

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Personnel Historical Pamphlet Series

(Compiled as ready reference and training aid for management use)

Number 3

Subject: Position Management, Classification, Compensation  
Salary and Wage Administration, 1949-1974

Excerpted from OP Oral History Tapes, Overview History-Personnel Administration, 1948-1968, The Position Management and Compensation Division History, 1946-67, Personnel Administration in a Time of Change, 1969-1974.

By

25X1A9A

[Redacted]

1 May 1975

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

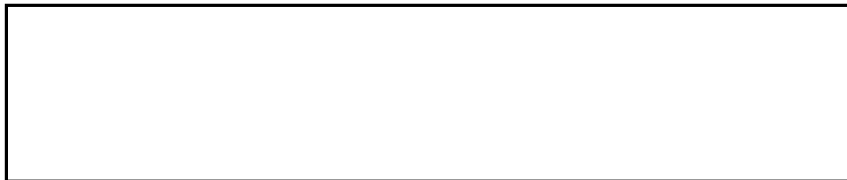
[Redacted]

25X1

CONTENTS

	<u>PAGE</u>
Definitions . . . . .	4
Summary . . . . .	5-6
Chronology . . . . .	7-23
1949 . . . . .	7
1950 . . . . .	8
1951 . . . . .	8
1952 . . . . .	8
1953 . . . . .	9
1954 . . . . .	9
1955 . . . . .	10-11
1956 . . . . .	12
1957 . . . . .	13-14
1958 . . . . .	15-16
1959 . . . . .	17-18
1961 . . . . .	19
1962 . . . . .	19
1964 . . . . .	20
1965 . . . . .	21
1966 . . . . .	21
1967 . . . . .	21
1969 . . . . .	22
1970 . . . . .	22
1971 . . . . .	22
1973 . . . . .	23
1974 . . . . .	23
Excerpts from Oral History Tapes . . . . .	24-38
Tables of Organization, Ceilings, Controls . . . . .	24-32

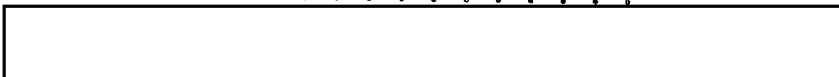
25X1A9A



Management of Super-Grade Positions,  
Personal Rank Assignment . . . . . 33-38

25X1A9A

Lawrence K. White . . . . . 33-34



	<u>PAGE</u>
Retrospect . . . . .	39
The Critical Fifties, Flexibility the Criterion . . . . .	39-42
The 1960's, BOB and Average Grade Control . .	42-44
The 1970's, Steaming as Before . . . . .	44-45
Conclusions . . . . .	46-47
Transcript, Tapes 46-47, 9 May 1975, Interview, [redacted]	25X1A9A
25X1A9A [redacted] current chief, Position Management and Compensation Division (PMCD) OP . . . . .	48-63

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

DEFINITIONS\*

Position Management is concerned with organizational structure alignment of functions, number of positions at different skill levels, occupational levels required to carry out missions, ratio of professionals to clerical, number of supervisors to work force, overlapping of responsibilities. It is ordinarily a Management Staff function.

Position Classification determines how the position is to be classified -- where it fits into the classification plan that applies to it and other positions like it, and what its title and pay level should be under that plan. The position classification process must be preceded by position management decisions.

Compensation, Salary and Wage Administration translates position classification grade information into salary and pay determination in relation to the current classifications and pay levels of co-workers. ....In addition to following the principles and practises of the government-wide Classification Act of 1949 for salaried staff employees, the Agency follows Army, Navy, Bureau of Engraving, Government Printing Office hourly wage schedules for its blue-collar type employees.

\*Definitions taken from The Position Management and Compensation Division History, 1946-67 published in December 1971, pp. 2-4.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

STAT

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

SECRET

SUMMARY

The Classification and Wage Function in CIA, 1949 - 1974

Exempted from the provisions of the Classification Act of 1949 both by Sections 7 and 10(b) of the CIA Act of 1949, P.L. 110 and by Civil Service Commission ruling of 8 August 1949 and by the Comptroller General's decision of <sup>15</sup>~~10~~ November 1949, the CIA has throughout its administrative history conformed to the principles and practices of Classification Act although of two minds regarding the wisdom of doing so. Alternatives have been considered. These include,

CIA Compensation Plan: Several pay plans have been suggested through the years, some by the operating components such as FE Division. The most comprehensive plan and the one that went the furthest in the administrative hierarchy was introduced by the Office of Personnel, Classification and Wage Division, over a two-year period, 1956-1958. This Plan would have consolidated the GS grades above GS-7, the professional levels, into five pay groups and provided extended salary ranges in each group - up to a maximum of 48 percent of the base rate. Approved unanimously by the Career Council, the Plan was presented to the White House personnel advisor, Rocco Siciliano who also approved. It was eventually turned down by the Eisenhower administration due to Civil Service Commission and Bureau of the Budget objections. Many of the features were incorporated in the Federal Salary Reform Act of 1962. The 1958 Plan was the last attempt at basic change in Agency position classification and compensation policies and practices.

Keeping the General Schedule salary and wage system but modifying it to the specific requirements of the CIA. This alternative was a favorite of Lyman Kirkpatrick, the Inspector General in the late fifties, who repeated it constantly in his many reports critical of the Office of Personnel, reports which reached their peak in the 1955 report, 'Ten Ways to Improve Personnel Management in the CIA'. The Office of Personnel, Classification and Wage Division, met the challenge with a series of reforms, first

SECRET

~~SECRET~~

introduced into the Office of Communication in 1956, extending over a period of three years. These included the flexible T/O, Personal Rank Assignment, Competitive Promotion, Career Service Staffing Authorization, Staffing Complement, Development Complement, Rotational Allowance. The reforms represented a considerable delegation of classification authority to the components with the central function maintained on an overview basis.

The location of the function in the central Office of Personnel has never been seriously challenged, in fact the Classification and Wage Division survived the abolishment of the Management Staff in 1961 and was given the position management function in 1965. The ceiling on supergrades and the intervention of the BOB/OMB has strengthened Classification's hand in the last decade. The retrenchment of the Seventies has presented Classification, now called the Position Management and Compensation Division, with many problems as it attempted to cut back on positions, grades and T/O's in proportion to the reduced personnel ceilings. The major technique has been the use of organization surveys sometimes before and sometimes after ceiling cuts.

~~SECRET~~

STAT

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3



**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Chronology - Key Program Dates,\* 1949 - 1974

- 8 August 1949: From its founding to this date, the CIA classification program was under the nominal supervision of the CSC. The Civil Service Commission responding to a 30 June 1949 inquiry of the DCI stated that "It is the official judgment of the Civil Service Commission, based on Sections 7 and 10(b) of the CIA Act of 1949 that the Agency is not required, as a matter of law, to follow the Classification Act and that the Commission therefore, as a matter of law, is not required to enforce that Act within your Agency.
- 10 August 1949: The DCI\*\* responded, "You may be assured that in our internal personnel administration we will be governed by the basic philosophy and practices of the Classification Act of 1949, the CSC allocation standards, the pay scales, the within grade salary advancement plans, and the pay rules of the Classification Act as they may be amended from time to time, in substantially the same manner as provided for other Agencies."
- 28 October 1949: Classification Act of 1949, P.L. 110 signed; act specifically exempted CIA.
- 10 November 1949: Comptroller General's decision confirmed DCI's administrative authority over Agency position classification and pay activities.
- October 1949: The post of Personnel Director established with William J. Kelly as first incumbent. A fundamental reorganization established separate administrative staffs including personnel branches for CIA (overt) OSO, and OPC. Recruitment and Classification were retained at Agency level. A single classifier, [redacted] was assigned full time to OSO.

25X1A9A

\*Excerpted from Chronology, Appendix B, Personnel Administration - An Overview, 1948-1968 and Appendix A Chronology, CIA Position Classification Program, 1946-67, The Position Management and Compensation Division.

25X1A9A

\*\* [redacted] was the CSC representative in the CIA.  
R/Admiral R. H. Hillenkoetter, USN.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

~~SECRET~~

1950

25X1  
1 December 1950: Two months after his swearing in, Lt General Walter Bedell Smith, USA issued General Order 38 which established centralized support for all CIA operations under a newly created Deputy Director for Administration. CIA Regulation [ ] same date established a central Office of Personnel under the DDA with a Classification and Wage Division (CWD) to furnish classification, wage and salary administration.

1951

14 February 1951: Personnel Director Kelly advised the DDA Wolfe that all Agency personnel programs had been centralized.

1952

25X9A2  
September 1952: First field position classification survey began with a study of [ ]

25X1A6A

Fall of 1952: Position Classification Standards program started.

25X1A9A  
December 1952: Culminating almost two years of work, a Classification approved T/O for the OSO-OPC merger was accomplished. Some of the difficulties can be learned from Chapter III, Volume IV of the late [ ] History, General Walter Bedell Smith as Director of Central Intelligence, Oct 1950-Feb 1953 in the DCI Historical Series:

Another factor in OSO's antipathy toward OPC was that OPC was born rich while OSO remained relatively poor. That was true not only of Office budgets but of personal pay. Since the establishment of the OSO grade and pay structure, there had been a general inflation in such matters. In order to recruit OPC had to offer higher grades than were available in OSP for similar work. Thus the amateurs' in OPC were, generally, better paid than the professionals in OSO: That must have rankled.

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

1953

June 1953:

The Management Staff (responsible at that time for position management) and the Classification and Wage Division, OP began the attempt to reconcile T/O's [redacted] and ceiling [redacted]

25X9

December 1953:

Inspector General's Report on the Office of Personnel recommended that a new CIA tailored classification plan be developed. The report was very critical of the Office of Personnel as being inflexible and Civil Service oriented. The I.G. made the following statement:

"There is no question but that a classification system is required. It is also agreed that the Civil Service Wage Scale is acceptable. What is required is perhaps a classification system tailored exclusively to the requirements of CIA."

1954

15 January 1954:

George E. Meloon, the Director of Personnel, responded to the Inspector General Survey findings on the Agency's position classification program in this fashion:

The Agency's problem with respect to classification has been due to a lack of understanding among operating components concerning the purpose of classification and their reluctance to accept the application of any classification system. The experience of Government and industry alike has demonstrated the need for systematic classification of positions. This is a highly technical purpose which involves consideration of occupational and qualifications information as well as pay. Any proposal to revise the Agency's current classification system should receive very careful consideration in relation to the technical and administrative problems involved. In this connection, the Atomic Energy Commission, which because of its security requirements was also exempted from the Classification Act of 1949, found itself in serious difficulty with the Congress when it failed to administer its classification plan in accordance with the basic principles

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

~~SECRET~~

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

25X1A

9 October 1954: [ ] Assignment, authorized the temporary assignments of employees to positions of higher or lower grades than held, to meet operational requirements. The drive to bring T/O and ceiling together resulted in 'Black Duck' and 'Blue Goose' and other rare birds where grade of position and grade of incumbent were at variance. The Flexible T/O concept was also introduced at this time which allowed double slotting in certain designated positions which were not one of a kind.

15 November 1954: A Super-Grade ceiling of [ ] with incumbency held to [ ] was adopted by the DCI

25X9A2  
25X9A2

1955

25 February 1955: Another I.G. Memo entitled 'Ten Ways to Improve Personnel Management in the CIA' was particularly critical of classification practices repeating the accusations of Civil Service Commission orientation. The central Office of Personnel hit bottom with this report.

7 March 1955: Director of Personnel named a Task Force chaired by the Deputy Chief of the Position Evaluation Division (PED) to recommend a revised Personnel System for the Agency. The revision was to be concerned with the development of an up-to-date classification and compensation system with strong consideration of how such a system would effect the operational side of the house. It's deliberations were to consume more than two years although piece-meal adoption of some recommendations took place in the interim through normal personnel channels.

28 March 1955: Chief, Management Staff,\* who was then responsible for position management as such, introduced and secured DDS approval for the Man-In-Motion concept borrowed from industrial manpower control systems. Productive people, that is, people who were gainfully employed, would be separated on the T/O from those in training, in a travel status, between assignments, etc. Also proposed was flexibility for the operating officials to move positions from one component to another to meet changing work load conditions. The DDS referred this proposal to the Director of Personnel who assigned the subject of change in the T/O structure to the Chief, Classification and Wage Division for study.

