throughout the performance appraisal period; and (ii) Setting timetables for performance appraisals.
H	The project's impact on career progression.
I	The project's appropriateness or inappropriateness in light of the complexities of the workforce affected.
J	The project's sufficiency in terms of providing protections for diversity in promotion and retention of personnel.
K	The adequacy of the training, policy guidelines, and other preparations afforded in connection with using the project.
L	Whether there is a process for ensuring employee involvement in the development and improvement of the project.

SOURCE: Pub. L. 111-383, 2010, §872(a)(1)(e).

AcqDemo's employees were transferred into the National Security Personnel System (NSPS). However, in 2011, NSPS was terminated, and those employees and positions that had transferred out of AcqDemo into NSPS transferred back into AcqDemo.

As a result of this irregular history, the vast majority of AcqDemo's current employees have been in AcqDemo only fairly briefly. Hence, it is very hard to identify an "AcqDemo effect" because relatively few employees have been continuously in the program.

The demise of NSPS has "reset" AcqDemo. So, although we provide insights as to how AcqDemo is doing, our findings should be viewed as preliminary in light of the program's history.

We worked through each stipulated criterion. In this summary, we synopsize our results by criterion.

Criterion A: Workforce Description

DMDC data indicate that there were 15,250 DoD civilian employees in AcqDemo on September 30, 2011. Interestingly, only about 75 percent of these employees were in the acquisition workforce (AW) because organizations, not individuals, enter AcqDemo and organizations

bring along non-AW support employees. Almost 90 percent were nonunionized, and about half worked for the Army.

AcqDemo employees tend to be older, more experienced, more highly educated, and more highly paid than typical DoD civilian employees.

Criterion B: Explanation of Appointment Flexibilities

Upon hiring, AcqDemo employees are assigned to pay bands that are broader and therefore more flexible than those used in the GS system. AcqDemo also provides flexibility in options for appointments and movement of employees to different positions within a pay band. Appointments are based on competitive procedures and recognize veterans' preferences.

Criterion C: Explanation of Performance Appraisal Flexibilities

AcqDemo employees are annually rated against six factors: problem solving, teamwork and cooperation, customer relations, leadership and supervision, communication, and resource management. An employee's point total from these six factors is then compared with a benchmark derived from his or her base salary (with higher-paid employees being expected to attain higher point totals). Employees who perform at or above their expected point total are then eligible for pay increases and one-time payments.

Criterion D: Steps to Ensure Fairness and Transparency

The AcqDemo Program Office provides extensive training to both supervisors and employees in order to increase the program's transparency. There is a grievance process for employees who feel they have not been treated fairly. Given that there will always be employees new to AcqDemo, it is unlikely that AcqDemo will ever be fully transparent for all employees.

Criterion E: How the Project Helps Better Meet Mission Needs

Overall, evidence indicates that AcqDemo was carefully designed to facilitate meeting a variety of mission needs. Survey results suggest that AcqDemo employees were more likely than comparison-group employees to agree that their personnel system was flexible in terms of job assignments and classifications, but they also suggest that the respondents were no different in how well they understand their organization's mission or in their perceptions about group processes, such as cooperation and knowledge sharing. We could not determine the extent to which AcqDemo's features and procedures affected personnel-related outcomes, such as hiring or performance appraisal, nor did we evaluate whether AcqDemo actually helps or hinders an organization's ability to meet mission needs. One reason we could not make a more definitive assessment is that most employees and sites managed under AcqDemo have been in the project only a short time.

Criterion F: Application of Flexibilities and Barriers to Their Use

Most of the employees managed under AcqDemo are too new to the program to assess how flexibilities related to hiring, appointments, and performance have been used. For example, a notable proportion of survey respondents selected the "no basis to judge" option when asked for their opinions about AcqDemo's flexibilities. Supervisors who did offer an opinion on their survey regarding AcqDemo's hiring and appointment flexibilities tended to be positive about them. Supervisor views regarding performance appraisal flexibilities were more varied, however, and employees did not tend to believe that broad bands enhanced their career development or that AcqDemo enhanced their career opportunities more generally. Barriers to using AcqDemo flexibilities include a lack of familiarity with AcqDemo, budget constraints, pay band caps, and a perceived lack of fairness in AcqDemo's performance appraisal system.

