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5 August 1987

MEMORANDUM FOR THE RECORD

SUBJECT: Proposed Pay and Compensation System

*Do not
Consider*

1. One measure of the value of the proposed compensation system is salary growth and total compensation analysts can expect over their career. The calculations presented here compares the new system with the current GS system over a 20 year period under a range of assumptions of individual's performance. Because the proposal for the new system lacks specific information needed for detailed comparisons, I made reasonable assumptions based on the information available in the proposal book.

2. Assumptions: I examined three career tracks, corresponding to outstanding, superior, and average performers. For comparison to the GS system, I equated these to categories I, II, and III, from the present career panel rankings. The rate of promotion and salary levels under the new systems are crucial assumptions, however:

- The rate of promotion under the GS system is assumed to depend only on the category ranking and time in grade. (See table 1.)
- The rate of promotion under the new system is not discussed in the proposal. The correspondence of salary levels under the new system to GS grades, as implied on page 12 of the proposal, suggests that approximately the same time requirements could be applied to the new system. Therefore, these calculations assume the same rate of promotion under the two systems from lowest to highest levels (table 2).
- The correspondence between the GS system and the proposed one also suggests a range of salary levels under the new system (table 2). Other salary levels are possible, based on market comparability. Such comparability surveys could result in either an increase or a decrease in the salary levels from the values used here. At this time it is not clear what the impact would be on the analysts in the DI.

- In calculating compensation under the new system, both permanent salary increases and bonuses were derived from table 3 of the proposal, based on the individual's quartile position. Other incentive pay grids are possible under the new system, but this one should illustrate the new system adequately.

3. Conclusions: The cumulative compensation is higher for outstanding performers under the new system--amounting to \$50,000 or more over 20 years compared to the GS system. The superior and average performers (presumably 80 percent of the analysts) could be worse off, however, with compensations some \$4,000 to \$7,000 less. (See table 3, 4, and 5.) This contradicts the notion implicit in the proposal that no one will "lose out" because of the new system. It is particularly significant that superior employees would not seem to be receiving more compensation under the new system. Two other points are also apparent:

- Salary growth is driven by promotions, not pay for performance. This arises because the increase in salary due to a promotion is far larger than the increase from the incentive pay, even for outstanding performers. Therefore, one's long-run salary growth depends more on how quickly one can move through the levels than on the annual bonuses. In this sense, the new system differs from the old one mainly in terms of the number and sizes of promotions allowed.
- The actual pay levels and the requirements for promotion implemented under the new system will determine whether one fares better. These issues, unfortunately, were not treated in the proposal for the new system.

4. The calculations presented here are not definitive. The proposal for the new system has insufficient detail for precise comparisons. Nevertheless, this analysis raises crucial questions about the possible effects of the proposed system on compensation for most analysts.



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Attachments:
Tables 1-5

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TABLE 1. Time in Grade Assumptions

| Category (ranking) | Promotion To GS Grade: | | | | | | | |
|-----------------------|------------------------|----|----|----|----|----|----|----|
| | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| I | 6 | 6 | 12 | 12 | 18 | 18 | 24 | 30 |
| II | 9 | 9 | 15 | 18 | 24 | 30 | 36 | 48 |
| III | 12 | 12 | 18 | 24 | 30 | 42 | 48 | -- |

NOTE: Table entries are specified in months.

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**TABLE 2. Assumption About Pay Levels And Promotions
Under the New System.**

| LEVEL | Equivalent GS Grades | Salary Range | Months Until Promotion To Next Level | | |
|-------|-------------------------|---------------|---|--------|-------|
| | | | Cat. 1 | Cat. 2 | Cat.3 |
| I | 7 - 11 | 18,358-35,326 | 36 | 51 | 66 |
| II | 11 - 12 | 27,172-42,341 | 36 | 54 | 72 |
| III | 13 - 14 | 38,727-59,488 | 24 | 36 | 48 |
| IV | 14 - 15 | 45,763-69,976 | -- | -- | -- |

NOTE: Salary ranges were inferred from the correspondence between the GS System and the New System, as shown on page 12 of the Proposed System Summary. Time to promotion corresponds exactly to the requirements under the GS system.

