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INFORMATION



MR. COFFEY ~~SECRET~~ AUG 1968

REGISTRY

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Meeting

DD/S 68-2309

7 May 1968

MEMORANDUM FOR: Executive Director-Comptroller

For the Thursday meeting of the Deputies
there are attached proposals for:

- (a) A Trial Retirement Program;
- (b) A Selection-Out System;
- (c) A note on the Civilian Reserve Program.

On the latter we are not ready to offer a specific proposal but certainly we could discuss the principles involved in such a program. The DD/I and the DD/S&T had definite reservations on the Reserve Program which I think however stemmed from lack of information on the intent of the Program.

If you agree that these are worthy of presentation I can arrange to have them duplicated and sent to the Deputies and other attendees.

SIGNED R. L. Bannerman

R. L. Bannerman

Atts: As Stated

DD/S:RLB:maq

Distribution:

Orig - Adse w/atts (by hand--Mr. Bannerman)

1 - DD/S Subject w/ccy atts

1 - DD/S Chrono Ref Sht

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MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Retirement with Re-employment Rights

1. PURPOSE

Paragraph 4 of this memorandum contains recommendations for your approval.

2. BACKGROUND

The Department of Agriculture experimented on a one year basis (1965-1966) with a "trial retirement" program which offered employees of one of its services, who were eligible for optional retirement, the opportunity to retire with job restoration rights after one full year. Out of 175 employees retired under the plan, only one elected to return to duty. On the basis of the success of the initial program, the Department of Agriculture has opened the program to other services of the Department with a selection control arrangement.

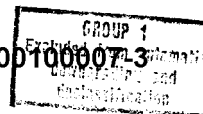
USIA and the Air Force Systems Command, Department of the Air Force, have recently established similar trial retirement programs. NASA is currently considering adoption of a trial retirement option.

3. DISCUSSION

There are approximately 72 Agency employees under the Civil Service Retirement System who are 55 through 57 years of age with at least 30 years of service. Under the CIA R&D System there are 105 individuals 55 through 57 years of age with 20 or more years of service.

The establishment of an option to retire with reemployment rights after one year should encourage a percentage of these eligibles to advance their retirement date upon receiving assurance that they can elect to return to duty if their post-retirement plans are unsuccessful. The prospects that employees who elect this option will remain retired appear to be optimistic. Employees electing this option must either return to duty 365 days after the effective date of retirement, or remain in full retirement.

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4. RECOMMENDATIONS

- (a) That a program offering retirement with re-employment rights be approved on a one year experimental basis.
- (b) That the program be offered to any employee who is 55 through 57 years of age and is eligible for optional retirement.

Robert S. Wattles
Director of Personnel

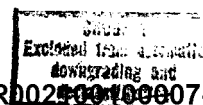
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MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Maintaining High Quality Level of Personnel

1. This memorandum submits recommendations for your approval; these recommendations are contained in paragraph 11.
2. The highly important work of this Agency demands that it be staffed at all levels by people of high competence, integrity, and dedication to the fulfillment of the Agency's mission. Employees of the Agency must be imbued with a feeling of personal involvement in the Agency's work and recognition that their work must be performed with utmost responsiveness. This requires a general state of mind that timeliness is critical, accuracy is a must, and absorption with the task at hand takes priority over personal distractions. It follows that there is no room in the Agency for people of limited ability to perform their jobs, or who have lost their drive, or who for any reason do not or cannot continue to perform in a completely satisfactory manner. Although this and other organizations have limited needs for people who are content and best qualified to serve out their careers in relatively routine roles, this Agency for the most part needs people with the intellectual capacity and ambition to develop themselves for progressively more demanding and responsible jobs.
3. The Agency has developed rigorous and extensive selection procedures to bring on board only those people who are most likely to succeed in their Agency careers. These selection procedures have shown a high degree of validity in identifying the "right" people to appoint from a large group of applicants. But they are only predictors. The real test lies in the individual's sustained performance over the years. Consequently, the evaluation of personnel and the elimination of those who are less than effective is a continuing process to ensure that the Agency's staffing is maintained at a high level.
4. Currently, the evaluation of personnel is formally carried out through our system of Fitness Reports and, at professional levels, by periodic competitive promotion reviews. In addition, there are two reviews which have been given special emphasis: (a) the review occasioned by the preparation of the initial Fitness Report prior to the completion of an employee's first year of service with the Agency (probationary period); and (b) an overall review by the Career Service concerned and by the Office of Personnel in collaboration with the Office of the Inspector General, the Office of Medical

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SUBJECT: Maintaining High Quality Level of Personnel

Services, and the Office of Security to determine an employee's suitability for conversion from Career-Provisional to full Career Employee status upon completing three years of Agency service. Both of these programs have proved successful in identifying problem situations which are evidenced early in an individual's career, although the thoroughness with which the Career Employee conversion review is made by the Career Service varies considerably among Career Services. Since the procedures for these latter reviews are already formalized, they have been excluded from the discussion which follows.

