



**Department of the Army
Volume 2006**

**Defense Civilian Intelligence Personnel
System Compensation Administration**

March 25, 2012

Incorporating Change 1, April 29, 2013

SUMMARY of CHANGE

AP-V 2006

Defense Civilian Intelligence Personnel System (DCIPS) Adjustment in Force

This Army Policy Volume, dated 17 July, 2009, is revised to reflect the below changes.

- Removes references to pay bands and adds references to DCIPS graded structure or grades (throughout)
- Added further criteria to receive a Local Market Supplement (Enclosure 3, para 3.d.)
- Added timeframe for TLMS payment (Enclosure 3, para 4.d.)
- Removes references to Variable Control Point (Enclosure 3, para 5.b.)
- Added language regarding Joint Duty Assignment and determination of worksite (Enclosure 3, para 6.b.)
- Removal of references to conversion into DCIPS Compensation structure (throughout)
- Adds references to offers of compensation for DCIPS positions (Enclosure 3, para 8.)
- Removal of references to setting pay band compensation and added language about setting grade compensation (throughout)
- Split setting pay into 3 sections, 'Setting Pay on Initial DCIPS Appointment From Outside of the Federal Service', 'Setting Pay on Initial Appointment to a DCIPS Position from the Federal Service outside the Department of Defense (DoD)', 'Setting Pay on Appointment to a DCIPS Position From Another DoD Component or IC Organization' (Enclosure 3, para 9)
- Added Setting Pay general guidance (Enclosure 3, para 9.)
- Removal of references to NSPS (throughout)
- Adds section on Advancement Through the Rate Range (Enclosure 3, para 10)
- Adds language on Voluntary Reduction to lower grade section (Enclosure 3, para 11)

- Adds language on Voluntary Reduction to Lower Grade (Enclosure 3, para 11)
- Adds language on Involuntary Reduction to Lower Grade section (Enclosure 3, para 12)
- Adds language on employee salary rates that exceed step 10 of their grade (Enclosure 3, para 12.b.)
- Adds section on 'Changes from DISES or DISL position to a DCIPS position' (Enclosure 3, para 13)
- Adds section on 'Termination of Pay Retention' (Enclosure 3, para 15)
- Adds further guidance on the delegation of authority for Commanders to approve recruitment, retention and relocation actions (Enclosure 3, para 16.b.2.)
- Adds a section on aggregate compensation limits (Enclosure 3, para 16.c.)
- Adds a section on 'Approval and Oversight' (Enclosure 3, para 18)
- Removal of Appendix 2
- Added clarifying terminology to glossary (glossary)

Department of the Army DCIPS Policy

VOLUME 2006 – Defense Civilian Intelligence Personnel System Compensation Administration

1. Purpose

a. *Refer to Department of Army Policy-Volume 2001 (AP-V 2001), Defense Civilian Intelligence Personnel System (DCIPS) Introduction (reference (a)).*

b. *This Volume. In accordance with references listed in Enclosure 1, this volume establishes Army policies, responsibilities and procedures for the DCIPS compensation administration and further supplements and must be used in concert with reference (b), and Army policy guidance on civilian personnel management. Additional supplementation is not authorized except where permitted.*

2. References

See Enclosure 1

3. Applicability

This policy applies to Army civilian positions, employees or organizations as described in Reference (a) engaged in or in support of an intelligence or intelligence-related mission.

4. Definitions

See Glossary.

5. Policy

a. *It is Army policy that the Commanders of the Army Commands (ACOMs), the Commanders of the Army Service Component Commands (ASCCs), the Commander / Superintendent of the Direct Reporting Units (DRUs) and the Administrative Assistant to the Secretary of the Army (AASA) have the authority to implement and administer Army compensation policy and guidance and set and adjust rates of pay for individual employees in accordance with this policy and in accordance with reference (b). Delegations of authority to authorized management officials and determinations regarding higher level management approval authorities must be in writing. All pay setting decisions must be in writing to ensure an adequate audit trail.*

b. *Compensation programs for Army DCIPS employees will:*

(1) *Be competitive to attract and retain a high-quality workforce dedicated to the intelligence mission.*

(2) *Provide for the appropriate exchange of compensation information with other human resources or financial systems within the Army.*

(3) Provide a basis for linking performance-based bonuses to individual accomplishments, demonstrated competencies and contributions to organizational results.

(4) Provide for special demands created by unique working conditions and deployment requirements.

(5) Comply with merit system principles in accordance with section 2301 of title 5, U.S.C. of reference (c) and shall be free of unlawful discrimination and prohibited personnel practices identified in section 2302 of title 5, United States Code (U.S.C.) reference (c).

(6) Allow for use of recruitment, retention and relocation incentives when there is clearly a documented need and a positive cost benefit.

6. Responsibilities

See Reference (a) and Enclosure 2.

7. Procedures

See Enclosure 3.

8. Releasability

Unlimited. This policy is approved for public release.

9. Effective Date

This policy is effective immediately.

Enclosures

1. References
2. Responsibilities
3. Procedures
4. DCIPS Compensation Philosophy

Glossary

ENCLOSURE 1

REFERENCES

- (a) AP-V 2001, DCIPS Introduction, March 22, 2013
- (b) DoD Instruction 1400.25 Volume 2006, "Defense Civilian Intelligence Personnel System (DCIPS) Compensation Administration," March 3, 2012
- (c) United States Code, title 5, Section 2301, Section 7112 and Chapters 53, 55, 57, and 59
- (d) United States Code, title 10, Sections 1596, and 1601-1614
- (e) AP-V 2007, Occupational Structure, March 22, 2013
- (f) AP-V 2008, Awards and Recognition, March 22, 2013
- (g) AP-V 2005, Employment and Placement, March 22, 2013
- (h) Parts 530 to 591, title 5, Code of Federal Regulations
- (i) AP-V 2009, Disciplinary and Adverse Action Procedures, March 22, 2013
- (j) AP-V 2004, Adjustment in Force, March 22, 2013
- (k) Department of State Standardized Regulations (DSSR)
- (l) United States Code, title 29, Chapter 8
- (m) Memorandum from ASA (M&RA), "Delegation of Authority – Implementation of Recruitment, Relocation, and Retention Incentives," March 31, 2008
- (n) Memorandum from ASA (M&RA), "Delegation of Authority – Implementation of Enhanced Retention Incentives Authorities," August 19, 2008
- (o) Quadrennial Defense Review Report, February 1, 2010
- (p) Director of National Intelligence, "National Intelligence Strategy," October 2005
- (q) AP-V 2011, Performance Management, July 2011

ENCLOSURE 2

RESPONSIBILITIES

Responsibilities in this enclosure supplement and must be conducted in concert with those listed in Reference (a).