25X1A9A

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

~~SECRET~~

5 April 1955:

The DDP, Frank Wisner, sent a Memo to the DCI in response to the I.G.'s ten point program for improving CIA personnel management. The Memo which is quoted in part below dealt a death blow to position management and classification as practiced to date:

From our point of view our greatest single handicap, apart from managerial inexperience which is slowly being remedied, is the rigidity of the slotting system. The Agency's principal concern with slotting in any single component is the maintenance of the overall ceiling; it cannot be with the precise, permanent job description, grade, etc., of each individual slot, as might be possible in a stable situation or in an agency whose job remains fixed from year to year. In this Agency the nature and size of the job change so rapidly that no T/O can ever be up-to-date. Operating within a fixed but out-of-date T/O we are forced into compromises which overwork manpower in one place and waste it in another and altogether do not get the job done. What we need in the Clandestine Services is flexibility within a total strength figure, so that slots can be shifted as the need changes. Making these shifts, which arise from operational necessity, should be an operational function, not an administrative. It should be within the power of this Office, not DD/S, Director of Personnel, or other officers, to control the distribution of his manpower within the ceilings allotted to him. If we could shift slots immediately according to need we would not only do our operational job better; we would also improve our personnel management, in assignments, in career development, even in initial recruitment.

15 July 1955:

To end the Classification and Wage stigma, the Director of Personnel changed the name to Position Evaluation Division. PED as a title was to last three years.

-11-  
~~SECRET~~

SECRET

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

2 May 1956: Factor comparison job evaluation plan for supergrade positions was developed by CWD at the request of the DDS. Chief/CWD had assumed the responsibility for maintaining records, ceiling, classification and studies on supergrade positions as directed by the DDS in 1952.\*

25X1A

29 November 1956:  Competitive Promotion approved. This Regulation authorized promotion above the grade of the employees position if selected competitively from among his peers. Introduced at a time of great chaos in T/O's, it stabilized promotion policies, a 1955 study showed that 80% of CIA employees were in grade less than two years - and was of in-estimable value in bringing some order and uniformity into the Agency personnel management for seventeen years. The policy was, in theory at least, diametrically opposed to the principles and practices of the Classification Act by permitting Personal Rank Assignment (PRA).

1957

3 April 1957 Despite many pressures for change, the Career Council at its 42nd meeting agreed that three personnel activities should remain centralized; classification, recruitment and personnel records.

May 1957: Standards Branch of what was now called the Position Evaluation Division (PED) was abolished and functions and personnel transferred to the operating branches. During its five-year life this Branch established the Occupational Handbook of Codes and Titles within the Civil Service schematic outline; developed standards and qualifications requirements for many Agency overt positions. However the detailed questionnaire developed for the operations officer position, which attempted to weigh the various substantive aspects of the job, (PP, PM, FI, CA, CI, CE) with respect to importance and degree of difficulty was not successful. There was no agreement among the DDP officials, less in fact than among the classifiers. The standards effort was abandoned, thereafter although the experience gained in this program played a vital role in the 1968 recommendations of the Director of Personnel for a new Compensation Plan for the CIA.

\*A copy of the 2 May 1956 CIA Factor Comparison Job Evaluation Plan for Super-Grade Positions is contained in Appendix C, Position Management and Compensation Division History. The Plan had to be abandoned in the Spring of 1959 due to the imposed increase of ceiling to

SECRET -13-

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

23 May 1957:

At its 43rd meeting, the Career Council voted unanimously to implement the new Agency Manpower Control System. During the year of the pilot project in Commo, OP/PED endeavored to turn the CSSA into a complete planning document. Under this concept the Head of the Career Service would, before the beginning of the fiscal year and in coordination with the budget process plan the outer limits by grade and numbers of position and personnel requirements of his career service in a two-way exchange with PED/OP. A position-numbering system to permit automatic slotting of personnel occupying the same position on revised T/O's was accomplished to facilitate computation of the CSSA. It was also designed to cut down on the approximate [redacted] personnel actions required in FY'56 by reason of T/O changes.

25X9A2

13 June 1957:

In order to cut down on time spent in reviewing individual positions, the C/PED\* proposed and the DDS approved the installation of standards based on the grade attraction theory for all Agency secretarial positions. This system related the grade of the secretarial position to the grade and organizational level of the supervisor, some times called the 'Gal Friday' system.

25X1A

\* [redacted]

\*\* Gordon Stewart

25X1A9A

\*\* [redacted]

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

1958

27 March 1958:

The Director of Personnel\* presented to and won Career Council approval for a new Agency Compensation Plan developed by PED. The 1958 proposal was geared to combat the major deficiencies of the Civil Service classification and pay plans which were:

Too many professional grade levels requiring fine and arbitrary distinctions between levels of work.

Extremely small salary ranges for each grade particularly at the higher grades.

No provision for augmenting the salary of excellent or outstanding performers without promoting them.

The plan was therefore designed to apply to all positions above GS-07 that is professionals in GS-08 through GS-18. It reduced, through consolidation, nine grade levels into five groups, and provided extended salary ranges in each group - up to a maximum of 48 percent of the base rate. Two types of advancement were provided, namely, competitive promotion by Career Services, and merit increases (one to three at a time) based upon performance. (Clericals through GS-06 would continue to receive 'automatic' step increases) Grades 1, 2 and 3 were not used in the Agency.

The Plan was approved in the Agency and discussed personally by Stewart with Rocco Siciliano, President Eisenhower's Personnel Advisor, on 22 April 1958. Despite both Agency and administration approval, the Plan encountered serious objections in both the Civil Service Commission and the Bureau of the Budget, the latter particularly being concerned about grade escalation in the Federal government and the inability of the Agencies to control payroll costs. As a result it was eventually abandoned although many of the features were incorporated by President Kennedy in the government-wide Federal Salary Reform Act of 1962.



**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

June 1958:

Reflecting the new classification philosophy away from individual actions toward over all controls, the Director of Personnel\*\* approved the name change from Position Evaluation Division to Salary and Wage Division. Reflecting the reduced work load resulting from the various changes described, the new Chief of SWD\*\*\* cut his own T/O from [ ] positions, a self-imposed reduction that no other Agency unit has copied.

25X9A2

14 November 1958:

Over two years after it was introduced into the Office of Communications on a pilot basis, the Agency's Manpower Control System was formally adopted with the publication of [ ] and [ ] Ceiling and Position Authorization. Featured in the regulation and handbook were the Career Service Staffing Authorization (CSSA), identification on the T/O of positions in terms of the Career Service responsible for staffing them, the Planning Paper for the coming fiscal year which was a listing of positions by occupational code and title, service designation of positions, designation of limited and flexible positions. The Career Service Ceiling was the allocation made by the Deputy Director concerned to the Heads of the Career Services. A delineation of the Staffing Complement and the Development Complement was also required, as was the identification of positions in terms of the Career Service responsible for staffing them. For the preparation of the Career Service Staffing Authorization (CSSA) the Director of Personnel was to furnish the component with a number of positions and organizational location included in approved Planning Papers, number of designees to the Career Service by grade, grade distribution of development complement space, average attrition rates by grade, average promotion rate by grade.

25X1A

25X1A

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

1959

26 February 1959: CIA Notice (Personnel) [ ] established average grade controls for career services. The Agency was responding to increasing pressure from the Bureau of the Budget on the so called 'grade creep'. Internally the Salary and Wage Division was striving to develop further overview concept and to reduce the number of individual transactions. Essentially the regulation required the component to lower a grade if it wanted to raise a grade. The Notice was the result of several memoranda from the C/SWD to the Director of Personnel about the ever increasing grade levels in proposed T/O's that no-one seemed to be worried about. The average grade in 1957 was 9.5 and advancing (by 1961 it was 9.8) each tenth of a point representing an increase of about a million dollars in annual payroll costs. C/SWD's objective was to establish the principle that the average grade would not continue to rise without the approval of top management. In this sense the Notice was successful although the upward tendency did not was not stopped until the Bureau of the Budget got into the picture in 1964.

25X1A

November 1959:  
25X1A9A

A Manpower Control Program for the Clandestine Services, 6 November 1959, [ ] famous report on the age-grade hump among CS officers and what to do about it, was sponsored by the Director of Personnel on 6 November. While not strictly a classification matter - the Report had to do with people rather than positions - the report introduced to the Controlled Staffing concept, rationalized in-put, grade and age distribution, requiring the force out of older officers to achieve a maximum curve which would eventually be reflected in the position structure. The report furnished basic data for the CIA Retirement and Disability Act (CIARDS) of 1964, for the mandatory age sixty retirement policy, and specifically for the Regulation [ ] Separation, Handbook [ ] Procedures, and HR Regulations, which were adopted in February 1961 were attached to the Report.

25X1A

25X1A

25X1A9A

[ ] was Chief of the Personnel Assignment Division (PAD) OP from 1957-1959 although his first Agency stint was in classification work.

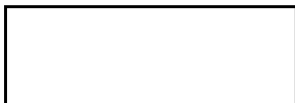
25X1A

**SECRET**

Fall, 1959:

RID Survey. In the Fall of 1959 SWD/OP became embroiled in a first class donnybrooke over the Records Integration Division Survey. The Survey itself was not unusual. Many others of a similar nature were conducted without controversy. But R.I.D. according to the PMCD historian\* was a special source of anguish to management and when classification, largely on the basis of comparison with similar jobs in the F.B.I., came up with the conclusion that the entire place was over classified and that the so called cable analysts were really clerical rather than professional the C/RID, the Director of Personnel Gordon Stewart who had R.I.D. as one of his major worries as Chief, FI Staff, really took exception to the findings. Salary and Wage Division found itslef overruled on this one by the Director of Personnel and eventually set the jobs up as professional; the proposed down-gradings were never carried out.

25X1A9A



**SECRET**

25X1

SECRET

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

1961

- May 1961: The CIA Management Staff was abolished leaving the position management function, which had never been very vigorously exercised, adrift.
- June 1961: Administrative obstacles, including the Comptroller, plus reluctance of the operators to put their plans on the line, caused the C/SWD proposed the elimination of the Career Service Ceilings, the Career Service Staffing authorization and other modifications to the Agency Manpower Control System introduced so hopefully in 1958. What was left was the flexible T/O and a Career Service Grade Authorization (CSGA) which set outer limits on number of promotions.

1962

- 25 August 1962: DCI advised the D/BOB of his approval of [ ] Agency super-grade positions, a 90 percent increase. Positions recommended for up-grading included the Chiefs of major branches in the DDP group, the Chiefs of Support of the major division and certain overseas stations, key positions in the Office of Communications, senior positions in the Directorate of Research. The DCI Memo drew a cold response, "This 90 percent increase in your existing totals of supergrades comes as a distinct shock, particularly as it was unaccompanied by any supporting data or analysis." Eventually the matter was adjudicated on the basis of not exceeding a figure of [ ] for FY'63, [ ] by FY'64, and [ ] - the agreed figure - by FY'65. C/Salary and Wage Division was ordered by the DDS to develop supporting data for a decision already made. 25X9A2  
25X9A2  
25X9A2
- 25X1A 31 August 1962: [ ] 'Management of SuperGrade Personnel,' abolished the Supergrade Review Board and transferred the co-ordination responsibility for all supergrade positions to the Director of Personnel.

\*Emmett Echols

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

-19-

SECRET

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

11 October 1962: Federal Salary Reform Act of 1962 signed by President Kennedy. Established higher salary levels for Federal Executives in consonance with industrial executive pay practices.

1964

14 April 1964: The DCI received a letter from Mr. Elmer Staats, Deputy Director of the Bureau of the Budget which requested prompt answer as to steps being taken to hold down the number and percentage in grades 13 and above and to maintain average grade. The almost continuous rise in the average grade of Federal employees raises serious questions about the adequacy of existing agency management controls. While there are circumstances where changes in the complexity of the work and work processes justify an increase in the average grade, it is questionable whether those changes account for annual regularity of the increases in grade in most agencies. For several years the annual budget instructions (BOB Circular No. A-11) have been extremely restrictive on the provision of funds for the prospective upgrading of positions. The Chief, SWD, concerns had been taken up by higher authority.

19 May 1964: Executive Director Action Memorandum to the DDS instructed the Director of Personnel to take the necessary action to reduce the headroom throughout the Agency a sufficient amount to lower the average position grade to at least that of a year ago. D/Pers tells C/SWD to do so.