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TABLE 3. OUTSTANDING PERFORMERS (Category 1)

| Years since EOD | Comp. Under GS System | Proposed Salary | System Ann. Bonus | TOTAL COMPENSATION |
|-----------------|-----------------------|-----------------|-------------------|--------------------|
| 0 | 22458.00 | 22458.00 | + 1122.90 | = 23580.90 |
| 1 | 24732.00 | 23581.00 | + 1179.00 | = 24760.00 |
| 2 | 27172.00 | 27172.00 | + 1358.60 | = 28530.60 |
| 3 | 28078.00 | 28531.00 | + 1426.55 | = 29957.55 |
| 4 | 32567.00 | 29957.00 | + 1497.85 | = 31454.85 |
| 5 | 38727.00 | 38727.00 | + 1936.35 | = 40663.35 |
| 6 | 40018.00 | 40663.00 | + 2033.15 | = 42696.15 |
| 7 | 45763.00 | 42696.00 | + 2134.80 | = 44830.80 |
| 8 | 47288.00 | 45763.00 | + 2288.15 | = 48051.15 |
| 9 | 48813.00 | 48051.00 | + 2402.55 | = 50453.55 |
| 10 | 53836.00 | 50453.00 | + 2522.65 | = 52975.65 |
| 11 | 55624.00 | 52976.00 | + 2648.80 | = 55624.80 |
| 12 | 57418.00 | 55095.00 | + 3305.70 | = 58400.70 |
| 13 | 59212.00 | 57298.00 | + 3437.88 | = 60735.88 |
| 14 | 59212.00 | 59590.00 | + 3575.40 | = 63165.40 |
| 15 | 61006.00 | 61974.00 | + 3718.44 | = 65692.44 |
| 16 | 61006.00 | 64453.00 | + 3867.18 | = 68320.18 |
| 17 | 62800.00 | 66387.00 | + 4647.09 | = 71034.09 |
| 18 | 68200.00 | 68378.00 | + 4786.46 | = 73164.46 |
| 19 | 64594.00 | 69976.00 | + 4898.32 | = 74874.32 |
| 20 | 64594.00 | 69976.00 | + 4898.32 | = 74874.32 |

CUMULATIVE COMPENSATION:

| GS System | New System | New System, w/ Bonus |
|-----------|------------|----------------------|
| 1,017,718 | 1,024,245 | 1,083,935 |

NOTE: All entries in this table are in constant 1987 dollars. Salary under the new system includes the permanent increase in compensation, while the bonus refers only to the one-time payment. The amount of incentive pay, both permanent and bonus, are calculated based on the quartile position in the pay levels defined in table 2. The percentages used to compute incentive pay are those values appearing on page 23 of the proposal.

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TABLE 4. SUPERIOR PERFORMERS (Category 2)

| Years Since EOD | Comp. Under GS System | Proposed Salary | System Ann. Bonus | TOTAL COMPENSATION |
|-----------------|-----------------------|-----------------|-------------------|--------------------|
| 0 | 22458.00 | 22458.00 | + 673.74 | = 23131.74 |
| 1 | 24732.00 | 23132.00 | + 693.95 | = 23825.95 |
| 2 | 25556.00 | 23826.00 | + 714.78 | = 24540.78 |
| 3 | 27172.00 | 27172.00 | + 815.16 | = 27987.16 |
| 4 | 28078.00 | 27987.00 | + 839.61 | = 28826.61 |
| 5 | 32567.00 | 28826.00 | + 864.78 | = 29690.78 |
| 6 | 33653.00 | 29692.00 | + 890.76 | = 30582.76 |
| 7 | 38727.00 | 38727.00 | + 1161.81 | = 39888.81 |
| 8 | 40018.00 | 39889.00 | + 1196.67 | = 41085.67 |
| 9 | 41309.00 | 41085.00 | + 1232.55 | = 42317.55 |
| 10 | 45763.00 | 45763.00 | + 1372.89 | = 47135.89 |
| 11 | 47288.00 | 47136.00 | + 1414.08 | = 48550.08 |
| 12 | 48813.00 | 48550.00 | + 1456.50 | = 50006.50 |
| 13 | 50338.00 | 50006.00 | + 1500.18 | = 51506.18 |
| 14 | 53830.00 | 51507.00 | + 1545.21 | = 53052.21 |
| 15 | 55624.00 | 53051.00 | + 1591.53 | = 54642.53 |
| 16 | 57418.00 | 54112.00 | + 2164.48 | = 56276.48 |
| 17 | 59212.00 | 55195.00 | + 2207.80 | = 57402.80 |
| 18 | 59212.00 | 56299.00 | + 2251.96 | = 58550.96 |
| 19 | 61006.00 | 57425.00 | + 2297.00 | = 59722.00 |
| 20 | 61006.00 | 58573.00 | + 2342.92 | = 60915.92 |