1. The Secretary of the Army

The Secretary of the Army will:

a. Implement AP-V 2006 within the Army; issue supplemental guidance as appropriate, monitor Army programs for compliance with the provisions of this policy, and respond to reporting requirements established by the Under Secretary for Defense for Intelligence (USD(I)).

b. Delegate the authority, as appropriate, to implement this policy within Army.

2. The Assistant Secretary of the Army for Manpower and Reserve Affairs (ASA (M&RA))

See Reference (a) for roles and responsibilities of the ASA M&RA.

3. The Headquarters Department of the Army, Deputy Chief of Staff, G-1, Assistant G-1 (Civilian Personnel) (AG-1(CP))

See Reference (a) for roles and responsibilities of the AG-1 (CP).

4. The Headquarters Department of the Army, Deputy Chief of Staff, G-2 (HQDA, DCS, G-2)

The DCS, G-2 will establish the compensation administration program's strategic direction, provide the overall policy framework, and approve policy guidance for administration of Army DCIPS compensation programs.

5. The Headquarters Department of the Army, Assistant Deputy Chief of Staff, G-2 (HQDA, ADCS, G-2)

The HQDA, ADCS, G-2 will:

a. Provide executive advice and consultation to the HQDA, DCS, G-2 and direct the full spectrum of Army DCIPS compensation administration programs, policies, and systems through supervision of the DCS, G-2, Director, Intelligence Personnel Management Office (IPMO).

b. Ensure the implementation and compliance of Army DCIPS compensation administration policy guidance.

6. The Headquarters Department of the Army, Office of the Deputy Chief of Staff, G-2, Director, Intelligence Personnel Management Office (HQDA, ODSC, G-2, IPMO)

See Reference (a) for roles and responsibilities of the HQDA, ODSC, G-2, Director, IPMO.

7. Commanders of the Army Commands (ACOMs), Army Service Component Commands (ASCCs), Direct Reporting Units (DRUs) and the Administrative Assistant to the Secretary of the Army (AASA)

Commanders will:

a. Manage Command compensation programs and establish supplemental compensation administration guidance in accordance with section 4.b of this policy.

b. Instill a compensation philosophy that optimizes productivity, organizational effectiveness and cost-efficiency while meeting mission requirements.

8. Assistant Deputy Chief of Staff, G-1, Civilian Human Resources Agency (CHRA), Civilian Personnel Advisory Centers (CPACs)

CHRA, CPACs will provide compensation administration guidance to Commanders, supervisors, managers and Army DCIPS employees.

9. Supervisors and Managers of Army DCIPS employees

Supervisors and managers will establish pay according to the organization's pay setting guidance, in coordination with the servicing CPAC Advisors, considering the qualifications of the employee/applicant, equity among current employees, and availability of funds. Each case shall be judged on its individual merits and shall be appropriately documented.

ENCLOSURE 3

PROCEDURES

1. General Structure

DCIPS shall implement a worldwide base compensation structure consistent with the goals and principles of the DCIPS compensation philosophy in Appendix A of this enclosure. For *Army DCIPS employees*, the structure consists of 15 grades aligned to labor market factors in order to enable the *Army* to effectively recruit, develop and retain a high-quality workforce.

2. Establishing Pay Schedules

In accordance with sections 1601 and 1602 of reference (d), the Under Secretary of the Defense for Intelligence (USD(I)) in conjunction with Under Secretary of Defense for Personnel and Readiness (USD(P&R)), shall establish DCIPS base pay schedules based on the General Schedule (GS), other Federal schedule adjustments and appropriate labor market data analyses.

a. Army DCIPS positions shall be assigned to the DCIPS occupational structure in accordance with reference (e).

b. *Army DCIPS grade rate* ranges will correspond to the rate ranges for the GS-equivalent *GG* grades extended by the value of two steps pursuant to authorities granted under sections 1601 and 1602 of reference (d). The grade rate ranges will correspond to work levels defined in *reference (e)*.

c. The USD(I) in conjunction with USD(P&R) may adjust grade rate ranges annually, or as necessary, to maintain parity with DoD's GS grades.

d. Grade rate ranges will be reviewed for possible adjustment annually. New rate ranges will be effective the first full pay period beginning in January of each year. New or revised ranges may also be issued with effective dates other than January, with USD(I) approval in conjunction with the USD(P&R), in response to specific recruiting and retention demands or in other circumstances that would warrant changes to DCIPS rate ranges or pay structures.

3. Local Market Supplements

Grade rate ranges will be adjusted by Local Market Supplements (LMS) that reflect the difference between the DCIPS base grade rate structure and the competitive requirements for the labor market in the DCIPS locality area. The rates for LMS will be set in accordance with reference (d), based on GS locality rates relative to the DCIPS base rate structure, or on targeted labor market analyses conducted in accordance with

generally accepted compensation practices and approved by the USD(I) in conjunction with USD(P&R). The rates for LMS are based on the location of the employee's official worksite as documented on the employee's Notification of Personnel Action (Standard Form 50 or equivalent).

a. LMS rates will be set based on rates established for the GS pay system pursuant to reference (c), but will be established separately from these rates.

b. LMS will be established as additions to the DCIPS base rate and will be considered basic pay for computation of all entitlements. LMS areas correspond to Office of Personnel Management (OPM) locality pay areas, unless otherwise identified.

c. Additional or modified local market areas may be established by the USD(I) in conjunction with USD(P&R) where a mission-based business case *exist*.

d. LMS will be granted to employees otherwise eligible on the effective date of their assignment to a specific locality area qualifying for a LMS. The LMS will be computed as a percentage of pay added to their base pay rate. Eligibility for a particular LMS rate ends on the date before assignment out of the particular local market rate area. Assignment to a new local market area will normally begin on the first day of a new pay period.

e. USD(I) in conjunction with USD(P&R) may increase or decrease LMS at any time in response to mission requirements, but will normally make required adjustments to coincide with annual adjustments to the GS locality rate structures. Regardless of the supplement authorized by this paragraph, an employee's adjusted basic pay may not exceed the rate for Executive Level IV. The LMS for an employee in this category shall be reduced as necessary to comply with this limitation.

f. When a LMS is increased:

(1) In accordance with reference (q), employees who have a current evaluation of record of "minimally successful" or above will receive any applicable LMS increase for the geographic location to which they are assigned.