5. Supervisors are charged with the responsibility for surfacing problem cases involving performance or conduct as they come to their attention and occasionally cases are surfaced by the Offices of Medical Services, Personnel, or Security. But there is no periodic or systematic ranking of employees to identify those who are of lesser effectiveness and productivity unless or until their situations become so serious as to warrant individual identification as "problem cases." Yet, the weeding out on a continuing basis of less-than-effective employees before they become "problem cases" is an essential ingredient of our pursuit of excellence in Agency staffing. It is the purpose of this paper to propose methods for doing so.

6. The two key elements of such a system are: (a) the identification of the less-than-effective employee; and (b) remedial action, including separation from employment, accomplished in the most humane and least disruptive manner possible.

7. Identification of Less-Than-Effective Employees -

Initially each Deputy Director will be responsible for establishing procedures for the Career Services under his jurisdiction for the identification of persons who are not fully productive in terms of the requirements of the Career Service or, when applicable, lack potential for further development. These procedures must be meaningful and valid for the particular Career Services and must be applied on an equitable basis. Use of such existing mechanisms as Career Service Boards, or Competitive Promotion or Evaluation Panels, or the creation of special ranking panels would be appropriate, provided such groups operate under standards or guides established by the Head of the Career Service within the framework of the procedures prescribed by the Deputy Director concerned. At least annual reviews are required, with the understanding that the prompt and timely identification of cases will not be deferred pending such review.

Whatever the mechanism for review might be, it should take into consideration the individual's length of time in grade, Fitness Reports, and any other evaluative information available, particularly to include discussion with the individual's first-line supervisor and perhaps intermediate super-

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SUBJECT: Maintaining High Quality Level of Personnel

visory echelons to discuss the employee's day-to-day performance in less formal fashion than that required by the Fitness Report format. The real purpose of this review is to find out how well the employee is functioning in his job and whether his performance is at an acceptable level within the framework of the overall Agency demands and the standards established for his Career Service.

The findings of the review mechanism concerning those individuals considered to be less-than-effective or of questionable effectiveness will be submitted to the Head of the Career Service concerned for his consideration and determination as to whether any remedial action should be instituted.

To illustrate how such a review system might operate, principal responsibility for screening the employees of a particular Career Service might be placed with the Career Board or Panel which ranks employees for promotion. Those employees ranked in the lowest ten percent of their grade group would be the subject of the type of special review described above. The Board or Panel would report to the Head of the Career Service concerning the results of such review, including their recommendations to him for remedial action as appropriate.

8. Remedial Action -

Remedial action might be as simple as advising an employee that he is slipping and must show improvement. In other cases, it might mean reassignment to work for which the individual is better suited, his participation in appropriate training courses, or a fresh start in a new job. Most such actions can appropriately be handled within the Career Service. This paper is not addressed to such actions but rather to the more serious cases which may involve reassignment across Career Service lines or formal probation or possible involuntary separation action.

When the Head of a Career Service identifies a case in the latter categories, he will present the case to the Director of Personnel for preliminary review and consultation concerning further processing. Situations requiring medical evaluation, adjustment of assignment or grade level, and so forth, will be handled as appropriate in accordance with pertinent Agency regulations. Situations which upon the most thorough review warrant consideration under the provisions of [redacted] Involuntary Separations, or the involuntary retirement provisions of [redacted] will be handled accordingly.

When the Director of Personnel determines that action should be initiated to separate an individual from Agency employment, there are two courses of action available: pursuit of the various alternative ways of separation or exercise of the Director's authority to terminate employment

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SUBJECT: Maintaining High Quality Level of Personnel

under section 102(c) of the National Security Act of 1947, as amended, or if the individual is eligible, under the Director's authority involuntarily to retire a participant in the CIA Retirement and Disability System. Our experience shows that the former course of action is usually successful.

While we must be prepared to be patient and to give the employee time to locate other employment and assistance in doing so, an appropriate time limit based on the circumstances of the case must be established.