Criterion G: Process for Performance Appraisal Feedback

AcqDemo has formal processes for ensuring ongoing performance feedback and dialogue among supervisors, managers, and employees throughout the performance appraisal period. AcqDemo also has a formal process for setting timetables for performance appraisals. Survey data indicate no statistically significant difference between AcqDemo and GS employees in the likelihood of receiving feedback.

Criterion H: Impact on Career Progression

Data are not sufficient to evaluate thoroughly AcqDemo's impact on career progression. Survey data on perceptions of effects on career progression are mixed. However, survey data provide leading indicators by allowing us to examine perceptions of career progression. AcqDemo employees were more likely than comparison-group employees to report being satisfied with opportunities for promotion and were more likely to report believing that their organization is retaining the highest-performing employees. AcqDemo employees were as likely as comparison-group employees to report being satisfied with pay.

Criterion I: Appropriateness in Light of Complexities of the Workforce

AcqDemo is believed to be appropriate because it is expected to increase the ability to compete with private-sector employers for high-quality workers and to enhance supervisors' ability to make rapid adjustments in the fast-paced acquisition environment. In addition, AcqDemo civilian employees tend to have a higher level of education than typical DoD civilian employees, which can help to mitigate some of the complexity of the system. However, survey and interview data suggest that AcqDemo may not be fully appropriate for employees who fall at the top of the pay band or those who hold positions that are less visible or do not tie as tangibly to mission contribution.

Criterion J: Sufficient Protections for Diversity in Promotion and Retention

The federal government and DoD have a longstanding commitment to diversity in the work-place. Interview data and conference data suggest that sufficient protections have been put into place. However, the survey evidence is mixed. AcqDemo employee perceptions regarding promotion are more equitable by race and ethnicity than comparison-group GS employees, and plans to stay (retention) are more equitable across gender lines.

Criterion K: Adequacy of Training

There was a large-scale influx of employees into AcqDemo in 2011. There was a commensu-rate surge in training requirements. When questioned about training, interviewees reported that training was substantial and was perceived to be sufficient. However, a significant portion of survey respondents reported not being comfortable with the appraisal system, and Chap-ter Seven discusses barriers related to fairness and transparency. This suggests that additional training may be useful in certain areas.

Criterion L: Process for Ensuring Employee Involvement

There are mechanisms in place for ensuring employee involvement in the development and improvement of AcqDemo, including several oversight-oriented groups, methods to collect feedback directly from employees, and an annual conference for those responsible for imple-menting AcqDemo.

Conclusions

Although its calendar was legislatively prescribed, this is a notably poor time for an assessment of AcqDemo. After being sharply diminished in 2007–2010, the program was rejuvenated by an influx of employees in 2011 following the elimination of NSPS. Accommodating these new employees has been a major administrative challenge. It would have been more reasonable to evaluate AcqDemo using implementation-focused criteria or to employ the legislatively pre-scribed criteria in an assessment of a stable program in a steady state.

Conditional on the challenges inherent in evaluating such an unstable program, we find that AcqDemo rates well against many of the criteria specified in the FY 2011 NDAA. AcqDemo clearly adheres to DoD policies with respect to veterans' preferences. The AcqDemo Program Office has embarked on an extensive training program. Employee feedback has been solicited through multiple mechanisms. Interview and survey data suggest that many aspects of AcqDemo are perceived quite positively, including satisfaction with promotion opportuni-ties among employees and positive feelings about hiring and appointment flexibilities among supervisors.

However, the perceived complexity of AcqDemo's personnel evaluation system has been a longstanding concern, though these concerns are partially mitigated by the fact that the AcqDemo workforce is generally well-educated and sophisticated. Survey data indicate that

some perceive AcqDemo's performance appraisal system as being administered unfairly, but, because not all respondents wrote comments in their survey, we do not know how widely that perception is held. Additionally, barriers that affect the ability for employees to be rewarded for their contributions, such as constrained budgets and pay band ceilings, present challenges.

The congressional mandate to reevaluate AcqDemo in 2016 offers an opportunity to address limitations encountered in this study. The longer persistence of the workforce in AcqDemo will allow for examination of longitudinal workforce data. We also offer considerations for the 2016 evaluation, including additional data that could be collected and analyzed, ways to improve the survey of the AcqDemo workforce and its comparison group, and quasi-experimental methods that can increase policymakers' confidence in the evaluation's results.

We are, on balance, sanguine about AcqDemo and how it is doing, most especially in light of the manifest challenges associated with nearly quintupling its population in one year. But that judgment is conditional and incomplete, awaiting more and better evidence.