(2) In accordance with reference (q), an employee who has a current evaluation of record of "unacceptable" will not receive any applicable LMS increase. If reassigned to another geographic location, an employee with a current evaluation of record of "unacceptable" shall not be eligible for the LMS increases in the new geographic location as well, but shall be eligible for the LMS in effect prior to the increase. If the employee's evaluation of record for a subsequent performance period is above "unacceptable," the employee will receive an increase in their LMS so that the supplement is equal to the supplement for the employee's geographic location; this increase will not be retroactive.

(3) Employees who do not have a current evaluation of record when a supplement is adjusted will receive any applicable LMS increase for geographic location to which they are assigned.

(4) When an increase to an employee's pay schedule is authorized, those employees on retained pay who have a current evaluation of record above "unacceptable" shall receive 50 percent of the increase to the maximum rate for the applicable grade of the employee's schedule to include any LMS or TLMS. The USD(I) may authorize alternative methodologies for the adjustment of retained rates to address unique situations.

(5) When a LMS is decreased as a result of the annual market analysis or other determination, the decrease applies to all employees receiving the supplement regardless of current evaluation of record. Pay retention pursuant to this *policy* does not apply in the case of a reduction in an employee's pay that results from a reduction in a LMS. This reduction in an employee's pay does not constitute an adverse action.

(6) For an employee who is temporarily reassigned to a different local market area, the official worksite remains unchanged (i.e., the location of the permanent assignment) unless the employee is authorized to receive relocation expenses under reference (c) in conjunction with a temporary change of station.

4. Targeted Local Market Supplements

A Targeted Local Market Supplement (TLMS) is a type of local market supplement that may be implemented within the DCIPS GG grade structure in appropriate circumstances. TLMS are established following the same principles as the LMS in section 3. of this enclosure. However, TLMS may be established for employees in specified local market areas (or worksites) that are a subset of, or that cross established locality area boundaries. They may also be established for employees in specific occupations or specializations that require separate interventions to ensure that qualified employees can be hired and retained in support of the intelligence mission. They may cover one or more work levels, inclusive of the grades included in the work level(s). They are established in response to labor market conditions that are not fully addressed by the DCIPS grade rate ranges and LMS. These TLMS shall be established as additions to the standard DCIPS grade rate ranges *and shall be set and adjusted as indicated in reference (b)*.

a. In determining the amount of the TLMS, relevant factors such as mission staffing challenges, labor market conditions, availability of funds, comparability with similarly-situated employees of *the Army*, DoD and other Federal agencies shall be considered,.

b. TLMS may not be paid in addition to a LMS. TLMS include consideration of the total market situation with regard to the targeted situation.

c. In accordance with reference (b), Army will adopt any TLMS rates authorized by the USD(I) for Army DCIPS employees assigned to foreign OCONUS locations.

d. DoD Components with DCIPS positions assigned to non-foreign OCONUS locations are authorized to pay a common TLMS rate (formerly tied to the Washington-Baltimore-Northern Virginia, DC-MD-PA-VA-WV LMS rate) through the last day of the last pay period of 2014 to employees who had been permanently assigned to a DCIPS position in a non-foreign OCONUS location prior to January 2, 2010.

e. Decrease in the amount, or termination, of a TLMS is not an adverse action.

f. TLMSs will be established as additions to the DCIPS base rate for grades and will be considered basic pay for computation of all entitlements. TLMS areas correspond to the OPM locality pay areas, unless otherwise identified.

g. Procedures for adjusting individual employee pay when a TLMS is increased or decreased, or when an employee is assigned to a different geographic area, will be handled in accordance with those established for LMSs under paragraphs 3.f., 3.g. and 3.h of this enclosure.

5. Establishment of Additional Market-Based Compensation Rate Ranges

If labor market conditions warrant, *Army G-2 in conjunction with USD(I)* may establish new DCIPS base compensation rate ranges applicable for specific *commands*, locations, occupational groups or specialties. Generally such action would be taken only when it has been demonstrated that other flexibilities within DCIPS policy are no longer sufficient to ensure *Army's* ability to staff and retain a quality workforce in the targeted occupational or specialty groups required to execute the *Army's* Intelligence mission and would be required only when the market situation in the targeted workforce group is such that separate policy considerations are deemed necessary to maintain the integrity of the DCIPS compensation framework.

a. The establishment of new DCIPS base compensation rate ranges shall be supported by:

(1) Detailed analysis of recruiting and retention issues regarding the targeted occupational and/or specialty groups and supporting evidence that other actions within the existing DCIPS policy framework, including recruitment, relocation and retention incentives are insufficient to ensure successful maintenance of the required workforce.

(2) An accompanying plan for ongoing review of the effectiveness of the new base compensation structure and trigger indicators for phasing the new structure into the core DCIPS framework as conditions warrant.

b. All policies regarding LMS, TLMS, and base rate-range maintenance are applicable to any new DCIPS base compensation rate ranges.

c. When a new DCIPS rate range is created, the rate range applies to employees who are assigned to positions with the same occupation or specialization and at the GG grade for which the new rate range was created. Performance rating is not an indicator of whether or not an employee should be assigned to a rate range. Employees on DCIPS indefinite pay retention will remain on pay retention unless, when reassigned to the new rate range, the employee's base pay falls within the GG grade base pay ranges of the new rate range. In that case, the compensation administration guidelines for an employee not on pay retention will apply.