18 June 1964: John Clarke, Chief, Programming, Planning and Budget Staff advised the Director of Personnel that the Chief, Salary and Wage Division had misinterpreted the Executive Director's Action Memorandum A-378 and that the Agency-wide classification survey was wreaking havoc within the Agency. Chief, PPBS felt that a component by component review was not necessary that Chief, SWD should just take the excess headroom wherever he found it - a somewhat impractical approach. D/Pers disregarded the C/PPB memo and advised the Executive Director that the Agency average grade had been reduced and that henceforth upward classification would have to be compensated by downward.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

-20-  
**SECRET**

25X1

~~SECRET~~

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

24 August 1964: BOB Circular A-11 (revised) placed a ceiling on all Agency positions in grades GS-14 and above at number filled in 1964. Beginning with FY'66, allowances for personnel costs were to be based on the average salary estimated for FY'65 in the President's budget. Ultimately BOB dropped the average salary control but kept the GS-14 and above ceiling. More important the Bureau of the Budget was to figure strongly in Agency management from 1964 onward, and Salary and Wage Division assumed a new role as an aid to management in achieving the BOB objectives.

1965

23 January 1965: DDS approved the OP proposal to augment the Agency's position classification program with staff responsibility over position management, a function which had been adrift since the demise of the Management Staff in 1961. As a result of this approval the salary and wage mission was broadened and the name changed to Position Management and Compensation Division.

23 November 1965: A ceiling of  positions in the Executive Pay, Supergrade and Scientific Pay Positions was adopted with incumbency limited to . In February 1967 positions were increased to

25X9A2  
25X9A2  
25X9A2

1966

26 March 1966: A triple Deputy set-up was introduced with the Position Management and Compensation Division placed under the newly created Deputy Director for Planning and Research (DD/Pers P and R) (Changed in 1968 to Deputy Director for Planning and Control DD/Pers/PC)

1967

July 1967: Bureau of the Budget (BOB) agreed to a SuperGrade position ceiling of . Agency advised that annual review would no longer be considered. In the future, said BOB, S.G. position and ceiling were to be included in the PPBP five-year budget cycle.

25X9A2

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

1969

25X1A 1 August 1969: [ ] abolished the Project Review Committee which had reviewed the establishment of clandestine projects. The long established responsibility of PMCD and its predecessors to review the proposed T/O in terms of the soundness of position structure and grades or salaries was continued as was the review of existing projects as changes occurred.\*

1970

25X9A2 29 July 1970: While there were no spectacular events in the FY 1970 report of the Position Management and Compensation Division, the ceiling reductions caused increases in the daily work. Forty-six planning papers with a total coverage of [ ] positions were reviewed, a revision was made to the Agency's Handbook of Occupational Titles and Codes, thirty-two surveys were undertaken, and the documentation of some 1/3 of the Agency's positions accomplished with reference to the changes in the staffing complements (T/O's). A continuing review of the government wide study of position evaluation systems was maintained.

1971

15 August 1971: The Administration (OMB) ordered a five percent reduction in Agency manpower strength in Fiscal Year '72 (1 July '71 to 30 June '72) and a one tenth roll back in average grade in FY'72 and '73. Studies in which PMCD/OP took a subordinate part were furnished to the Director of Personnel. These studies established the difficulty of meeting the cutbacks without suspending promotions and separating hundreds of Employees. As a result the Office of Management and Budget (OMB) successor to the Bureau of the Budget permitted the Agency to accomplish the five percent reduction and the average grade roll back in two fiscal years.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

-22-  
**SECRET**

25X1

~~SECRET~~

1973

26 March 1973: The program of cutbacks, the so-called Schlesinger Slash, was formally announced to the employees. In addition to normal attrition, some 700 employees would be declared surplus excess to Agency requirements in 1973 FY 1973. The cutback was accompanied by numerous T/O changes involving average grade restrictions.

1 July 1973: Two major personnel and manpower programs were announced. The Personnel Development Program (PDP), was a systematized approach to employee development and succession planning. The Annual Personnel Plan (APP) covered Manpower Analysis and Personnel Management Goals for the fiscal year ahead and was designed to give top management a model against which they could measure component performance in the specified areas of personnel management. Classification of positions was not included.

1974

1 April 1974: Employee Bulletin [ ] announced the program of "New Approaches to Personnel Management." Classification was not mentioned specifically in the sixteen point program. The new statement of Agency personnel policy in Reg [ ] did include the reference to 'adherence to Federal personnel policies and statutory requirements applicable to Agency activities'.

25X9

25X1A

25X1A 23 April 1974: [ ] announced the Letters of Instruction policy. Each employee was to be given a letter covering the requirements of his job as a means of improving two way communication between employee and supervisor. Questions were raised concerning the relationship of LOI's to official position descriptions and were answered by pointing out that the LOI does not cover the full range of duties but establishes selected priority objectives. Job descriptions would be continued.

25X1A

~~SECRET~~



25X1



STAT

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

EXCERPTS

from

OP Oral History Project

PAGE

	I. Tables of Organization, Ceilings, Controls . . . . .	25-32
25X1A9A	[redacted] on Manning Table in lieu of T/O . . . . .	25
	[redacted] on Changes to T/O and classification procedures. . . . .	25-26
	[redacted] on the Manpower Control System . . . . .	26
	[redacted] on Career Service Ceilings . . . . .	26
	[redacted] on CSGA (Career Service Grade Auth) . . . . .	27
25X1A9A	[redacted] on position management as practices by Bud Wheelon, the DDS&T . . . . .	27-28
	<u>L. K. White</u> on T/O and Manpower Controls . . . . .	28-29
25X1A9A	[redacted] on Classification's major problems . . . . .	29-30
	[redacted] on Gordon Stewart's Influence on Class. and Wage . . . . .	30
	[redacted] on Classification's low point . . . . .	31
	[redacted] on Career Service Ceilings . . . . .	31-32
	[redacted] on What's left of the Manpower Control System . . . . .	32
	[redacted] on Surveys, Field and Otherwise . . . . .	32
	II. Management of SuperGrade positions, Personal Rank Assignment . . . . .	33-38
	<u>L. K. White</u> on the Agency SuperGrade History . . . . .	33
	[redacted] on S.G. Temporary Promotion . . . . .	34
	[redacted] on Personal Rank Assignment . . . . .	34
25X1A9A	[redacted] on Difficulties of S.G. Ceilings and P.R.A., on S.G. Expansions of the early Sixties . . . . .	35-36
	<u>H.B. Fisher</u> on the All Chiefs and No Indians Syndrome . . . . .	36-37
	[redacted] on Personal Rank Assignments in 1973 . . . . .	38

~~SECRET~~

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

I. Tables of Organization, Ceilings, Control

[redacted] Deputy Director of Personnel, August 1955 - March 1958

25X1A9A

Re: Manning Table in Lieu of T/O

(Speaking of the 1955-57 period when [redacted] was conducting what he called a 'holding operation' after the downfall of George Meloon and pending the disposition of the AD/Pers job held by Harrison G. Reynolds, a seriously ill man. [redacted] had this to say:)

25X1A9A

25X1A9A

The Office of Personnel assisted others in the Agency in laying the groundwork for personnel policies and procedures adopted later by the Agency. These included training and promotion policies, flexible T/O, a policy on payment of overtime, on marriage to aliens and so forth. One proposal by the OP which was not adopted by the Career Council was to abolish all positions as such in favor of a manning table which would have authorized a specific number of positions at each grade level.

Excerpted from the OP Oral History Project, Tape 11, recorded 2 April 1971.

[redacted] Chief, Position Evaluation Division, PED/OP 1955-1957

25X1A9A

(In classification work with the Agency from 1949 on, [redacted] was appointed Chief, PED in September 1955, remaining in that post for two years. He later became Chief, Personnel Assignment Div/OP where he conducted major studies of Agency manpower problems particularly the age-grade hump which led to the 701 program and the CIA Retirement and Disability Act, and then Chief, Clandestine Services Personnel Staff (CSPS). The excerpts are from Tape 16 made 21 May 1971.

25X1A9A

Re: Changes to T/O and to classification procedures

As Chief, PED, I together with [redacted] initiated several changes in the manner in which position structure was recorded and controlled. During this period the concept of the flexible position was introduced. The purpose was to permit operating offices to meet their workload requirements without having to go through the bureaucratic process of establishing new positions or moving positions from one organization to another. Also introduced at this time was the concept of Personal Rank Assignment permitting an individual to be assigned to a position of lower grade when it was necessary to meet special requirements or to use his service without change of grade. The system was comparable to one long followed by the Foreign Service. Several of these procedures were at variance with the Civil Service Class Act requirements. The Agency had at times considered making a break from the Civil Service procedures but no formal action was ever taken in this regard. There was a ruling that if the Agency followed the salary scales of the Classification Act it was obliged to follow other CSC procedures although I recall exemption from the

25X1A9A

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

25X1

~~SECRET~~

~~SECRET~~

Excerpts from OP Oral History; I. Tables of Organization, Ceiling, Controls  
(Cont'd)

25X1A9A

[ ] Tape 16, Re: Changes to T/O and to classification procedures (Cont'd)

Veteran's Preference Act. We also developed a workable pay system better adapted to the Agency's needs than the General Schedule of the Classification Act. The schedule provided for fewer grades with broader pay ranges and suggested the use of merit step increases, a provision which was later adopted by the government as a whole.

Re: Manpower Control System

25X1A

The development of the Manpower Control system now covered in Reg [ ] actually started in 1955 and was developed during the subsequent five years. The system provided for the identification of all T/O positions according to the career service responsible for staffing the position. It provided for a staffing complement for each organization unit which included all the work load positions. These are productive positions filled by people on the desk or on duty. It also provided for a development complement which was the non-work load complement. In it were placed individuals who were not contributing to the actual work load of the component on a day to day basis. These individuals might be in training for a new assignment or be between assignments or on extended annual sick or maternity leave, or they might be detailed outside the Agency. The purpose of the development complement was to provide a better cost accounting system, a personnel accounting system, to give a better picture of the actual number of people required to do the day to day work of the organization as compared with the overhead, the non-productive people who were carried on the payroll but were not actually at work. The staffing complement included two categories of positions. The fixed position could be occupied by only a single occupant or a fixed number, for example, only one chief was approved for a unit. The unit might have three branch chief positions and these were limited to three incumbencies. The flexible positions were those in which the number of incumbents might vary on a day to day basis according to the work load requirements. By having a position designated as flexible, if the work load increased in a unit, a new person could be assigned to the flexible position without changing the staffing complement. This system of fixed and flexible positions has continued to the current time and has proved to be a practical means of managing a table or organization.

Re: Career Service Ceilings

About 1958 it was proposed that the personnel ceiling would be allocated not to organizations but to career services and would be managed by the Career Service. Thus a T/O for an area division in the CS might include a ceiling for CS positions which would be administered by the DDP. It would also include a ceiling for support positions, logistics, finance, which would be controlled by the Head of the Career Service of the parent office involved. This system was not actually adopted due to a number of complications that arose in attempting to work out procedures that would apply

~~SECRET~~

25X1

SECRET

Excerpts from Oral History; I. Tables of Organization, Ceiling, Controls (Cont'd)

25X1A9A

[ ] Tape No. 16, (Cont'd)

Re: Career Service Grade Authorization, CSGA

Since promotion and recruitment are controlled by the Career Service a means of control called the Career Service Grade Authorization was established. The CSGA consisted of a tabulation by grade of all positions designated to a career service regardless of the T/O on which they are located. This means that the Personnel CSGA, for example, included all the positions by grade located in the central office and located in other components of the Agency. By making this tabulation the Personnel Career Service could compare the number of positions by grade with the authorization at each grade level and know the promotion headroom. Likewise the CSGA would show those grades in which there were shortages and provide a guideline to be used for recruitment actions. The CSGA continues in existence to the current time and has provided a reliable method of controlling promotions. It is consistent with the Personal Rank Assignment procedures in that when headroom exists in the CSGA an individual may be promoted to the grade in which the headroom exists even though his own position may be of lower grade. This has been an essential part of our competitive promotion system.

[ ] excerpts are taken from Tape No. 16, recorded 21 May 1971

25X1A9A

[ ] Career Management Officer, DDS&T, 1963.

