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MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Control of Grade Escalation

REFERENCE : OMB Bulletin 72-4 dtd 5 Aug 71

1. A recommendation for your approval is contained in paragraph 5.

2. OMB Bulletin 72-4 requires a decrease in the average grade of on-duty employees to reverse the grade escalation in the Government. This will require a reduction in the average grade of on-duty CIA General Schedule employees by one-tenth of a grade in each of the Fiscal Years 1972 and 1973. We have initiated the necessary action to control hiring and promotion of employees so that these reductions can be achieved through retirements and separations.

3. The stated objectives of the OMB Bulletin are to halt unwarranted increases in average grade levels and to achieve a leaner grade structure. Although Civil Service rules require the grades of employees and the grades of positions to be the same in other agencies, position grades and employee grades differ in CIA. For example, in 30 June 1971 the average grade of CIA

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[REDACTED] After the required reduction in employees' average grade is accomplished this difference will be even greater. To meet the objective of the OMB Bulletin, CIA should take action to reduce the grade structure of positions in conjunction with the reduction of the average grade of employees.

4. In order to combine a grade reduction with a ceiling reduction, Operating Officials will have to make substantial organization changes to achieve the desired results. New streamlined position structures will form

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a realistic foundation for our personnel management and enable us to function better under prevailing personnel restrictions. The Office of Personnel will provide advice and assistance to components on organizational and staffing changes.

5. It is recommended that you instruct the Deputy Directors and Heads of Independent Offices to submit new staffing complements for their components to the Director of Personnel by 1 February 1972 in which the number of positions would coincide with 1972 personnel ceiling and the average grade of positions would be [REDACTED]

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Harry B. Fisher
Director of Personnel

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