6. Determining the Official Worksite

Implementation of some of the tools for maintaining compensation market competitiveness requires establishment of an official worksite for the employee.

a. The official worksite is the location where the employee regularly performs his or her duties. If the employee's work involves regular travel or the employee's work location varies on a daily basis, or if the employee is absent from the worksite for an extended period due to injury, military reserve service, or other reasons, the official worksite is the location where his or her work activities are based as determined by the employing organization. The employing organization must document the employee's official worksite on Standard Form 50, "Notification of Personnel Action" (or equivalent).

b. For an employee serving on a Joint Duty Assignment (JDA) or other rotational assignment, the official worksite is the location where the employee regularly performs work associated with the JDA. Documentation of rotational assignments, such as JDA, will be accomplished in accordance with law and *applicable Army regulations*.

c. For an employee covered by a telework agreement who is scheduled while in duty status to report at least once a week on a regular and recurring basis to the regular worksite for the employee's position of record, the regular worksite is the official worksite. However, for an employee whose work location varies on a daily basis, the employee need not report at least once a week to the established official worksite as long as the employee is performing work within the local market area for that worksite at least once a week on a regular and recurring basis. If an employee covered by a telework agreement does not meet the requirements of subparagraph 6.a. of this enclosure, the employee's official worksite is the location of the employee's telework site. An authorized management official may make a temporary exception in appropriate situations, such as when an employee is recovering from an injury or medical condition that prevents the employee from commuting to the regular worksite.

7. Base Compensation Limitation

The DCIPS base compensation rate ranges, and any associated supplements that are included as basic pay compensation for retirement and other benefit determinations, will comply with Federal compensation guidelines on compensation limitations contained in reference (d).

8. Offers of Compensation for DCIPS Positions

Compensation offers once made generally may not be reduced by the offering organizations, subject to requirements and budget still existing for the position and the applicant meeting all conditions of employment. Offers of employment are addressed in reference (g).

9. Setting Pay Within DCIPS

a. ***Setting Pay – General.** Pay for DCIPS positions will generally be set between the minimum and step 10 of the applicable GG. Pay for promotions is generally set using the rules specified under paragraphs 10.f.(1) and 10.f.(2). Organizations may set pay higher than the step 10 rate and may apply alternative pay-setting rules for promotions in order to align with federal organizations outside of DCIPS paying special salary rates or that otherwise have the authority to pay higher than the DCIPS step 10 rate when authorized by the USD(I).*

b. Setting Pay on Initial DCIPS Appointment From Outside of the Federal Service

(1) Newly-appointed DCIPS employees from outside of the Federal service shall be placed at the appropriate work level and grade based on the occupational structure set forth in *reference (e)*. Discretionary considerations may also include the following:

(2) Previous salary received for work in a similar occupation or specialty.

(3) Consideration of the individual's highest previous rate if a former Federal Government employee.

(4) Qualifying work or educational experience applicable to the work category, occupation or specialty, work level, grade and job title of work to be assigned.

(5) Initial individual salaries are generally set *anywhere within the 10 step range for the grade of the position based on the employee's experience*. Salary offers may not exceed step 10 of the grade, with the exception as noted in paragraph 9.g. of this enclosure.

(6) Decisions on initial salaries shall consider work to be performed, specific labor market, salary history, and internal equity considerations, and such other considerations that comply with the merit system principles and guidelines established by the *Army*.

(7) Initial salary offers will be established from a total compensation perspective considering the combined DCIPS base compensation and any available LMS or TLMS.

c. Setting Pay on Initial Appointment to a DCIPS Position from the Federal Service Outside of the DoD or from the Federal Service Outside of the Intelligence Community (IC).

Newly-appointed DCIPS employees from the Federal service outside of the DoD or from the Federal service outside of the IC shall be placed within the appropriate work category, work level, and grade based on the occupational structure set forth in *reference (e)*. There is no change in salary upon assignment to a DCIPS position for those employees whose appointment from the GS (or equivalent) to the DCIPS graded structure is determined to be a lateral movement, with the exception as noted in paragraph 9.g. of this enclosure. For those employees whose appointment from the GS (or equivalent) to the DCIPS graded structure is determined to be a promotion, pay setting will be accomplished as noted at subparagraph 9.c of this enclosure.

d. Establishing Guidelines for New Appointment Salary Setting.

(1) The *HQDA DCS G-2 in coordination with USD(I)* shall establish salary setting guidelines for new appointments to *Army* DCIPS positions. *The HQDA DCS G-2 in coordination with CHRA will monitor pay setting practices to ensure equity, fiscal responsibility, and compliance with guidelines.* The guidelines will, at a minimum, include:

(2) Labor market indicators used to set salary offer ranges in the recruiting area, by occupation or specialty, work level, grade and relationship to hiring experience during the previous year.

(3) Guidance for evaluating experience and work history in establishing the initial salary offer.

(4) Specific guidance for consideration of prior salary history, work level and grade for which the applicant is being considered.

(5) Guidance for consideration of internal equity in making a salary offer.

(6) Circumstances under which an appointment salary above step 5 of the grade for employees new to the Federal Government, may be considered.

(7) Specific flexibilities available to a hiring official within the salary range to negotiate initial salary, consistent with other guidance and merit system principles.

(8) Frequency of review of salary offer ranges.

(9) *Requirement that pay setting decisions be in writing to ensure an adequate audit trail.*

e. Setting Pay on Appointment to a DCIPS Position From Another DoD Component or IC Organization.

(1) DCIPS authorities established in this policy should not be used to provide competitive advantage in recruiting employees for DCIPS positions from other DoD Components or the IC. Pay-setting practices for DoD and IC employees shall comply with DCIPS policy as set forth in section 9.b. of this enclosure except that, GS or equivalent employees whose appointment is determined to be a lateral movement, there is no change in salary upon assignment to an *Army* DCIPS position from the DoD or IC, with the exception as noted in paragraph 9.g. of this enclosure.