CUMULATIVE COMPENSATION:

| GS System | New System | New System w/ Bonus |
|-----------|------------|---------------------|
| 913,780 | 880,411 | 909,638 |

NOTE: All entries in this table are in constant 1987 dollars. Salary under the new system includes the permanent increase in compensation, while the bonus refers only to the one-time payment. The amount of incentive pay, both permanent and bonus, are calculated based on the quartile position in the pay levels defined in table 2. The percentages used to compute incentive pay are those values appearing on page 23 of the proposal.

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TABLE 5. AVERAGE PERFORMERS (Category 3)

| Years Since EOD | Comp. Under GS System | Proposed Salary | System Ann. Bonus | TOTAL COMPENSATION |
|-----------------------|--------------------------|--------------------|----------------------|-----------------------|
| 0 | 22458.00 | 22458.00 | + 224.58 | = 22682.58 |
| 1 | 23207.00 | 23132.00 | + 231.32 | = 23363.32 |
| 2 | 24732.00 | 23826.00 | + 238.26 | = 24064.26 |
| 3 | 25556.00 | 24541.00 | + 245.41 | = 24789.41 |
| 4 | 27172.00 | 27172.00 | + 271.72 | = 27443.72 |
| 5 | 28078.00 | 27987.00 | + 279.87 | = 28266.87 |
| 6 | 32567.00 | 28826.00 | + 288.26 | = 29114.26 |
| 7 | 33653.00 | 29691.00 | + 296.91 | = 29987.91 |
| 8 | 34739.00 | 30582.00 | + 305.82 | = 30887.82 |
| 9 | 35825.00 | 31499.00 | + 314.99 | = 31813.99 |
| 10 | 38727.00 | 38727.00 | + 387.27 | = 39114.27 |
| 11 | 40018.00 | 39889.00 | + 398.89 | = 40287.89 |
| 12 | 41309.00 | 41085.00 | + 410.85 | = 41495.85 |
| 13 | 42600.00 | 42318.00 | + 423.18 | = 42741.18 |
| 14 | 45763.00 | 45763.00 | + 457.63 | = 46220.63 |
| 15 | 47288.00 | 47136.00 | + 471.36 | = 47607.36 |
| 16 | 48813.00 | 48550.00 | + 485.50 | = 49035.50 |
| 17 | 50338.00 | 50006.00 | + 500.06 | = 50506.06 |
| 18 | 50338.00 | 51506.00 | + 515.06 | = 52021.06 |
| 19 | 51863.00 | 53051.00 | + 530.51 | = 53581.51 |
| 20 | 51863.00 | 54112.00 | + 541.12 | = 54653.12 |

CUMULATIVE COMPENSATION:

| GS System | New System | New System w/ Bonus |
|-----------|------------|---------------------|
| 796,907 | 781,857 | 789,674 |

NOTE: All entries in this table are in constant 1987 dollars. Salary under the new system includes the permanent increase in compensation, while the bonus refers only to the one-time payment. The amount of incentive pay, both permanent and bonus, are calculated based on the quartile position in the pay levels defined in table 2. The percentages used to compute incentive pay are those values appearing on page 23 of the proposal.

