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DIRECTOR OF NATIONAL INTELLIGENCE  
WASHINGTON, DC 20511

E/S 2009-00627

MEMORANDUM FOR: Heads of Intelligence Community Agencies and Elements  
All Intelligence Community Employees

SUBJECT: Implementing Performance-Based Pay in the Intelligence  
Community

As you know, establishing a stronger linkage between an individual's performance and his or her compensation is one of our most important human capital goals. Our employees have repeatedly told us as much. Every year since the inception of our Intelligence Community (IC) Employee Climate Survey, a resounding majority of respondents have reported little or no relationship between pay and performance, and if we want to reinforce and reward excellence, that is unacceptable. As a result, we have begun phasing in an IC-wide pay-for-performance program that will eventually cover all of our civilian employees.

Several weeks ago, the Chairman of the House Permanent Select Committee on Intelligence, along with his counterpart on the House Armed Services Committee, wrote Secretary Gates and me, asking us to postpone further implementation of the Department of Defense (DoD) version of our pay-for-performance program – the Defense Civilian Intelligence Personnel System (DCIPS) – until we could further review its underlying policies and practices. We asked the Office of Management and Budget (OMB) for guidance in that regard, and on 21 May, Director Peter Orszag wrote Chairmen Reyes and Skelton (among others), stating that the “Administration strongly endorses the concept of rewarding excellence with additional pay.”

He went on to say that thus, “...the Administration does not feel that it is necessary at this time to put an across-the-board hold on further advancement of . . . the Defense Civilian Intelligence Personnel System.” However, in his letter Director Orszag also noted the President's commitment to ensuring that performance-based pay systems “...meet the standards of fairness, transparency, and accountability.” These are powerful principles, and I want to assure you that the IC's senior leadership shares that commitment. In that regard, we have made sure that the design of the IC's National Intelligence Civilian Compensation Program (NICCP), of which DCIPS is part, clearly embodies those principles. For example:

- We have made a substantial investment in “up front” and ongoing training for our employees, supervisors, human resources professionals, and especially those management officials who will make performance pay decisions. That training places a particular emphasis on avoiding unlawful discrimination, implicit bias, and adverse impact.

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We have also provided procedural protections that are intended to directly respond to other concerns voiced by our employees. For example, we prohibit performance rating "quotas" and also forbid those management officials who will make pay decisions from manipulating individual performance ratings in any way.

- Further, we have tried to take some of the uncertainty out of the performance pay process itself. Every employee who receives a "Successful" or higher performance rating will earn the equivalent of the annual government-wide and locality pay increases, and will be eligible for additional performance-based salary increases (largely driven by a mathematical formula) on top of those raises.
- Finally, we have established four separate layers of oversight, with performance rating and pay results reviewed by the head of each agency or element; the IC Chief Human Capital Officers Council; the Office of IC Equal Employment Opportunity and Diversity (which will conduct its own independent assessment); and the IC Deputies Executive Committee.

As you know, the NICCP and DCIPS are largely modeled on the National Geospatial-Intelligence Agency's (NGA) more than ten years of pay-for-performance experience, and I believe the result will meet the President's high standards. Accordingly, with OMB support, we are proceeding with implementation. DCIPS pay bands, which already cover civilian employees at NGA, the Defense Intelligence Agency, and IC elements in the Navy and Marine Corps, will be expanded to the remaining DCIPS elements later this year. The Office of the Director of National Intelligence will also transition this year, with the Central Intelligence Agency converting next year. Other elements will follow as soon as possible.

The IC has a workforce that is second to none – highly motivated, focused on results, technically unrivaled, and increasingly, as diverse as the peoples and cultures that we must understand. I believe that the NICCP is one of the keys to maintaining that level of excellence. I look forward to working with you as we move forward.



Dennis C. Blair

6 / 12 / 09

Date

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