(2) Former National Security Personnel System (NSPS) employees who were placed on retained pay as a result of conversion out of NSPS, who have not otherwise lost eligibility for pay retention, may retain their pay retention status on appointment into DCIPS if the retained rate of pay cannot otherwise be accommodated within the DCIPS work level and grade to which the employee is appointed.

f. Setting Pay Upon Lateral Transfer Within and Between DoD Components With DCIPS Positions. DCIPS employees who accept or are directed to move *to an Army DCIPS graded position* without a break in service within the DoD and the IC, through competitive or non-competitive processes in accordance with reference (g), will be moved at their current *GG grade and step* as of the effective date of the move:

(1) For an employee moving from an organization operating under the DCIPS banded structure to an *Army* DCIPS graded position, the salary will be aligned to the closest step of the new grade that is not less than the employee's current salary, not to exceed the maximum of the rate range.

(2) When an employee transfers from an organization operating under the DCIPS banded structure to *Army* DCIPS, and the timing of the transfer will make the employee ineligible for a within-band developmental salary increase or performance-based salary increase for which they would otherwise have been eligible, the *Army* may, in consultation with the losing Component, adjust the employee's salary on the effective date of the transfer by an amount not greater than that which would have been received as a developmental salary increase or the expected performance-based salary increase. The new salary must align to a specific grade and step. *If the employee's current salary in the DCIPS banded structure is over the step 10 rate of the applicable GG grade in the DCIPS graded structure, the employee will be transferred without loss*

of pay and will retain the rate equal to the employee's existing payable rate of base pay.

g. Setting Pay Upon Promotion for Movements from DoD Components with DCIPS Positions to Army DCIPS graded positions.

A promotion occurs when an employee moves to a higher grade within the DCIPS compensation structure either within *the Army* or when moving from another DoD Component with DCIPS positions *to the Army*.

(1) Upon the effective date of the promotion, a DCIPS graded employee promoted to the next higher grade will have their base pay increase calculated as equivalent to two steps in the employee's current grade aligned to the next highest step of the new grade, or the minimum rate for the grade to which the employee is being promoted, whichever is greater. In no case will an employee's rate of base pay be set higher than step 10 of the grade.

(2) Upon the effective date of the promotion, an employee promoted from a position in the DCIPS banded structure to a position in Army DCIPS will receive an increase of 6 percent to their current base pay, aligned to the next highest step of the new grade, or the minimum rate for the grade to which the employee is being promoted, whichever is greater. The employee's rate of base pay will be set not to exceed the maximum of the rate range.

(3) When an employee under pay retention is promoted, he or she is entitled to the greater of basic pay at the lowest rate of the higher grade which exceeds the maximum rate (the equivalent of step 12) of the grade from which promoted by not less than two step increases of that grade; or his or her existing retained rate.

(4) If the employee's existing retained rate is the greater amount, the retained rate must be compared to the rate range of the position after promotion and the employee is entitled to the lowest step rate in the range that equals or exceeds the retained rate. If the retained rate exceeds the maximum of the rate range (the equivalent of step 12) after promotion, the employee is entitled to the retained rate.

h. Army DCIPS employees in like occupations covered by an Office of Personnel Management (OPM) Special Salary Rate (SSR) under the General Schedule (GS).

Employee in this category will have pay set commensurate with the applicable OPM SSR minimum rate range and no higher than the maximum of the locality salary table rate range for the GG grade assigned.

(1) Employee salaries will be set no lower than a dollar amount equivalent to Step 1 of the SSR table that applies to GS employees at the same grade in the same locality area; and no higher than Step 10 of the applicable locality salary table rate range for the assigned GG-grade, except for performance based compensation increases (see reference f). Future pay setting actions may not place pay above Step

10 of the locality salary table rate range for the assigned GG-grade.

(2) Promotions will be calculated using the standard DCIPS two step promotion rules and in accordance with f.(1) above to set salary upon promotion.

i. Geographic Adjustment. When setting pay upon lateral transfer, reassignment, or promotion that involves a change in work location to a geographic area with a higher or lower LMS or TLMS rate, the previous LMS or TLMS rate shall cease to apply, and the new LMS or TLMS rate shall apply upon the effective date of the action.

j. Pay Retention. On placement into the DCIPS GG graded structure, if an Army DCIPS employee's current salary is above the maximum for their GG grade, that employee will be placed in indefinite pay retention status. Pay retention ceases once the pay can be accommodated in the applicable pay range. When an increase to an employee's pay schedule is authorized, those employees on retained pay who have a current evaluation of record above "unacceptable" shall receive 50 percent of the increase to the maximum rate for the applicable grade of the employee's schedule to include any LMS or TLMS. The USD(I) may authorize alternative methodologies for the adjustment of retained rates to address unique situations.

10. Advancement Through the Rate Range

a. Advancement within GG grades. Employees with an evaluation of record of "successful" or above in the DCIPS graded structure will advance through the steps of their GG grade in accordance with the provisions of 531 subpart D of reference (h), except that no employee will advance beyond step 10 of his or her GG grade except in accordance with procedures for granting awards resulting in salary increases contained in reference (f).

b. Army DCIPS employees will be advanced between grades in accordance with the procedures detailed in subparagraph 9.f. of this enclosure and reference (g).

11. Voluntary Reduction to Lower Grade

a. When an employee voluntarily requests and is approved to move to a lower grade, the employee's rate of pay in the new grade may be set at a rate not greater than his or her current rate, except that for those employees whose current rate does not align directly with a step at the new grade, management may decide to match the employee's current salary in the lower grade by rounding up to the next step. For those employees whose salary exceeds step 10 of the new grade, their pay may be set at the current rate, not to exceed the equivalent of step 12 of the new grade. If an employee is placed in a lower pay grade without a reduction in pay, or a reduction in pay of less than the equivalent of 2 steps, and is later promoted back to the grade, the organization will determine if there will be any salary increase associated with the promotion. If an employee is placed in a lower pay grade without a reduction in pay, or a reduction in pay of less than the equivalent of 2 steps, and is later promoted back to the grade, the

determination of a potential salary increase will be made on a case-by-case basis.

b. Pay retention is not authorized under a voluntary reduction to a lower *grade*.