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26 August 1987

MEMORANDUM FOR: Deputy Director of Global Issues

FROM:

[REDACTED]
Deputy Director of Leadership Analysis

STAT

SUBJECT: Preliminary Report - July 1987;
Proposed Pay, Personnel Management, and
Compensation System

1. The comments from LDA employees on the new compensation system ranged from apathy to skepticism to aversion. The few who did have something to say generally did not favor the proposals. As with the reactions to the Report of the DI Analyst Occupational Panel, many people apparently believe the new system will be adopted no matter what they think.

2. Benefits - The one part of the new system that went over well was the part on improved and flexible benefits. Several noted that the Agency should make efforts in this area even if the rest of the plan is not adopted. Although not explicitly stated in the comments, I got the impression that most of our people favored putting any of the extra money into benefits available to everyone rather than into bonuses available to a limited number.

3. Performance Appraisal System - The idea of shorter and simpler PARs got a good reception but the requirement for an annual performance plan for everyone did not. Annual performance plans for employees who have been in their jobs for a number of years and are not having any performance problems seemed to be an unnecessary burden. There was also concern that promotions might be made only annually, instead of at six month intervals.

4. Fear was also expressed that the new PAR numbering system will be used to force supervisors to rate most people as "3", or "average," and thus cause unnecessary morale problems. The current system allows supervisors to rate an employee as an overall "5", or an "above average" employee, while still having two more ratings above to use for people who are exceptional. Those who are concerned about the proposed change recognize

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that employees do not like being rated "average" and any system that does so to most of the population is creating more problems than it should.

5. Incentive Pay - The interesting part of the very negative reactions to this proposal is that those not in favor include the people who would benefit the most as well as those who would not benefit. Even those who clearly stand to profit do not think the extra money is worth the competition and tension within branches and divisions that they believe an incentive system would create. In other words, people seem to prefer harmonious and pleasant working conditions over extra income. If we were talking about bonuses like those found at the highest levels of industry of 30 to 50 percent of base salary, our employees might think differently, but for the relatively small increases, they prefer to avoid the hassle.

6. When discussing the new PAR numbers above, I mentioned that people do not want to be told they are just "average." Nor do they want to be told they are in the bottom half of their group, which is what the bonus system would do. People usually know where they stand, but being forced to face that standing and knowing that all of their friends know where they rank is another matter. People who are performing valuable, critical work and form the backbone of the organization would end up being hurt and partially demoralized for little gain: the high flyers get their rewards no matter what the system.

7. It appears from the comments I received that much of the satisfaction our people find in working for the Agency is in being special. Our employees must get through a security examination that, apparently, few can pass these days. They are told that the average employee here is more capable than 90% of the US population. They are told that they are trusted with some of the most important secrets held by this country and entrusted with vital tasks. And now we are going to do something that could knock down all of this pride for half of our people?

8. LDA Recommendations - The D/LDA and I suggest that the Agency take the following actions on the task team report:

a. Bonuses - Do not adopt bonus incentives and especially avoid bonuses accompanied by quotas. In addition to the reasons mentioned above, we believe there would be a tendency for at least some people to seek less challenging jobs where the bonus is almost certain, but the real contribution to the intelligence effort is less.

b. GS Grades - Retain the existing GS grade system, at least for the time being. The recognition that it provides

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through frequent promotions, particularly in an employee's early years, is important to our people.

c. Awards - Enlarge the current awards system. Allow subpanels to award up to \$1,500 or \$2,000 without further review. The only paperwork would be in the PAR, which could come after the award. Set an annual dollar limit on awards for each career subpanel. Permit awards at any time but require consideration of all employees twice each year.

d. Within-Grade Steps - Increase the number of steps to 15 or 20 (cutting down the amount of each grade step, if necessary) and make all step increases annual. This will provide nearly everyone some recognition of satisfactory performance each year. Make QSIs easy; consider, for example, automatic QSIs for PARs at or above a certain level and two-step QSIs for outstanding performers. } NS!