9. It is relevant to note somewhat parenthetically that individuals separated involuntarily or who resign or retire in lieu of involuntary separation may be entitled to financial benefits. Generally, employees under either the Civil Service Retirement System or the CIA Retirement System who have 20 years of federal service and are at least age 50 or who have 25 years of federal service at any age may receive an immediate annuity computed on the basis of the years of service and "high-five" salary. The CIA retiree receives his full earned annuity while the Civil Service retiree's annuity is reduced two percent per year for each year he is under age 55. There is also general legislation permitting severance pay on a formula based on age and years of service to individuals who are involuntarily separated or resign in lieu thereof. We have in draft a proposed regulation adopting this general legislation for the Agency but have yet to resolve with the Office of General Counsel certain provisions for liberalizing the general formula under special circumstances.

10. We believe that our regulations are adequate to cover cases arising under the proposed procedure. What is lacking and needs to be communicated to the command channels of the Agency and to the employees of the Agency is the determination of the Director to maintain the high quality of Agency staffing by insistence upon regular evaluation and appropriate action to correct the situation when an employee is identified as being less-than-effective. We believe that a directive from the Director to the Deputy Directors requiring the establishment of review mechanisms as described in paragraph 7 above and the issuance of an All-Employee announcement by the Director would serve this purpose. Drafts of such issuances are attached at Tabs A and B, respectively.

11. It is recommended that you approve the proposals contained herein in principle and institute the proposed procedures by issuing the attached memorandum.

L. K. White
Executive Director-Comptroller

Atts.

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SUBJECT: Maintaining High Quality Level of Personnel

CONCUR:

Thomas H. Karamessines
Deputy Director for Plans

Date

R. J. Smith
Deputy Director for Intelligence

Date

R. L. Bannerman
Deputy Director
for Support

Date

Carl E. Duckett
Deputy Director for Science & Technology

Date

Gordon M. Stewart
Inspector General

Date

L. R. Houston
General Counsel

Date

The recommendations contained in paragraph 11 are approved.

Richard Helms
Director of Central Intelligence

Date

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MEMORANDUM FOR: Executive Director-Comptroller
Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support

SUBJECT : Maintaining High Quality Level of Personnel

1. It is my expectation that in carrying out their personnel management responsibilities Deputy Directors and Heads of Career Services will constantly endeavor to maintain the highest possible standards of performance among their staffs, and to this end will take appropriate measures both to reward outstanding performance and to initiate appropriate corrective action when work performance or suitability fall below the desired levels. The highly important work of this Agency leaves no room for the continued employment of people of limited ability to perform their jobs, or who have lost their drive, or who for any reason do not or cannot continue to perform in a completely satisfactory manner.

2. In line with this concept, it is my desire that each of you, working through the Heads of your Career Services, inaugurate appropriate procedures for the periodic and continuing evaluation of personnel directed toward the identification of those individuals whose performance is less than effective in relation to the standards applicable to the particular Career Service. Initially, the Head of each Career Service will be responsible for establishing standards of performance to be applied in evaluating the personnel of his Career Service and procedures for the identification of those who fail to meet these standards. Use of such existing mechanisms as Career Service Boards, or Competitive Promotion or Evaluation Panels, or the creation of special ranking panels would be appropriate, provided such groups operate under standards or guides established by the Head of the Career Service within the framework of procedures prescribed by each of you for your respective components. (The Executive Director-Comptroller will be responsible for ensuring the establishment of appropriate procedures for the Career Services represented by the Independent Offices.)

3. At least annual reviews are required, with the understanding that the prompt and timely identification of problem cases will not be deferred pending such review. Whatever the mechanism for review or identification might be, it should take into consideration the individual's length of time in grade, Fitness Reports, and any other evaluative information available, particularly to include discussion with the individual's first-line supervisor

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and perhaps intermediate supervisory echelons to discuss the employee's day-to-day performance in less formal fashion than that required by the Fitness Report format.

4. The findings of the review mechanism concerning those individuals considered to be less than effective or of questionable effectiveness will be submitted to the Head of the Career Service concerned and determination as to whether any remedial action should be instituted. When the Head of the Career Service identifies a case calling for formal probation or possible involuntary separation, he will present the case to the Director of Personnel for preliminary review and consultation concerning further processing. Situations requiring medical evaluation, adjustment of assignment or grade level, and so forth, will be handled as appropriate in accordance with pertinent Agency regulations. Situations which upon the most thorough review warrant consideration under the provisions of [redacted] Involuntary Separations, or the involuntary retirement provisions of [redacted] will be handled accordingly. 25X1 25X1

5. An announcement to all employees of the emphasis to be placed upon continuing evaluation of their performance and the necessity for each employee to maintain his performance at the highest possible level is being issued separately. A copy is attached for your information.