12. Involuntary Reduction to a Lower Pay Grade

a. As a Result of Adverse Action. When an employee is involuntarily moved to a lower GG grade through adverse action procedures (as a result of poor performance and/or misconduct), the authorizing management official may reduce the employee's base pay rate by the amount directed in the adverse action decision in accordance with the guidelines in reference (i), but to an amount not less than the minimum for the GG grade to which reduced. In no case may the employee's salary exceed the maximum for the equivalent of step 12 of the grade to which reduced. Salaries below the step 10 rate of the new grade must be aligned to a step. An employee's annual compensation may not be reduced under involuntary procedures more than once in a 12-month period. Pay retention is not authorized for employees who are moved to a lower GG grade through adverse action procedures.

b. As a Result of Adjustment-in-force (AIF). When an employee is involuntarily moved to a lower GG grade through the AIF procedures outlined in reference (j), the employee's salary will not be reduced. If the employee's salary at the time of reduction exceeds the maximum rate for the equivalent of step 12 of the grade, he or she shall be entitled to indefinite pay retention. *For Army DCIPS* employees whose salary does not exceed step 10 of the new grade, his or her salary will be aligned to the closest step of the new grade that is not less than the employee's current salary, not to exceed step 10 of the new grade. For those employees whose salary exceeds step 10 of the new grade, *their pay* may be set at the *current* rate, not to exceed the equivalent of step 12 of the new grade.

c. As a Result of Management-directed Action. When an employee agrees to a reduction to a lower GG grade as a result of a management-directed reassignment that is not the result of adverse action, the reassignment will be treated as a reduction as a result of AIF. If the employee's salary at the time of reduction exceeds the maximum rate for the equivalent of step 12 of the grade, he or she shall be entitled to indefinite pay retention. For employees whose salary does not exceed step 10 of the new grade, his or her salary will be aligned to the closest step of the new grade that is not less than the employee's current salary, not to exceed step 10 of the new grade. For those employees whose salary exceeds step 10 of the new grade, *their pay* may be set at the *current* rate, not to exceed the equivalent of step 12 of the new grade.

d. As a Result of Realignment of Position. *When an employee is involuntarily moved to a lower GG grade as a result of a realignment of position the employee will be promptly notified in writing of their eligibility for retained pay in accordance with reference (e), (g), and (h). Grade retention is not applicable to DCIPS.*

13. Change from a DISES or DISL Position to a DCIPS Position

a. Voluntary. When an *Army DCIPS* employee voluntarily requests and is approved to move from a DISES or DISL position to a DCIPS graded position, the employee's rate of pay in the new grade may be set at a rate equal to his or her current rate, subject to the maximum limitations set forth in this paragraph. For those employees whose salary does not exceed step 10 of the new grade, the employee's salary will be aligned, under DCIPS policy, to the closest step that does not result in a decrease to the employee's salary, not to exceed step 10 of the new grade. For those employees whose salary exceeds step 10 of the new grade, their pay may be set at that rate, not to exceed the equivalent of step 12 of the new grade. Pay retention is not authorized under a voluntary change from a DISES or DISL position to an *Army DCIPS* position.

b. Involuntary. The pay setting rules of section 12 of this enclosure shall apply to involuntary changes from a DISES or DISL position to an *Army DCIPS* position.

14. Employees with Statutory Restoration to a Position Converted to DCIPS During their Absence

Employees returning to a DCIPS position under a statutory entitlement shall have their initial DCIPS salary set such that they receive all entitlements to salary adjustments they would have received under governing DCIPS regulations.

15. Termination of Pay Retention

a. When an increase to an employee's pay schedule is authorized, those employees on retained pay who have a current evaluation of record above "unacceptable" shall receive 50 percent of the increase to the maximum rate for the applicable grade of the employee's schedule to include any applicable LMS or TLMS. The USD(I) may authorize alternative methodologies for the adjustment of retained rates to address unique situations.

b. An *Army DCIPS* employee's eligibility for pay retention terminates when any of the conditions are met as described in reference (h).

16. Other Compensation Administration Authorities and Limitations

Compensation authorities and limitations contained in references (b) and (l) applicable to other than base and locality structure administration, and not otherwise addressed in this *policy*, are applicable to *Army DCIPS* employees. Specific coverage includes:

a. Additional Compensation. DCIPS employees are eligible for:

(1) Premium pay including overtime, holiday pay, Sunday pay, night pay differential, and annual premium pay for administratively uncontrollable overtime, subject to the same requirements and limitations in chapter 55 of reference (c). *The HQDA DCS, G-2, IPMO is the approving authority for position eligibility determinations and the percentage of premium pay authorized for administratively uncontrollable work. The Commands may submit requests to the HQDA DCS, G-2, IPMO, (DAMI-CP), Washington, D.C. 20310-1001. Records will be maintained for audit or reporting purposes, as determined by the HQDA DCS, G-2 IPMO.*

(2) Overtime pursuant to chapter 8 of reference (l) (commonly known as the “Fair Labor Standards Act”) in accordance with the work and regional eligibility criteria in sections 1601-1614 of reference (d).

(3) Compensatory time off in lieu of overtime in accordance with chapter 55 of reference (c).

(4) Post differentials for environmental conditions at overseas posts authorized by reference (c).

(5) Post differentials for non-foreign posts authorized by chapter 59 of reference (c).

(6) Danger pay in foreign areas authorized by reference (c).

(7) Cost of living allowances authorized by chapter 59 of reference (f) for non-foreign areas and by reference (h) for foreign areas.

(8) Hazard pay for unhealthful working conditions authorized by chapter 59 of reference (c).

(9) Physicians’ comparability allowances the same as authorized by chapter 59 of reference (c).

(10) Foreign Language Proficiency Pay authorized under Section 1596 of reference (d) Army organizational implementing instructions.

(11) Other compensation or special incentives authorized under section 1603 and 1605 of reference (d).

b. Recruitment, Relocation and Retention Incentives

(1) Payment of special incentives to attract, retain, and encourage the relocation of employees critical to the mission of an organization will be provided on the same basis as the implementing regulations in chapter I of reference (h). Those incentives are available to *Army* DCIPS positions subject to the requirements that:

(a) *The HQDA, DCS G-2, IPMO shall develop recruitment, relocation, and retention incentive plans consistent with parts 575.107, 575.207, and 575.307 of reference (h) and forward those plans to USD(I) for review and approval.*

(b) Proposals to offer incentives to categories of employees (e.g., a specific occupation) shall be submitted to the USD(I) for review of potential effects on other elements of the Defense Intelligence workforce prior to approval, in addition to the approval noted in subparagraph 18 of this enclosure.