25X1A9A

[ ] is speaking in terms of the job held in 1963. He later held various positions in Placement, also was Chief of Personnel, Saigon 1967-68, Deputy Director of Personnel, Planning and Control (DD/Pers/P&C), Deputy Director of Personnel and is currently Chief, Clandestine Service Personnel Office. The excerpt is from Tape 17 made 14 June 1971.)

25X1A9A

The kind of management that Wheelon (DDS&T) followed was typified by certain reductions that DDS&T had to make in overall ceiling allocations. In order to live within these reductions and to strengthen some of the units at the expense of others that we thought to be over-staffed, Wheelon asked Office Heads to surrender slots. When the Office Heads were slow in coming forth with slots that

25X1A

SECRET



25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3  
Excerpt from Oral History, I. Table of Organization, Ceilings, Controls  
(Cont'd)

25X1A

[Redacted] Tape 17 (Cont'd)

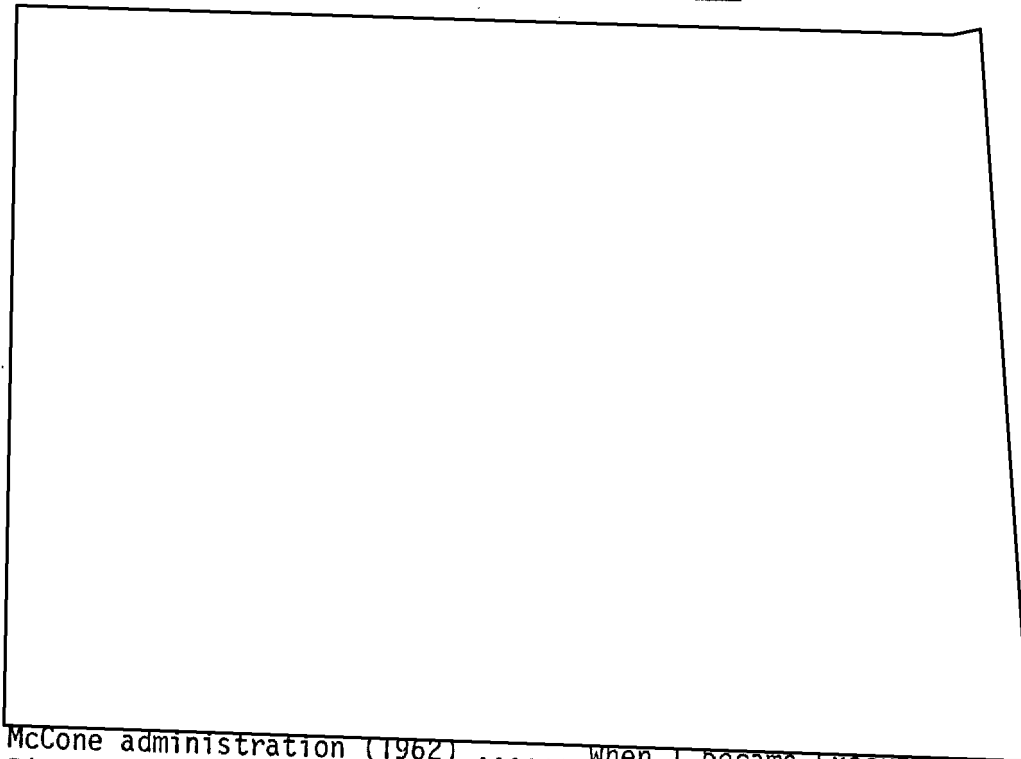
Wheelon could use elsewhere he held sessions with each Office Head and went over staffing complements position by position and the need for each position. These sessions went to eight thirty or nine o'clock at night and did not stop until he had covered every position. At the conclusion Wheelon would then make up his own mind which positions he was going to take and allocate in terms of ceiling elsewhere in accordance with Directorate needs.

Lawrence K. White, Executive Director-Comptroller, 1965-1972

(DDS for ten years from 1955-1965, Col White made these remarks during his 26 July 1971 Interview, Tape 18 at a time when he was Executive Director-Comptroller of the Agency)

Re: Tables of Organization and Manpower Controls

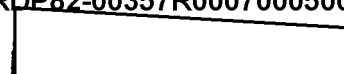
25X1



McCone administration (1962) .....When I became Executive Director in July 1965--this was about the time that Planning, Programming and Budgeting took on its sex appeal in the government, systems analysis came along--I changed the name of the group to the Office of Programming, Planning and Budgeting (PPB) and they were the people who moved in on manpower control. Having said all this, the real manpower control comes from only one place and that is the Director and from the President. Since Mr. Helms became the Director

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**



25X1

~~SECRET~~

Excerpts from OP Oral History, I. Tables of Organizations, Ceiling, Controls  
(Cont'd)

Lawrence K. White, Tape 18, Re: Tables of Organization and Manpower Controls  
(Cont'd)

we have reduced the size of this Agency by [ ] people while taking on new jobs which require [ ] people to do. To put it another way we are [ ] man years leaner right now than we were in 1966 when Mr. Helms became Director and frankly I don't think we are any worse off, in fact we are probably better off. PPB or the Comptroller or whoever can move in on manpower if he has the Director's support. This is probably getting ahead of your history but each Deputy Director received last Friday (23 July 1971) a memorandum signed by the Director expressing some disappointment that despite his admonitions for the past several years they still continue to ask for new personnel on the order of two, three, four hundred a year and put them on notice that as long as he is Director we are not going to get any bigger. This is what you need to control manpower. I can't control it, PPB can't control it, the Director of Personnel can't control it, the Management Staff, nobody can unless the Director puts his foot down and says this is what I want done.

25X9A2

25X1A9A

[ ] Deputy Director of Personnel, Planning and Control, DD/Pers/PC  
1968-1971

(Chief of Classification through its various titles from 1958-1968, [ ] spent seventeen years in the work. His name will be forever associated with the vicissitudes of that function in the Agency. The excerpts are taken from Tape 5, recorded 12 January 1971.)

25X1A9A

Re: Classification's major problem

Many times the T/O's greatly exceeded the number of people on board or the allocated ceiling which the unit could have. This situation served the operators well because it gave extreme flexibility. If they could not promote the individual in one slot they tried another. There was really no trouble and the T/O was no constriction whatsoever. However, in about 1954 - you can get the exact dates in the PMCD history - the Agency wanted to bring ceiling and number of positions together. We worked pretty hard on this. It caused quite a bit of consternation because it would alleviate most of the flexibility that people then had, and it would probably make T/O's more meaningful. As a consequence two papers were staffed up at this and underages. The two papers were the 'Black Duck' and the 'Blue Goose'. These allowed people to be assigned or promoted within a limit or one percent,

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3  
Excerpts from OP Oral History, I. Tables of Organization, Ceilings, Controls  
(Cont'd)

Tape 5, Re: Classification's major problems (Cont'd)

25X1A9A

as I remember, over the T/O grades. These two papers - also covered in the PMCD History - were an attempt to eliminate the rigidity, which became an increasing problem. Everybody at the operating levels in the DDP felt that they were caught, everybody felt that they should be slotted in the job about two grades above them so that they would have headroom. To (be in grade long enough to) get a periodic step increase was regarded as a black eye and a blot on the career. This situation caused many requests for increases in the grade structure. Trying to hold the general level resulted in a lot of conflicts. The disputes culminated in the I.G.'s famous Ten Points on what was wrong with Personnel issued in 1955.

Re: Gordon Stewart's Influence on Classification

In 1957 Gordon Stewart took over as Director of Personnel. His main objective from a classification standpoint was to maintain overall or gross controls of each career service and not be too concerned with each individual action that happened. This was why he was a big sponsor of the Manpower Control System which we finished that year (1957). This (the MPC) required a Planning Paper, planning out each year each Career Service's manpower requirements. It also required the Office Heads or the Career Service Head to plan in detail exactly what he was going to do that year and to be controlled by that planning in the CSSA. Mr. Stewart felt that if you kept the overall service within bounds individual actions unless they were drastic could be taken care of alright. To that extent we came through with the average grade controls whereby the component was obliged to maintain its average grade, to make T/O's a two way street. If they wanted to raise some jobs for the operators when they could point to jobs that had decreased in value, or were not needed, and therefore could be dropped down to compensate for the increase. For this reason, to get away from action by action basis, the name was changed to the administration or gross administration rather than individual actions. Many people in the Agency still resented the fact that we were tied to the Civil Service General Schedule salary scale and probably brought it to Mr. Stewart's attention when he came on board. CWD worked on a Pay Plan which would encompass many of the items of industry salary administration; less grades, wider pay ranges and merit increases. Many drafts were written, the Career Council was briefed, the Deputy Director's were briefed, and even Rocco Siciliano, President Eisenhower's personnel advisor at the White House was briefed on it. He was very enthusiastic and hoped that CIA could do something with it. As you may recall this was prior to the Pay Reform Act of 1962 in which a lot of work dating back to 1957 had been done by the administration. If finally came through with the next administration in 1962

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1



Excerpts from OP Oral History, I. Tables of Organization, 1953-1960 (Cont'd)

[ ] Tape 5, (Cont'd)

25X1A9A

Re: Classification's Low Point

Point 1:

Make "Service" the slogan of the Personnel Office, and see that every individual in that office understands and acts accordingly. The Personnel Office should be advised that its mission is to do what CIA wants done in the Personnel field even though it does not coincide with Civil Service practices.

was aimed primarily at the Classification and Wage Division, particularly the business of doing what CIA wants not what the Civil Service wants.... and while it has never been written anyplace it was well-known at the time that CWD was criticized severely in turning down job requests and for writing nast memoranda. 1955 was the year that the title Classification and Wage Division was changed to the Position Evaluation Division which, in the words of Harrison G. Reynolds, would take away the taint of the Civil Service Commission. In any event in the aftermath of the I.G.'s Report, the Office of Personnel and Classification and Wage Division reached a low point. For a long time after that we trod very carefully trying not to make the operators unhappy, never daring to mention the name of the Civil Service Commission and pretty much giving people what they wanted. One of the causes was in Mr. Wisner's reply to the I.G. on the Ten Points. After Wisner had replied to all points he made a statement which said that his single greatest difficulty was the rigidity of slotting. Aside from his management problem which was improving, the rigidity of the T/O was restricting him and hampering his operations as much as anything. Wisner's response was probably the reason why we went into the flexible T/O and manpower control experiment which culminated in 1958 in Regulation [ ] Ceiling and Position Authorization

25X1A

Re: Career Service Ceilings

Career Service ceilings were doomed before they started. Probably the two principal reasons were that top management could not conceive in a working situation of a career service ceiling. Ceiling to them meant how many people each Office had. In addition to that, we budgeted on an organization basis. Mr. Saunders, [ ] and the whole budget staff were bitterly opposed to the career service ceiling and paid practically no attention to it. It has been said that the DDP was opposed to it. However, it was really the aforementioned reasons. There was no particular opposition from the DDP, in fact they worked well with us, charted out about [ ] jobs, and listed them as DDS jobs, and they were put on the DDS T/O.

25X1A9A

25X9

~~SECRET~~

Excerpts from OP Oral History, I Tables of Organization, Ceilings, Controls, (Cont'd)  
Approved For Release 2003/03/18 : CIA-RDP82-00357R000700050001-3

[redacted] Tape 5, Re: Career Service Ceilings (Cont'd)

25X1A9A

One item that probably changed direction of the Manpower Control Act on the Career Service ceiling aspect was the fact that through 1957 the 701 program was brewing. Everyone was worrying about what would happen to the Support Offices if stations overseas were cut and people - career designees - were returned to the Support Office. I believe that this was an important factor on the advancing of the Career Service concept at that time.

Re: What's Left of the Manpower Control System

As far as the manpower control system is concerned it taught us one lesson, that timing is a wonderful thing. We really did not have it. We were too far ahead of ourselves. The Agency was not ready for it. What we have left from this system is the flexible T/O and the Career Service Grade Authorization (CSGA) and, uncontrolled, they may be a mixed blessing.