Richard Helms
Director of Central Intelligence

Att.

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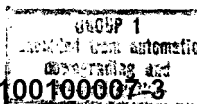
MEMORANDUM FOR ALL EMPLOYEES

The highly important work of this Agency demands that it be staffed at all levels by people of high competence, integrity, and dedication to the fulfillment of the Agency's mission. Employees of the Agency must be imbued with a feeling of personal involvement in the Agency's work and recognition that their work must be performed with utmost responsiveness. This requires a general state of mind that timeliness is critical, accuracy is a must, and absorption with the task at hand takes priority over personal distractions. It follows that there is no room in the Agency for people of limited ability to perform their jobs, or who have lost their drive, or who for any reason do not or cannot continue to perform in a completely satisfactory manner. Although this and other organizations have limited needs for people who are content and best qualified to serve out their careers in relatively routine roles, this Agency for the most part needs people with the intellectual capacity and ambition to develop themselves for progressively more demanding and responsible jobs.

You were selected for employment with the Agency after passing a series of rigorous and extensive selection procedures. However, the real test of your suitability of continued employment with the Agency lies in your maintaining a completely satisfactory level of performance throughout your career. There are existing procedures for the evaluation of personnel. I have directed that continuing concentration be placed upon their application and the initiation of appropriate remedial action if required.

Many courses of remedial action are available, ranging from training or reassignment to involuntary separation. Each case will be most thoroughly considered by the Career Service concerned and by the Director of Personnel to determine that the appropriate course of action is selected.

My purpose in addressing this memorandum to you is two-fold: first, I desire that each of you be aware of my determination that the effectiveness of our performance as an Agency be maintained at the highest degree possible; second, I want to dispell at the outset any rumors that there is a new program or procedure designed as a one-time exercise to remove a substantial number of employees from the Agency. Our experience over the years has shown that Agency employees as a group are well-qualified, highly

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motivated, and contribute fully to the work to be done. The emphasis on the evaluation of personnel is intended to identify early the minority who for any reason fail to maintain these standards of accomplishment and to take appropriate corrective action.

Richard Helms
Director of Central Intelligence

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MEMORANDUM FOR: Deputy Director for Support

SUBJECT : CIA Civilian Reserve Program

1. In response to your oral request that we make another attempt at drafting a proposal for a CIA Civilian Reserve/Retirement Incentive Program, I instructed the drafter to stay within the guidelines recommended by the General Counsel in his memorandum to you dated 24 April 1968 (OGC-18-0892).

2. The restrictive elements in the Office of General Counsel's memorandum are as follows:

a. Former employment rather than retired status should be the participation criterion if we are to avoid making it obvious that the program is primarily intended as a supplement to the Agency's two retirement systems (i.e. a retirement incentive).

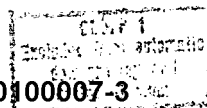
b. If age is to be a criterion, and we believe it must, it should be the same with no established distinction between the CIARDS and the CSRS.

3. Since participation in the reserve would follow a selective process, we could possibly overcome the first restriction by selecting few if any resignees for the program.

4. The second restriction although logical for a true Agency Civilian Reserve System, seriously impairs the Retirement Incentive aspect of the program. If a maximum age of 63 is established for a three year participation in the paid active reserve, a true retirement incentive would exist for those individuals under the CSRS. It would, however, require a meaningless and unnecessary expenditure for those who face mandatory retirement at age 60 under the CIARDS. On the other hand, if the maximum age is established at age 60, a retirement incentive would be provided for those individuals age 50 to 57 under CIARDS, but would be of little value for retirees under CSRS other than for the relatively small group age 55 through 57 with 30 years of service.

5. Our first draft, prepared to stay within the above guidelines, does not meet the requirement as levied by you. We will make a further

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attempt to develop a more imaginative program within these guidelines, but it is my opinion that if we stay within the restrictions suggested by the Office of General Counsel memorandum, we will have a paid Civilian Reserve System that can be supported legally but we will not have the desired Retirement Incentive Program.

[Redacted]

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Robert S. Wattles
Director of Personnel

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