(2) Commanders are delegated authority to approve recruitment, relocation, and retention incentives, except with respect to Defense Intelligence Senior Executive Service, Defense Intelligence Senior Level, or equivalent positions. This authority may be delegated, in writing, for use in accordance with references (m) and (n). These incentives are intended to enhance the recruitment and retention of individuals with unusually high qualifications, unique qualifications, or scarce skills; fill shortage category positions; or fill positions at remote or undesirable work sites. This authority will be exercised in accordance with the policy and plan issued in references (n) and (o) and each determination to grant an incentive will be documented describing the supporting factors used to authorize the incentive and the reasons for establishing the amount and timing of the payments.

c. Aggregate Compensation Limitation.

The aggregate compensation limitation applies to the total amount of aggregate compensation actually received by an employee during the calendar year without regard to the period of service for which such compensation is received.

(1) Aggregate compensation is defined the same as in reference (b) and other similar payments authorized under section 1603 of reference (d), excluding back pay due to an unjustified personnel action under chapter 55 of reference (c) for payments that were due in a previous calendar year; overtime pay under reference (l) and part 551 of reference (h); severance pay; non-foreign area cost-of-living allowances; lump-sum payments for accumulated and accrued annual leave on separation; and payments and adjustments authorized under this policy as specified by DoD *and Army* implementing issuances.

(2) Except as provided in subparagraph 16.a.(2) of this enclosure, no additional payment (premium pay, allowance, differential, bonus, award, or other similar cash payment) may be paid to an employee in a calendar year if or to the extent that, when added to the adjusted salary paid to the employee for service performed as a DoD or other Federal agency employee, the payment would cause the total to exceed the rate for Executive Level I in effect on the last day of that calendar year unless otherwise permitted by law.

(3) The *Army* shall defer authorized payments if it estimates that the payment will cause an employee's compensation to exceed the aggregate compensation limitation.

(a) At the time a payment (other than adjusted salary) is authorized for an employee, the employee may not receive any portion of such payment that, when added to the estimated aggregate compensation the employee is projected to receive, would cause the aggregate compensation actually received by the employee during the calendar year to exceed the limitation applicable to the employee at the end of the calendar year.

(b) Payments that are creditable for retirement purposes (e.g., law enforcement availability pay or standby premium pay) and that are paid to an employee at a regular fixed rate each pay period may not be deferred or discontinued for any period of time to make another payment that would otherwise cause an employee's pay to exceed any limitation described in or established by this section.

(c) If the estimated aggregate compensation to which an employee is entitled exceeds the applicable limitation for the calendar year, the *Army* shall defer all authorized payments (other than adjusted salary) at the time when otherwise continuing such payments would cause the aggregate compensation actually received by any employee during the calendar year to exceed the applicable limitation. Any portion of a payment deferred under this paragraph shall become available for payment at the beginning of the next calendar year.

(d) If the *Army* makes an incorrect estimate of aggregate compensation at an earlier date in the calendar year, the sum of an employee's remaining payments of adjusted salary (which may not be deferred) may exceed the difference between the aggregate compensation the employee has actually received to date in that calendar year and the applicable limitation. In this case, the employee will become indebted to the *Army* for any amount paid in excess of the aggregate limitation. To the extent that the excess amount is attributable to amounts that should have been deferred and would have been payable at the beginning of the next calendar year, the debt shall be nullified on January 1 of the next calendar year. As part of the correction of the error, the excess amount shall be deemed to have been paid on January 1 of the next calendar year (when the debt was extinguished) as if it were a deferred excess payment and must be considered part of the employee's aggregate compensation for the new calendar year.

(4) Any amount that is not paid to an employee because of the annual aggregate compensation limitation shall be paid in a lump-sum payment at the beginning of the following calendar year. Any amount paid the following calendar year shall be taken into account for purposes of applying the limitations with respect to such calendar year.

(a) If a lump-sum payment causes an employee's estimated aggregate compensation to exceed the applicable limitation, the *Army* shall consider only the employee's adjusted salary and payments creditable for retirement purposes in determining the amount of lump-sum payment may be paid. The *Army* shall defer all

other payments, in order to pay as much of the excess amount as possible. Any payments deferred, including any portion of the excess amount that was not payable, shall become payable at the beginning of the next calendar year.

(b) If an employee moves to another Federal agency or to another DoD position not covered by DCIPS, and if at the time of the move the employee has received payments in excess of the aggregate limitation the same as is under chapter 53 of reference (c), the employee's indebtedness for the excess amount received shall be deferred from the effective date of the transfer until the beginning of the next calendar year. Effective January 1 of the new calendar year, the debt shall be nullified and the excess amount shall be considered toward that year's aggregate limitation.

(c) If an employee transfers to another agency and at the time of the transfer has excess payments deferred to the next calendar year, the provisions of part 530.204(c) of reference (k) may apply, if the employee's new position is subject to reference (h).

(5) Payment of excess aggregate compensation is permitted without regard to calendar year limitation if an employee dies or separates from Federal service.

(a) If an employee dies, the excess amount is payable immediately as part of the settlement of accounts the same as authorized by chapter 55 of reference (c).

(b) If an employee separates from Federal service, the entire excess amount is payable following a 30-day break in service. If the individual is reemployed in Federal service within the same calendar year as the separation, any previous payment of an excess amount must be considered part of that year's aggregate compensation for the purpose of applying the aggregate limitation for the remainder of the year.

d. Projecting the Lump Sum Leave Period.

Lump-sum leave payments for separating DCIPS employees will be computed in accordance with provisions contained in Part 550 of reference (h)

16. Documentation

Management will maintain a record of each DCIPS pay setting decision sufficient to allow reconstruction. Records will contain documentation, as appropriate, of promotion or assignment determinations, the standard(s) on which they were based, reasons for utilization of special authorities or financial incentives, and supporting documents. Records must be available for review for a minimum of five years from the effective date of the resulting personnel action to comply with Army Records Information Management System (ARIMS) requirements. Management will provide electronic documentation of DCIPS pay setting decision to the servicing CPAC for inclusion in record.