Re: Surveys, Field and Otherwise

Backtracking into the Meloon era the first major field trip for CWD was to the [redacted] spend a month or so and did a complete survey of [redacted]. During this period also we were asked to make job evaluation comments and aid in the approval of proprietary companies such as the Radios. Also in 1954 we embarked upon our first large scale Office survey, which was in the Office of Logistics involving a goodly number of the people in the Office. Except for this survey during this time a large preponderance of our efforts and our changes and innovations were for the DDP, because they were the most vocal in their complaints and wants. With this in mind probably the main reason why at the end of the Harrison G. Reynolds' regime Gordon Stewart from DPP was chosen to be the Director of Personnel.

25X1A9A  
25X1A6A

Approved For Release 2003/03/18 : CIA-RDP82-00357R000700050001-3

~~SECRET~~

25X1

~~SECRET~~

Excerpt form OP Oral History, II. Management of Supergrade Positions, Personal Rank Assignment

Lawrence K. White, Executive Director-Comptroller, 1965-1972  
(Col White, at once both the nemesis and the savior of classification down through the years looked at CWD and particularly [redacted] on matters regarding supergrade positions. These excerpts are taken from Tape 18, recorded 26 July 1971)

25X1A9A

Re: Supergrade Position Management

The Agency Supergrade History has been an uphill climb. When asking for more supergrades we tried to compare ourselves with other agencies. Statistics indicated that the Agency was low in percentage of supergrades as compared to State, AEC or the Office of Management and Budget (OMB) (successor to the Bureau of the Budget, BOB). Our philosophy has been that there should be some parity and whereas grades, as a practical matter the OMB, formerly BOB, has been the organization which says this is how many you can have because they control the budget. The expansion (1962) from [redacted] was proposed after such a study (comparability) had been made. Our argument was that we were not being treated as well as other agencies although this argument did not seem to make much of an impression. Furthermore, we were a new organization and up to now (1962) we had not argued very hard with this lack of comparability because we had a lot of younger people who were coming along. Now, they were bumping their heads against the ceiling and if we were to attract and keep our people we had to be able to offer them as much as anybody else in the government. In addition, we argued, our people by and large were carrying much heavier burdens. -- The Chief of Station for example, to this day might be a GS-15 at a station where the AID Director is an 18. -- We were getting the dirty end of the stick. That was the philosophy! For years as the DDS I carried the Supergrade load with a lot of support from the Office of Personnel but I had to carry it. I kept the statistics in my own office and did all the negotiating with the Bureau of the Budget for the whole Agency. It was something that Allen Dulles wanted me to do and to keep under my personal control. As a matter of fact I think my statistics up to 1962-1963 were better than those of the Office of Personnel. At some point about then I did turn all my files over to Emmett (Echols, Director of Personnel) to be kept in the Office of Personnel.

25X9A2

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Excerpts from OP Oral History, II. Management of Supergrade Positions, Personal Rank Assignment (Cont'd)

25X9A2 [redacted] Deputy Director of Personnel, Planning and Control, DD/Pers/PC  
1968-1971

25X9A2 [redacted] retained the Supergrade Position and Incumbency assignment after assuming the post of DD/Pers/PC having held the assignment for his ten years as Chief of Classification. The excerpts are taken from Tape 5, recorded 12 January 1975.)

Re: Difficulties of Supergrade Ceilings and Personal Rank Assignments

The establishment and administration of the supergrade ceiling can cause many difficulties. There are for example, some [redacted] supergrade people PRA'd (People of supergrade rank in lesser or non supergrade positions) which seems to indicate that the right people were not promoted or that the positions were not allocated correctly, or that there are simply too many supergrade positions not only in the DDP but throughout the Agency. We do not have corresponding stature of job responsibilities to go along with the increased stature in pay and other accouterments of office. I believe this situation to be harmful to the Agency in the long run. We must try very hard to give our people work promotions and responsibility promotions at the same time that we give them pay promotions and status promotions.

25X9

This cheapening of the grade structure does not occur at the supergrade level alone. In fact, at the middle grades 11, 12, 13 there are some serious deficiencies. In the long run, this leads to morale problems. Many of the Career Service Heads and the operators feel that if we can make more promotions people would be happier. However, we won't have high morale or have people happy and challenged unless they have a good job commensurate with their ability and are paid accordingly.

Supergrade Expansion of the early Sixties: The most frequent reason given for the expansion was the poor comparison between DDP positions overseas and the State Department which had many FSO 1 and 2 grades comparable to our supergrades. The complaint in the field stations was that our people were better and did a better job but were not paid as well as State. However, the chief reason for the explosion in 1960-61 in supergrade ceiling was the DDS. Colonel White felt he had developed an extremely good support corp - people like [redacted] [redacted] and others - who had been in grade a long time and he had no way of awarding them. So at this time the DDS determined that a sizeable increase in support supergrades should take place. The expansion was so great that [redacted] (Chief of Admin for DDP) and [redacted] (Same for DDI) and told them to put in some more supergrade positions so that the situation would be equalized. As a result, the supergrade ceiling of [redacted] went to a proposed position structure of [redacted]

25X1A9A

25X1

25X1A9A  
25X1A9A

25X9A2  
25X9A2

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

25X1

-35-  
**SECRET**

SECRET

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

25X1 Excerpts from OP Oral History, II. Management of Supergrade Positions, Personal Rank Assignment (Cont'd)

[redacted] Tape 5 (Cont'd)

The increase came shortly after Emmett Echols became Director of Personnel. Emmett shared the view point of the DDS and supported the increase in support supergrades. Echols was not inclined to question the motives or the determinations of the Deputies as was his predecessor, Gordon Stewart. Stewart took a very hard look at supergrade proposals and worked very closely with the then Classification and Wage Division. This was only one example of the differences which showed in many other ways. The chief difference was that Stewart was an operator and felt himself to be the equal of the area Division Chiefs and well-known to the Deputies whereas Echols was a support officer who looked up to the operators.

The actual justification of the large increase in supergrades turned out to be no problem. Bob Amory, the former DCI, was then working in BOB, (JJW Note: Amory was Chief of the International Division of BOB at this time), discussed the changes with the Deputies and their justification of the expansion, and as the increases were phased over a period of three years, the expansion was accepted by the BOB. One consequence was the end of previous attempts to get the number of positions and the ceiling the same. They never have been equalized even today, the discrepancy being in favor of the positions. This causes some difficulty with the incumbents. Everyone sitting in a supergrade job cannot be accommodated at one time.

25X1 Harry B. Fisher, Director of Personnel 1971-73

25X1 (Fisher [redacted] then was D/Pers.

[redacted] in the latter spot he caught the full brunt of the so-called Schlessinger Slash. The excerpts are taken from Tape 41 recorded 15 August 1974 about a year after his retirement.)

Re: The All Chiefs and No Indians Syndrome

There was a tendency on the part of components to take their cuts at the very lowest levels. To control this to some extent, I was backed up by Colonel White in insisting that cuts be taken at the average grade. This did tend to require a balancing number of 12's and 13's to offset the 4's and 5's. I must admit however that very few of the super-grade positions were cut at that time

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

-36-  
SECRET

25X1

**SECRET**

Excerpts from OP Oral Hist. Vol. II, Management of Supergrade Positions, Personal  
Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3  
Rank Assignment (Cont'd)

Jisher, Tape 41, Re: The All Chiefs and No Indians Syndrome (Cont'd)

which sort of brings me to the super-grade problem. I used to deal with that problem both with Col. White and later with Bill Colby. It always bothered me that we had significantly larger number of super-grade positions than we had ceiling for promotion from the Office of Management and Budget (OMB). This created a false sense of the number of super-grade positions. There were always of the order of thirty to forty super-grade positions on the books which would never have supergrade occupants, because the ceiling for promotion which was controlled by OMB, was at a lower figure. This meant you had unhappy GS-15's in these super-grade positions. They did not realize that there was no ceilings available for promotion. This overage carried on, despite my objection, through Col. White's regime. His feeling was that if you always had additional super-grade positions on the books, you could argue with OMB that you needed the ceiling to accomodate them. Col. White and the Director took the position, and I guess legally they were right, that the Director of Personnel could establish his own grade levels and OMB did not argue with him on that point. Therefore as a matter of Wage and Class, we could say these jobs are super-grade positions. OMB's response was, 'fine, you may do that but we say that you can only have this number of super-grade ceiling.' So we lived in this kind of fantasy for a while. Shortly after Bill Colby came in (as Executive Director after Col. White's retirement in 1972) I was able to convince him -- as a matter of fact he was almost shocked to find out what the situation was -- that, although it might hurt, really we would be better off abolishing all super-grade positions above the ceiling that we had for promotion, and this we did despite the wails from everybody. Even the Office of Personnel had to take a reduction of two supergrade positions which had never been filled by supergrades. In the early years, and I could tell from previous correspondence, it had been routine each year to go forward to the OMB with the request for additional supergrade ceiling, always based on the fact that we had now, by wage and classification action, increased the number of supergrade positions. The arguments were rather trite ones, increased sophistication, higher technology required. OMB normally came through with a few more super-grade positions. However, when the tide turned and the size of the Agency began coming down, such a request appeared a little ridiculous, certainly to me and to Col. White, although never to the operating components who always felt they needed more super-grade positions than they had. The time had passed when we could say that although we are reducing five hundred this year, and five hundred next year we need more super-grade positions. Rather, the consideration became one of eliminating these forty odd positions for which we did not have the ceiling. Mr. Colby was even wondering in 1973 whether we should further reduce the number of supergrades which number remained stable despite the overall reductions in ceiling, thereby making the supergrades an increasing larger percentage of the total strength of the Agency.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

-37-

**SECRET**

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3  
Excerpts from Oral History, II. Management of Supergrade Positions, Personal Rank Assignment (Cont'd)

Fisher, Tape 41, Cont'd

Re: Personal Rank Assignments in 1973

There was an effort to reduce the number of Personal Rank Assignments (grade of incumbent higher than grade of job). We reached the point where we in Personnel monitored PRA's, whether they were supergrade or even at the GS-14 and 15 level. In 1972 I believe it was, Colby agreed with me that we would sign papers to each component when someone was in a supergrade positions in excess of two years on a personal rank assignment. DDP certainly had a better reason for putting people in personal rank assignments. There might be a small country which warranted a GS-15 during normal times. There would be a flare-up there whereby suddenly a great more expertise was required and the DDP would want to whip a supergrade out there to take that job during the period of the crisis. We did not want to revise the total structure every time so you did have people in personal rank assignments. But a real effort was being made, and with some degree of success, at calling the components to task on personal rank assignment. DDP, although warranted in some cases, was also using many soft positions [redacted] and other parts of Europe to assign someone who was a GS-17 to a GS-15 job. They might give you a reasonable argument for the first two years but when they tried to extend the man for another two years, you knew they were sort of waiting out retirement for this fellow and getting him out of the way. We were really beginning to clamp down pretty tight on that and forcing movement of those people out of the PRA positions.

25X1A6A

**SECRET**

STAT

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3



**SECRET**

RETROSPECT

The Critical Fifties, Flexibility the Criterion

The classification and wage policy which the Agency has followed for twenty-five years was subject to its greatest stress in early and middle 1950's. In January 1953, immediately after a classification approved T/O was issued for the OSO-OPC merger, a task that took two years, the Classification and Wage Division (CWD), OP and the Management Staff began, as ordered by DCI Walter Bedell Smith, the attempt to reconcile T/O's [redacted] Suddenly, the T/O, which up to that point had been an innocuous planning document with plenty of room for maneuver, became restrictive. The freedom of action enjoyed by operating officials to move and promote people, was severely curtailed, or threatened to be curtailed. CWD was only one party to this attempt but it placed the grades on the positions, issued the T/O's and kept the records. The storm of criticism was aimed primarily at CWD as being inflexible and Civil Service oriented. In December 1953, Inspector General Kirkpartick's Report of the Office of Personnel recommended that a new classification plan be developed. 'There is no question,' said the I.G. 'but that a classification plan is required. It is also agreed that the Civil Service wage scale is acceptable. What is required is perhaps a classification system tailored exclusively to the requirements of the CIA.' Earlier in the month (Dec 1953) [redacted] Chief of Administration for the DD/P, always a severe critic of the Office of Personnel, showed somewhat greater insight as to the real difficulty:

25X9A2

25X1A9A

**SECRET**

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

There is a considerable amount of restiveness in the organization (DDP) against the supposed limitation placed on us in the handling of people by the Office of Personnel. However, it must be remembered that the DCI has committed himself to adhere as closely as possible to the principles of the several Classification Acts. Accordingly the Director of Personnel as the DCI's delegated representative for the exercise of personnel authority must conduct himself within the limits of this framework.