17. Approval and Oversight

The USD(I) shall be the approving and oversight official for those actions that are the same as specified in parts 530, 551, and 575 of reference (h) requiring OPM approval or oversight, and other actions as appropriate.

APPENDIX A TO ENCLOSURE 3

DCIPS COMPENSATION PHILOSOPHY

1. The DoD Components with DCIPS positions, as a community, will implement a compensation strategy as part of a human capital strategy and an integrated business process that aligns with and supports their individual and collective organizational mission, goals, and objectives. The DoD Components with DCIPS positions will share an overarching compensation architecture intended to support the DoD goal of facilitating interchange of personnel across the DoD Components with DCIPS positions in the interest of expanding individual perspective in solving intelligence problems. The shared compensation architecture will consider Director of National Intelligence and DoD human capital initiatives, thereby facilitating the exchange of personnel within the larger IC and further increasing individual perspective in problem solving.

2. DCIPS recognizes that, while pay is not the only factor in the satisfaction of the DoD intelligence workforce, competitive compensation is the cornerstone for recruiting, retaining, and motivating the type of employees needed by the DoD Components with DCIPS positions. The management of compensation of individual employees under DCIPS will be consistent with the needs and objectives specified in the Quadrennial Defense Review (Reference (o)), Defense Intelligence Guidance, and the National Intelligence Strategy (Reference (p)) regarding the disposition of funds for employee compensation, recognition, and reward. DCIPS endeavors to:

a. Provide employees with a total compensation package comprising both salary and benefits that recognizes and rewards performance and productivity, while maintaining internal equity and a market-competitive position, within the financial resources available.

b. Maintain a compensation system that is legally compliant, consistent with DoD and individual DoD Component policies and guidelines, and compliant with merit system principles.

c. Provide for a compensation system that is portable, scalable, operable, and sustainable and that supports the desired outcomes of collaboration, cooperation, information-sharing, personnel exchange, and shared mission awareness among the DoD Components with DCIPS positions.

d. Provide pay opportunities that enable the flexible and effective recruitment, management, and retention of a high-quality, high-performance workforce having the results-oriented competencies necessary to plan and accomplish the DoD intelligence mission.

e. Provide a reward system that motivates employees to increase performance contributions and results in levels of employee performance that are commensurate with total compensation.

f. Provide fair, equitable, and consistent salary treatment; provide for appropriate promotion, reassignment, transfer, and developmental opportunities.

g. Promote a work environment that encourages employee productivity, innovation, and performance excellence through increased satisfaction, commitment, and engagement.

h. Optimize the delivery of reward and recognition to employees to maximize motivation and the accomplishment of organizational objectives.

GLOSSARY

DEFINITIONS

Adjusted Basic Pay

The sum of an employee's personal base pay rate plus any applicable LMS or TLMS.

Adjusted Market Rate Change

An amount established by the analysis of market data for all Defense Intelligence locality areas, adjusted in accordance with standard practice to create a national Defense Intelligence base compensation structure that has reference back to the GS base structure.

Base Compensation Structure

The worldwide pay structure applicable to all DCIPS employees unadjusted for local or market differences.

Basic Pay

A rate of pay including any applicable LMS or TLMS, and before any deductions and exclusive of additional pay of any other kind.

Break in Service

A break in service is any separation from employment lasting more than one workday.

Control Point

A target point within a DCIPS grade that serves both as a reference point for establishing the relationship between employee base compensation and the relevant labor market and for moderating the rate of progression of an employee through a grade.

DoD Components with DCIPS positions

See the glossary in Reference (a).

Local Market Supplement (LMS)

An addition to the base compensation of employees assigned to a geographic region, or to an occupation within a geographic or range of geographic regions, that reflects the competitive requirements for the applicable labor market. On initial implementation of DCIPS, this amount generally will correspond to GS locality rates and is considered part of basic compensation. The LMS is considered base pay for retirement purposes.

Maximum Pay Rate for a Grade

The maximum rate of base pay for a grade is equal to the step 10 rate of the GS base pay schedule, plus two additional steps.

Personal Base Pay Rate

The base rate of pay, reported as an annualized, hourly, biweekly, or monthly rate, to which an individual employee is entitled based on pay band level and individual performance.

Rate Range

The salary available within a DCIPS grade between the minimum and maximum base pay rate for the DCIPS grade.

Remote Work Sites

Permanent duty stations so distant from the nearest established communities as to require a considerable degree of expense, hardship, and inconvenience beyond that normally encountered in metropolitan areas. Remote work sites are determined locally based on recruitment and retention history. This determination is supported by an analysis of such factors as distance, commuting time, and conditions, and the extent to which these factors result in significant expense, inconvenience, and hardship.

Scarce Skills

Qualifications that are in short supply in the pertinent labor market, as evidenced by the inability to fill new positions or replace former employees with well-qualified individuals in a timely manner.

Shortage Category Positions

Positions requiring scarce skills, as defined above.

Skill

The proficient manual, verbal, or mental manipulation of data or objects. Skills can be readily measured by a performance test that measures quality and quantity of performance, usually within established time limits. Examples of proficient manipulation of objects are skills in typing or skills in operating a motor vehicle. Examples of manipulation of data include skills in mathematical computations or skills in editing transposed numbers.

Targeted Labor Market Supplement (TLMS)

An addition to the base compensation of employees assigned to a specific occupation or locality not appropriately recognized by a LMS. The targeted labor market supplement is considered basic pay for retirement purposes.

Undesirable Work Sites

Permanent duty stations at which extensive recruiting efforts have been unsuccessful in filling an adequate number of positions within a reasonable time. The record must show that recruiting is hampered by one or more of the following:

- a. Substandard facilities, equipment, or environmental factors.
- b. Cost of living.

c. Lack of adequate housing, transportation, recreation, and social facilities in the commuting area.

Unique Qualifications

Qualifications that are a rare combination of education and/or experience immediately pertinent to the position.

Unusually High Qualifications

Qualifications that are markedly superior to those which could be expected of a well-qualified candidate for the position to be filled.