25X1A9A [redacted], further stated in his 2 December 1953 memorandum to the I.G. that in his opinion the Classification and Wage Division rendered greater service and satisfaction than any other unit in the Office of Personnel, adding that his remarks were addressed to the degree of satisfaction received from the Division itself and should not be interpreted as indicating satisfaction with the classification system per se.

25X1A CWD responded to the serious challenge some ten months later when [redacted] Assignment was issued on 9 Oct 54. This regulation permitted the temporary assignment of employees to positions of higher or lower grade than held in order to meet operational requirements. Terms such as 'Black Duck' and 'Blue Goose' entered the Agency's administrative vocabulary. The flexible T/O concept was also introduced to allow double slotting in certain designated positions which were not one of a kind.

In July 1955, to end the Classification and Wage stigma, the Director of Personnel, Harrison G. Reynolds, changed the name to Position Evaluation Division (PED). Top management again demonstrated its reluctance to delegate the function, which was its only source of information and control of Agency position and salary matters to the operating officials and it remained an Office of Personnel responsibility. However, a senior DDP official,

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

**SECRET**

Gordon Stewart was named as Director of Personnel in 1957. Under his leadership, PED introduced a series of actions designed to loosen the central controls over position classification while avoiding the extremity of throwing the baby away with the bath. The Manpower Control System, first introduced experimentally in the Office of Communications in 1956, comprised four aspects, the flexible T/O previously described, the Career Service Staffing Authorization which gave the Career Service an authorization of promotion spaces, based on the organizational T/O's, the Development-Staffing Complement which made provision for slotting temporarily 'unproductive employees without regard to grade', and Rotational Allowance. The system was formally adopted with the publication of [redacted] Ceiling and Position Authorization and [redacted] on 14 November 1958. Stewart accompanied the new policy of central control and decentralized execution by changing the name of the Position Evaluation Division to the Salary and Wage Division.

Among other developments of the Stewart regime of the late fifties, the Career Council at its 42nd meeting on 3 April 1957 agreed unanimously that, despite the rise of the Career Services, three personnel activities should remain centralized; classification, recruitment, and personnel records. Thus encouraged, the Position Evaluation Division introduced and won DDS support for the installation of standards based on the grade attraction theory for all Agency secretarial positions and, at the other

**SECRET**

25X1A

25X1

end of the grade spectrum, won high level support for its factor analysis method for evaluating Super-Grade positions. In March 1958, the Director of Personnel presented and won Career Council approval for a new Agency Compensation Plan developed by the Position Evaluation Division. Designed to remedy the deficiencies of the Civil Service schedules, the Plan reduced all positions above GS to five groups with extended salary ranges in each group. The White House liked it but the Plan found little support in the Civil Service Commission and the Bureau of the Budget, PED's stock went up, and many of the provisions were later adopted by the government at large in the Salary Reform Act of 1962. By all odds, however, it was the entry in 1959 of the Bureau of the Budget into Agency administrative affairs that solidified the position of the Salary and Wage Division of the Office of Personnel. Average grade control, super-grade ceiling, ceiling on GS 14 and up, all the familiar paraphanelia of government administration, were introduced at the behest of BOB. SWD became top management's major source of information on positions and the major means of compliance with BOB's desires on position management and salary control.\*

The 1960's BOB and Average Grade Control

The Management Staff was abolished in May 1961 leaving the position management function adrift, to be picked up four years later by the Salary and Wage Division at which time (1965) its name was changed to Position

---

\*The grade creep, so called, was slowed but not stopped, any more than it was in the government at large. Average grade went from 9.6 in 1958 to 9.8 in 1963 to 10.039 in December 1967 and peaked at 10.324 in December 1970. By 'quick and dirty' calculation, each tenth of a grade represented increase in payroll costs of [redacted] a year, entirely aside from other increases such as pay raises.

~~SECRET~~

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Management and Compensation Division (PMCD). The disappearance of the Management Staff made little difference in the work of the Salary and Wage Division. Previously SWD had most of the task anyway, it put the grades on the positions, kept the records, issued the T/O's and caught the heat. The change did mean that now top management\* could turn to one source of information on both positions and T/O's changes. In August 1962, [ ] Management of Supergrade Positions, abolished the Supergrade Review Board and transferred the responsibility for co-ordination of all supergrade positions to the Director of Personnel and his representative the Chief, Salary and Wage Division, formalizing a 'de facto' relationship of several years standing, and giving classification one of its thorniest problems. The Regulation followed immediately on what was termed an explosion in supergrade positions, [ ] that drew strong criticism from BOB which exacted a promise from the CIA to spread the increases over three years.

Another disappointment to the BOB, one which reacted on the Agency's classification function, concerned the Federal Salary Reform Act of 1962. At first BOB thought that the Act, by increasing federal executive salaries to a level comparable with industry and by offering greater salary spread within grades, would stop the increase in average grade and in higher grades. It did not and on April 1964, by memorandum to the Director of Central Intelligence the Deputy Director of the Bureau of the Budget requested prompt answer on steps being taken to slow down grade creep and

\*The term top management as used here refers mostly to one Lawrence K. White, Colonel, USA (Ret) who as DDS from 1955-1965 and Executive Director-Comptroller 1965-1972. [ ] long time Chief of Classification (1958-1968) had a special relationship that was always strong and stormy. [ ]

25X1A

25X9A2

25X1A9A

25X1

**SECRET**

to hold down the number and percentage in Grades 13 and above. CIA's increase in both categories was modest as a result of the steps taken after the 1959 intervention, namely the issuance of Personnel Notice 20-220-1, Average Grade Controls, administered by SWD. Average grade had gone up 3/10's of a grade (GS 9.6 to GS 9.9) and GS 13 and up had gone from 27.14 percent in 1959 to 27.35 percent in 1964. Despite CIA's good record as a result of establishing its own controls, BOB issued its annual circular No. A-11 which placed a ceiling on Agency positions in GS-14 and up at the number actually filled in FY 1964 and imposed average salary controls based on average salary estimated in the President's 1965 budget.

The balance of the sixties, particularly from 1967 on, were taken up by T/O expansion for the VietNam War the task one of reviewing T/O's conducting surveys, and making job audits. The introduction of the triple Deputy concept in 1966 interposed a level between the Chief, PMCD and the Director of Personnel. Since the long time Chief of Classification, 25X1A9A [redacted] became Deputy Director of Personnel for Planning and Control (DD/Pers/PC) the change did not affect the classification function.

The 1970's, Steaming as Before

The expansion of the late sixties was followed by the retrenchment of the Seventies and Classification's main problem became the avoidance of the 'All Chiefs and No Indians' syndrome. The many innovations of this period, the Personnel Approaches Study Group, the Annual Personnel Plan, the Personnel Development Plan, were largely the work of the Plans Staff. PMCD's tasks and emphasis were described by the present Chief, PMCD in the 9 May 75 Oral History Interview:

**SECRET**

**SECRET**

About 1970 we in PMCD initiated a regular schedule survey program under which we attempted to survey all components of the Agency on a three-year cycle. It was a period of ceiling reduction from [redacted] and (we thought) the survey program would help substantially in maintaining an effective organization...by review either before or after ceiling cuts...The primary problems we have had is the tendency of all components to maintain as many as possible to their higher level and supergrade positions. In a period of declining strength the Agency should require fewer super-grades - Mr. Colby has indicated this a number of times - but in every review we have made, every component has always been looking for more supergrades....The only way that escalation can be controlled is by an interest on the part of top management and the various management levels, in holding down grades, in attempting to maintain reasonable levels, in having a logical approach to what jobs are worth...When Mr. Brownman became Deputy Director of Management and Support (DDM&S) (in 1973) he thought at first that it would be a lot better if the components established their own grades. They would show more judgement...but after he had been in the job for a while his view changed, (he realized) that turning the components loose would be like putting the fox in the hen house.... There is continuing pressure from all components for higher grades and more upper level grades. We (PMCD) have seen no indication that this is ever going to change.

25X9A2

**SECRET**

25X1

~~SECRET~~

CONCLUSIONS

The antithetical nature of personnel administration - service on one hand and control on the other - is nowhere better illustrated than in the classification and wage function. Through the various phases in the Agency's administrative development - the wide open expansion of the fifties, the stabilized conditions of the early sixties, the VietNam expansion of the late sixties, the retrenchment of the seventies - Classification has endured as a central function of the Office of Personnel. The question is why? What does this particular aspect of personnel administration have in its favor to cause it to survive through thick and thin despite its reputation as one of the most unpopular and controversial of the central personnel administration functions?

Historically, there is no single answer to the questions other than the general one that classification is something that we must have for our sins. A succession of very able and even imaginative Chiefs of Classification, [REDACTED]

25X1A9A  
25X1A9A

[REDACTED] had something to do with it. The support in clutch situations of the administrative stalwarts, [REDACTED] as Chief of DDP Admin in the critical Fifties, Lawrence K. White as DDA/DDS and Executive Director-Comptroller undoubtedly carried the day in the periodic decisions made by the high command on the hapless function. Then there was the faculty for meeting challenges rather than collapsing in the face of criticism. The series of changes starting with the flexible T/O, then the Staffing Complement, the development Complement, Career Service Staffing Authorization, Career Service Grade Authorization, Rotational Allowances would come under

25X1A9A

~~SECRET~~  
46



**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

this heading. They were ingenious methods of achieving the objective of maintaining some degree of central control while extending maximum flexibility for the operating official. The rather sour reception which the Agency Compensation Plan of 1958 - developed by Classification in accordance with what it thought were the Agency's desires to abandon the General Schedule, - received from the Civil Service Commission, the Congress and the Bureau of the Budget, had it's effect. In the final analysis, it was the entry of the Bureau of the Budget into Agency administrative affairs, starting in 1959 but really felt in 1964, which brought with it average grade controls, super-grade ceilings, GS-14 and up ceilings, that finally clinched the issue. Classification as such was elevated to an essential tool of top management in the administering of Agency position classification and compensation matters. The advantages of belonging to the Federal government at large were dramatically demonstrated at the time of the Federal Salary Reform Act of 1962 which substantially raised federal executive pay and broadened in grade ranges of the General Schedule positions including those in CIA.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

STAT

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

OP ORAL HISTORY PROJECT

Tape 46 - Interview, [redacted] Chief  
Position Management and Compensation  
Division, OP with [redacted]  
Part 1, 9 May 1975, Chamber of Commerce  
Building, Arlington, VA.

25X1A9A  
25X1A9A

Subject: Position Management, Compensation,  
Salary and Wage Administration,  
1953 - 1968

25X1A9A

(Only [redacted] remarks recorded. Questions  
represent summation of discussions between  
recorded remarks.)

Index Counter

*What about your first job, Fred. What was it  
and where was it?*

000

My first job was in the Agency in the Covert  
Branch of the Classification and Wage Division  
(CWD). Initially I had the Soviet Division as  
(as a classifier) and then Western Europe. This  
was for a period of approximately two years  
starting in 1953. Then there was some kind of a  
reorganization. Three branches were established,  
Covert, Overt, and Standards. At that time, in  
1955, I became the Chief of the Standards Branch.  
The Standards Branch lasted until May of 1957 when  
two branches were substituted for the former three  
branches. Standards Branch was knocked out. There  
was an Overt Branch and a Covert Branch with a  
standards representative established in each. I  
became Deputy Chief of the Overt Branch under Frank  
[redacted] as Chief.

25X1A9A

*What did the Standards Branch do?*

020

We were concerned with establishing Agency-wide  
standards for as many jobs as possible. We followed  
numerous approaches in developing these standards.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

SECRET

We used charts to a considerable extent, factor evaluation break-down, and something similar to what is now being used by the Civil Service Commission developed by the Oliver Task Force several years ago. In other words a factor evaluation, bench mark point rating system. We used these for administrative officer, personnel, budget jobs, and various others. Some of our standards were primarily comparison standards, standard job sheets which we used to evaluate jobs. The difficulty in those days was getting standards co-ordinated. It was the personnel policy to have standards co-ordinated before they could be issued and this was very difficult to do. Eventually, we used the standards unofficially without formal issuance. We probably issued some twenty-five or thirty standards over the period of two years that I was head of the Branch. As to the DDP jobs, I believe there were operations officers, agent handlers standards. There may have been a few others.

*Who did you work for in these days?*

045

25X1A9A

During the period between '53 and '55, when I was in the Covert Branch of CWD, I was under [redacted] who was then Chief. In the Standards Branch I was initially under [redacted] who was the Division Chief (1952-1955). When he went out, in 1955, [redacted] became Chief of the Division. Between 1955 and 1957 I was the Branch Chief under [redacted]. After the Standards Branch was abolished in 1957 I became the Deputy Chief of the Overt Branch. That was for about a year, at the end of that time there were some switches in the Division personnel. We had a new Chief of the Overt (Intelligence and Support) Branch [redacted] and the Clandestine Services Branch [redacted]. I became Deputy Chief of the Division under [redacted]. This assignment was for a period from 1958 to, I think it was 1967, not 1968. I then became the Division Chief.

25X1A9A

25X1A9A

25X1A9A

25X1A9A

25X1A9A

25X1A9A

SECRET

25X1

~~SECRET~~

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

*There were a lot of innovations in the late fifties, early sixties - Flexible T/O, Career Service Staffing Authorization, Staffing Complement, Development Complement, Career Service Ceilings, Rotational Allowance - how did these grab you?*

050

During the period after the establishment of the so-called flexible T/O system, our primary problem was establishing jobs on staffing complements under the new system, and evaluating positions according to their difficulties and responsibilities. The flexible T/O provided for the movement of people back and forth in the different areas without the formal establishment of a job. It provided for underslotting and overslotting to make it easier to assign and reassign people. But our primary objective of trying to evaluate positions properly continued during this period. We attempted to conduct surveys to the extent possible. Since it wasn't practical then, and has never been practical to attempt to cover an organization by individual position evaluation, periodic surveys were conducted to provide for changes in organization, realignment of positions, changes in position structure. These surveys continued throughout the 58 - 68 period.

*What do you see as the major problems of classification resulting from the several innovations?*

075

The greatest difficulty during this period and since has been that, while operating officials are willing to accept upgradings, and in some cases the same grade, they are reluctant to accept any down gradings. The result was a continuing escalation of grades over a period of many years which continues to the present. I can say that in some cases we (classification) have won but in most cases we have not. One of the objectives (of the innovations) was to secure maximum of flexibility with a certain degree of control over the grade structure. To some extent this objective was achieved. We were able to prevent grade levels from getting completely out of hand. Part of this result we can attribute eventually to the establishment of upper level ceilings and supergrade ceilings.

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

Another major problem we had during this period (58-68) in the administration of the CSGA, Career Service Grade Authorization, was that it tended to encourage a rate of promotion which was not justifiable by the level of positions established. Frequently, staff members reached a grade level at a time when positions were not available at that grade level so that they were overslotted. This situation caused a lot of pressure from operating officials to upgrade the jobs, and thus has caused a lot of the grade escalation over these years, which continues to the present.

*What about the various proposals for new compensation systems? Did you play any part in these? How come they never got anywhere?*

100

During the '58 - '68 period there were numerous requests and proposals to establish a different compensation system for the Agency most of them intended to follow the Foreign Service systems. One proposal, I believe submitted by FE Division, would have converted all positions to the Foreign Service. We (Classification) made a detailed study of the Foreign Service class levels, benefits, etc., but could not figure out any logical basis for converting. There were other proposals developed. Generally their tendency was to get away from the GS system but the advantages were never apparent and we were never able to sell any changes. I believe the reason why the Agency continued to follow the Classification Act system was the obvious advantage of having a pay system that changed automatically during periods of increase in federal pay. The choice open to the Agency was to attempt to adopt the Foreign Service system of the State Department or follow the GS system or some combination. The practicality of following a combination system was not very great, requiring a lot of coordination. The State Dept has had a lot of trouble in administering the two systems....After review of these proposals there was never any strong pressure for converting over. Policy level officials in considering whether there were any real advantages, what the consequences would be, in the end always decided that it would be better to stay with the GS system.

Approved For Release 2003/03/10 : **SECRET** CIA-RDP82-00357R000700050001-3

25X1

~~SECRET~~

*When did the Bureau of the Budget first start to move in on Agency grade levels and what controls did they impose?*

130

Sometime in 1959, the Bureau of the Budget indicated that some controls should be established over pay levels in the Agency. Consideration was first given to an average salary control which would probably have been better if it had been practicable but the difficulty of controlling average salary was considerable. We had no way of predicting it because of the changes that resulted from periodic step increases, promotion rates, etc. Since the budget statistics included average grade information, BOB was in favor of an average grade control. BOB had no particular system in mind. They just argued that the average grade should not continue to rise. So at that time I worked on a proposal, actually developed a proposal that would introduce average grade control. What it consisted of was the concept that any increases in grade levels of positions should be at around the same level. This was to deter operating officials from raising a 14 to a 15 and downgrading a 6 to a 5 in order to compensate. Our idea (in Classification) was that if a 14 was raised to a 15 then it should be compensated fairly close to that level, possible a 13 to a 12. The proposal was difficult to sell to operating officials. Over the years there has been a considerable tendency to down grade the lower level jobs to compensate for upgrading the higher level jobs. On the whole, though, this action (average grade control) has resulted in a considerable degree of control, since we included a provision that any increases in average grade had to be fully justified by the operating official and approved by the Director of Central Intelligence. Within the last year the Director has delegated this authority for approving average grade increases to the Director of Personnel subject to the concurrence of the Comptroller.

~~SECRET~~

**SECRET**

*Do you have any idea what an increase of say a tenth of a point in average grade means in terms of money, that is, in payroll costs?*

165 Speculating on this after a little fast calculation, an increase of a tenth of a grade for this Agency, would produce a salary cost increase of somewhere

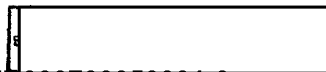
25X9A2



*Next let's discuss the business of organizational titles. There have been several of them for Classification throughout the years. What do you have to say about title changes?*

180 The original organization title of the present Position Management and Compensation Division (PMCD) was Classification and Wage Division (CWD). This was subsequently changed to Position Evaluation Division (PED)\* then to Salary and Wage Division (SWD). The abolishment of the Management Staff in 1961 left a hiatus in the management function of the Agency, obviously a necessary function. Since the present PMCD was the only organization that had current organizational information about the Agency and was in a position to make changes in organization and did so....the logical place for the management function was in PMCD. So in 1965 the title was changed to Position Management and Compensation Division (PMCD) for Salary and Wage Division (SWD). PMCD was never formally given the management function. It was however accepted and performed as a normal function because it was necessary that it be done and PMCD did it. You can say that PMCD has a 'de facto' management function and not a 'de jure' one.

**SECRET**



25X1



**SECRET**

*What about the various groups that are not under the GS schedule, such as the wage board people?*

200

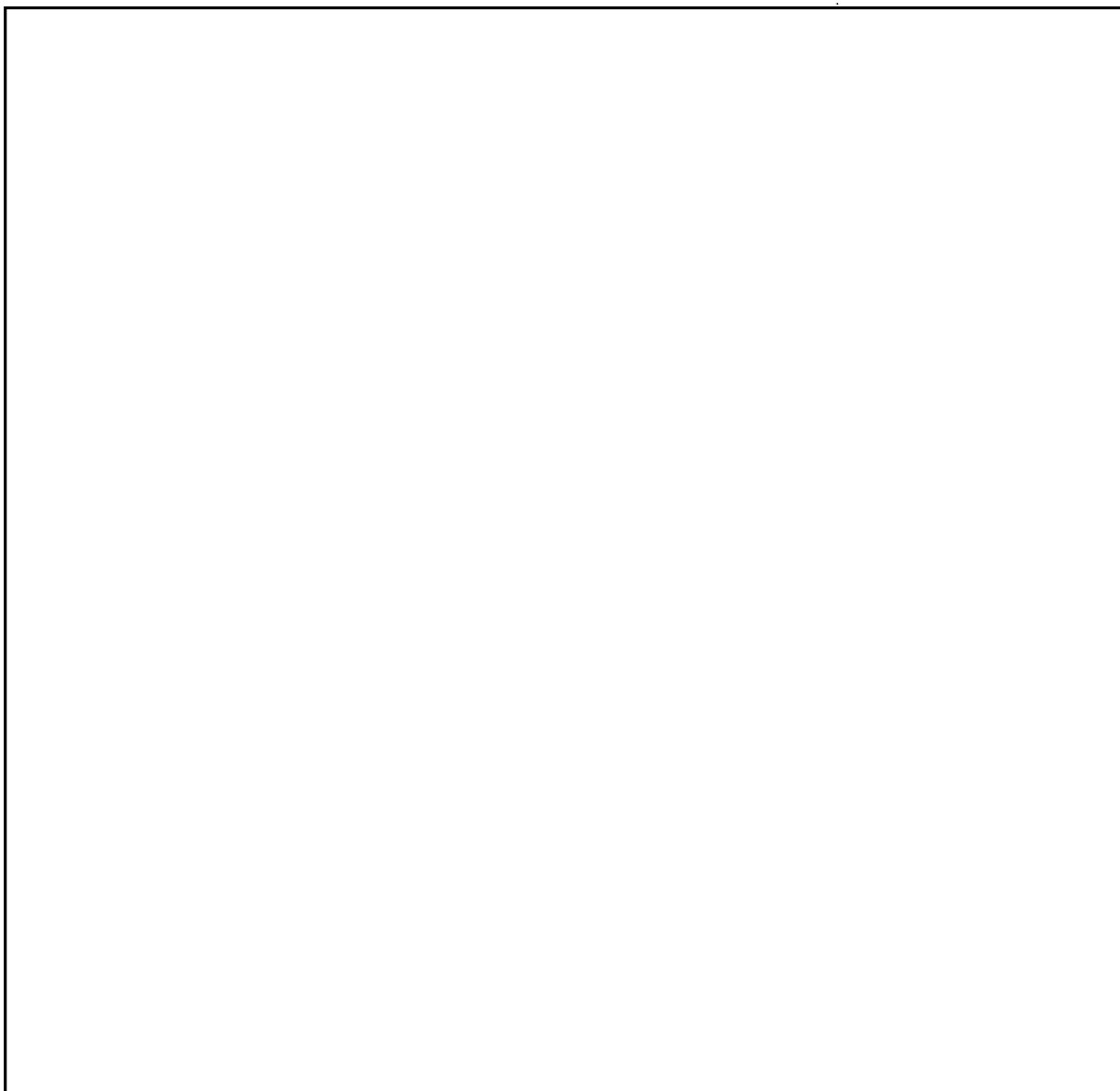
Since the beginning of the Agency there have been numerous different types of employees for which we (Classification) had to administer pay systems. These are typical of the government in general but it also includes some which are not typical. The normal Wage Board jobs are included in this lot. We (CIA) have four systems. One is the regular wage board system which includes mechanics and logistics employees for the most part, electricians and that sort. There is the Interdepartmental Lithographic Wage Board (ILWB) system which applies to a certain type of printing employee, and is administered by the ILWB in the Washington DC area. ILWB is comprised of many of the major agencies. ILWB establishes rates and levels for positions. The third system that we have is the Government Printing Office system. We applied the GPO system in the Agency because originally one of the printing plants was a GP plant. It was actually in the GPO but under DCI Dulles, it was decided that the plant should come under CIA. It was then decided that it would be better to continue the GP system. Subsequently some other systems in the Agency were converted to the GP system so that we continue to follow this system which is based on Government Printing Office changes and wage surveys.

These surveys are done differently for all different types of wage systems. The Lithographic Board system surveys the local areas for printing jobs, the GPO system surveys twenty-five area localities throughout the country and computes an average for rates which apply to GPO employees. The regular Wage Board system follows the locality rate, is called the Federal Wage Board system, and is administered by the Civil Service Commission (CSC). The CSC designates a lead Agency which conducts wage board surveys of pay rates for particular localities. Other Agencies which follow this system adopt the rate which are developed by the lead Agency. The fourth system which we have is the so-called GA (Graphic Arts) system which runs parallel to that used in the Bureau of Engraving and Printing and is based on rates developed primarily by the American Bank Note Company. These are the Wage Board systems which we use in this country.

**SECRET**

SECRET

STATSPEC



*And now we come to supergrade positions. What is the Classification role on the S.G.'s and how did it come about?*

300

Sometime in 1956 interest was expressed by senior officials in developing some sort of a logical system for evaluating supergrade positions. We (CWD) did a considerable amount of research in other Agencies to find out what practical systems

SECRET

25X1

~~SECRET~~

were in use. Atomic Energy Commission used a system of point rating, factor evaluation, and bench mark positions, and, after a considerable amount of experimenting, we developed a factor rating bench mark point system. We ranked the jobs initially by factors and then separately to arrive at a point total which by use of a conversion table we converted to a GS grades, 16, 17, or 18. We applied this a couple of times between then and 1962. In 1962 the Supergrade Review Board was abolished and the Director of Personnel received the complete function. Between 1962 and the present, we have evaluated supergrade jobs periodically following this factor rating point system essentially as established, with various modifications over the years. The most recent evaluation was completed last year (1974).

33-End of Tape 46. Interview Continued on Tape 47.

~~SECRET~~

~~SECRET~~

OP ORAL HISTORY PROJECT

Tape 47 - Interview (Cont'd) [redacted] Chief,  
Position Management and Compensation, (PMCD),  
OP with [redacted] Part II, 9 May 1975,  
Chamber of Commerce Bldg, Arlington, VA

25X1A9A

25X1A9A

Subject: Position Management, Compensation,  
Salary and Wage Administration, 1968-1974

25X1A9A

(Only [redacted] remarks recorded. Questions  
represent summation of discussions between  
recorded remarks.)

Index Counter

*You were talking about the administration of  
Supergrade positions last on Tape 46, Fred,  
or maybe you were finished with that and  
wanted to talk about surveys?*

000

About 1970 in PMCD, we initiated a regular  
schedule survey program under which we attempt-  
ed to survey all components of the Agency on  
a three year cycle basis. We estimated three  
years as a reasonable period since positions  
normally change over a period of time and three  
years was a reasonable compromise which gave  
us reasonably current coverage. It was a period  
of ceiling reduction from [redacted] aproxi-  
mately and the survey program helped substantially  
in maintaining an effective organization. We  
believe it is possible to review organizations  
either before or after ceiling cuts and point out  
where logical cuts (in positions) can be made and  
still maintain the efficiency of the organization.

25X9A2

*Ceiling reductions must have given you quite a  
T/O problem?*

010

The primary problem we have had in connection  
with ceiling reductions in the Agency is the  
tendency of all components to maintain as many  
as possible of their higher level, upper level  
and suppe

~~SECRET~~

25X1

**SECRET**

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

and supergrade positions. In a period of declining Agency strength Mr. Colby has indicated a number of times that the Agency should require fewer super-grades. But in every review we have made every component has always been looking for more supergrades. With the rigid ceiling controls no components have succeeded in getting more except at the expense of other components or unused ceiling -but- there is apparently this strong interest in getting more. In the same way with upper level positions, GS-14 and above- there is continuing pressure for increase. The function of PMCD is primarily a matter of finding out what positions are worth. It is always possible to increase the average grade legitimately. The only way that the escalation can be controlled is by an interest on the part of top management, and on the part of management of the various organizations in the Agency, in holding the grades down; in attempting to maintain reasonable levels; in having a logical approach to what jobs are worth. But this has never been apparent. In all the years that we (PMCD) have operated in this Agency there has never been any indication that senior officials have any interest in holding grades at a reasonable level. This (state of mind) appears in practically all the top components. When Mr. Brownman became DD(M&S) Deputy Director Management and Support, the first thing he said was that he thought it would be a lot better for components to establish their own grades. They would show more judgment in establishing grades on their own but after he had been in the job for a while his view was different. Turning the components loose would be like putting the fox in the hen house; they (the components) would use absolutely no discretion in up-grading positions. There is continuing pressure from all components for higher grades and more upper levels. We (PMCD) have seen no indication that this is ever going to change.

*You wanted to say some more about average grade controls?*

040

Average grade increases under the regulations originally were approved by the Director of Central Intelligence on recommendations from PMCD through the Director of Personnel. PMCD's

Approved For Release 2003/03/10 : CIA-RDP82-00357R000700050001-3

**SECRET**

25X1

~~SECRET~~

evaluation showed that in many cases the average grade increases were justifiable based on the organization. No average grade increases proposals have thus far ever been denied to my knowledge based on policy in the Agency that greater control should be exercised by operating components in holding grade levels down.

*How about supergrade reductions?*

050

In November 1972, the Director, no, he wasn't Director then, the Executive Director-Comptroller, Mr. Colby, in a memorandum to all components indicated that all supergrade positions would be reduced to ceiling. This was accomplished in the following months for all components except the Director's Office. The Director indicated to [redacted] who was the Administrative Officer, that he should designate positions to be cut back in order to cut the DCI's Office down to its authorized ceiling but [redacted] was never able to identify positions to be reduced so the DCI's Office is the only one that has never been cut down to ceiling. This includes all the independent offices like the General Counsel, the I.G. Staff, and the Comptroller's Office, etc.

25X1A9A

25X1A9A

*What is left of the so-called Manpower Control System that was begun so hopefully in 1958?*

070

The Position Management and Manpower Control System which includes the so-called flexible T/O, Staffing Complement, Development Complement, Career Service Grade Authorization, and other various parts is still in existence. The Development Complement does not have the same emphasis that it had originally. The Staffing Complement generally includes positions which are intended to cover total staff. Little ceiling is normally allotted to the Development Complement itself. The argument of operating officials generally is that they have a certain organization which is necessary for them to perform their functions. Over a period of time a number of these positions are going to be vacant, but, they could not be eliminated in order to transfer ceiling to the Development Complement.

25X1

~~SECRET~~

~~SECRET~~

The CSGA is used to control promotions. It is done by Career Service. The CSGA has all the established positions shown as a ceiling against which promotions can be made. It shows headroom by different levels based on number of positions in the Career Service minus the employees at the different grade levels slotted against these positions. As far as the flexible T/O is concerned, this system continues. Employees can be slotted to flexible positions without regard to the total. No changes in the Staffing Complement are necessary. In surveys of organizations we attempt to determine what the planned incumbency is for positions at different grade levels. At that time changes are made so that organization (T/O's) established will closely fit the actual incumbency.

*What part did Classification, PMCD that is, play in the several personnel plans of the Seventies?*

090

The various programs developed in the Seventies, the Annual Personnel Plan, the Personnel Development Plan, and various others were developed primarily by the Plans Staff, DD/Pers/PC, since these plans were over-all personnel in nature dealing primarily with employees.

*What differences do you see in the CIA and other federal agencies as regards your field?*

100

The personnel system which has been followed in the Agency for many years differs from systems elsewhere in the government primarily in the relationship between jobs and people. In this Agency the grade of the position and the grade of the individual very often have no close relation, the individual can be underslotted or overslotted, whereas in other Agencies employees have to be in the same grade as their position except for details up to 120 days. The problem that has resulted from this situation in this Agency is that the tendency has always been to consider the employee as controlling the position level. There is not much respect for the idea that an employee should be performing a position at a particular grade level before he gets the grade. He can be promoted against the CSGA without regard to the

~~SECRET~~

**SECRET**

grade of his position and the responsibility. The Career Service is presumably eventually to find him a position at the new grade level.

*How about some general remarks about the adequacy of the controls in the Agency? Would you welcome an outside authority to strengthen your hand?*

115

With regard to whether the controls existing in the Agency are adequate to maintain reasonable grade levels, I think this is something that has been considered for many years. The Agency was under the control of the Civil Service Commission, (CSC), this was before 1949, probably at the time of the Central Intelligence Group (CIG). The Civil Service Commission itself decided to exclude the Agency from its control, because information on positions was so highly classified that in some cases Agency officials were not willing to release it. This made it difficult for CSC personnel to determine what jobs were worth. One problem with the lack of outside control is that it is difficult and illogical for one to be judge and jury in his own cause, which is what we have in this Agency. The Director of Personnel or the Director of Central Intelligence has the final word on what happens with positions. In many cases position determinations are over-ruled higher up by fiat. We have all recognized this. It is recognized even in the Office of the Director of Personnel. If you had an external control of some sort, this might substantiate initial determinations about grade levels. Of course what might happen now with any such external controls put on the Agency might be substantial down-grading. The Bureau of the Budget of course exercises an external control over average grade and directly over supergrade ceiling. But this has little direct effect on upgrading of positions because average grade really does not control upgrading of positions. It is not a one for one thing. You can increase a 13 to a 14 and reduce a 9 to an 8. Your average grade comes out the same. External controls exist in most other places in the government and the reason is that it is difficult for people to evaluate things themselves. There is a tendency toward abuse of some sort, an abuse of discretion, whether you want to call it this or not. It is obvious in this Agency. There is

**SECRET**



**SECRET**

little direct control over the grading system by an objective authority. Our system, which we try to operate in PMCD, is pretty much of a recommending proposition. Down-grading is resisted and up-grading is of course accepted. We are in a position of being able to up-grade or maintain the same levels sometimes but we encounter strong resistance to any down-grading. The overall result is upward escalation, no review from outside which would show what we are doing is right. Sometimes we don't even know what is right ourselves. Things in some cases have gotten so far off that we are inclined when we cut something back to only cut back one grade although if we did an objective evaluation by comparison to outside sometimes it might be two or three grades.

*If you had your choice, where do you think the Classification function should be?*

167

As to whether the classification function should be in the Office of Personnel or at some other organizational level such as the Director's Office this question has arisen in many Agencies. In most cases the classification function is in the Office of Personnel. There have been agencies which had it as part of a Management Office in the Director's Office or at a level comparable to the Comptroller's Office. This has been based on the idea that it is a function which applies to all components of the Agency and should be able to exercise completely objective controls uninfluenced by the Director of Personnel or any other senior official, operating official or other. I would not want to propose any such thing as that myself without a more detailed review. I think that in the case of CIA since it is an Agency which is not under any control from the outside there would certainly be advantages to having the function on a level comparable to the Comptroller function. But it certainly is related to Personnel in other ways. It is possible that the Office of Personnel itself should be on a level with the Comptroller's Office and not under a Deputy Director for Administration as we have here. This is also a system which has been tried in other

**SECRET**

SECRET

SUMMARY

The Classification and Wage Function in CIA, 1949 - 1974

Exempted from the provisions of the Classification Act of 1949 both by Sections 7 and 10(b) of the CIA Act of 1949, P.L. 110 and by Civil Service Commission ruling of 8 August 1949 and by the Comptroller General's decision of <sup>15</sup>~~10~~ November 1949, the CIA has throughout its administrative history conformed to the principles and practices of Classification Act although of two minds regarding the wisdom of doing so. Alternatives have been considered. These include,

CIA Compensation Plan: Several pay plans have been suggested through the years, some by the operating components such as FE Division. The most comprehensive plan and the one that went the furthest in the administrative hierarchy was introduced by the Office of Personnel, Classification and Wage Division, over a two-year period, 1956-1958. This Plan would have consolidated the GS grades above GS-7, the professional levels, into five pay groups and provided extended salary ranges in each group - up to a maximum of 48 percent of the base rate. Approved unanimously by the Career Council, the Plan was presented to the White House personnel advisor, Rocco Siciliano who also approved. It was eventually turned down by the Eisenhower administration due to Civil Service Commission and Bureau of the Budget objections. Many of the features were incorporated in the Federal Salary Reform Act of 1962. The 1958 Plan was the last attempt at basic change in Agency position classification and compensation policies and practices.

Keeping the General Schedule salary and wage system but modifying it to the specific requirements of the CIA. This alternative was a favorite of Lyman Kirkpatrick, the Inspector General in the late fifties, who repeated it constantly in his many reports critical of the Office of Personnel, reports which reached their peak in the 1955 report, 'Ten Ways to Improve Personnel Management in the CIA'. The Office of Personnel, Classification and Wage Division, met the challenge with a series of reforms, first

SECRET

**SECRET**

Agencies but I am not in a position to say what are the advantages and what are the disadvantages. I would not want to say anything without a more thorough review. The whole point I think is, that regardless of where a classification function is located it is going to be subject to pressure, pressure which is not much greater from the DDA office than from the other areas of the Agency. The real question is whether it is practical for classification to operate without external controls.

202. End of Tape 47

**SECRET**