e. Banding - Do not adopt the type of banding proposed in the study but do adopt grade bands for each type of work. For example, analysts would be in a band that ran from GS-07 through GS-15, while the IA band might be from GS-06 to GS-10. Allow the head of the appropriate career subpanel to determine where in the band each person fits--subject to the same Directorate review that now exists. Exceptions above the band would have to be approved by the career service head but not PMCD. There would be no role for PMCD.

f. Salary Scale - Have a single salary scale that is common to most occupations. Provide that an assignment change from one career track to another would be at the same salary to avoid encouraging career change decisions based on immediate small salary benefits. Have as many levels as there now are in the GS schedule. Continue the special pay scales for doctors and others who have special qualifications. Consider eliminating the special secretarial scale, which seems to be a source of resentment rather than the special incentive that was planned.

g. Position Management - Managers should receive a dollar budget for salaries and be allowed to manage that budget any way they see fit within the bands and within the dollar limit. Thus a manager could abolish what is now a GS-13 position and hire two GS-07s for roughly the same money, or visa versa. Obtain congressional approval to ignore ceiling and to control staffing by dollar restraints.

h. Benefits - Use the 2% increase and any other funds available partly to raise benefits and partly to pay for a

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more liberal awards system. Allow employees to have some choice in their benefits. For example, being able to be paid for unused annual leave might be the most important item for some people but for others it might be student loans. Allow for an annual open-season so employees can adjust their packages as their circumstances change. Make the same benefits available to all employees and abolish the current differences between SIS and non-SIS.

i. Retirement - Do not make early retirement one of the new benefits; it is too hard to retain the best people as it is.

j. PARs and AWP's - Leave the basic system alone. Cut the length of PARs by insisting that no PAR, except when the overall rating is a "2", can be more than one-half page beyond the form.

k. Promotions - Restore to subpanels the ability to promote at anytime during the year rather than just at fixed semiannual dates. Retain the requirement that all employees must be reviewed for promotion twice each year, but do not make these the only times promotions can occur without a lot of hassle.

l. Philosophy - Make all decisions with one eye to (1) retention of fully satisfactory employees for a full career and (2) equal treatment at all grades and in all career tracks whenever possible. These criteria would point to a benefit program that added benefits as years of service accrue, as we now do with annual leave. They would also mandate that leave retention or cash-out options be the same for clerks as for SISers. Abolish the special program for secretaries. The SIS bonus program probably can be justified on the basis of the pay cap, but we should not compound the inequity problem by doing different things for "managers and specialists" than for others.

m. Salary Verification - Provide for an outside, independent firm to establish salary rates, etc. if and when we break away from the GS-scale.

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SUBJECT: Preliminary Report - July 1987;
Proposed Pay, Personnel Management, and
Compensation System

DD/LDA (26 Aug 87)

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Distribution:

- Orig + 1 - Addressee
- 1 - C/MPSS
- 1 - Each LDA Division & Staff Chief
- 1 - File O/D/LDA

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Central Intelligence Agency
Office of the Deputy Director for Intelligence

2 9 8 7

NOTE TO: DDI
VIA: ADDI
DD/OGI
SUBJECT: Comments from MPSS
Re: HRM&C Task Force

The attached has been pulled together by on behalf of MPSS. Because of our total immersion on the Task Force, neither Pete nor I contributed directly to this memo.

STAT



STAT

Attachmen:
As stated



Central Intelligence Agency
Office of the Deputy Director for Intelligence

26 August 1987

NOTE TO: Chief, MPSS

SUBJECT: Human Resource Modernization and
Compensation

Here are consolidated comments from MPSS
folks.



C/PES

Attachment:
as stated

STAT

MEMORANDUM

SUBJECT: Reaction and Comments of MPSS People to the Human Resource Modernization and Compensation Task Force Preliminary Report

1. MPSS employees, who come from several career services, expressed a variety of views on the task force report. Most are concerned that the report is vague at crucial points on the exact impact on employees and the prospects for obtaining funding for implementation, anxious that administrative resources be augmented well before any changes, and unconvinced that revolutionary changes are needed for a system that appears basically healthy.

General Comments

2. The following are some general comments from groups of MPSS people. Some are presented in greater detail in the next section which discusses each of the specific proposals.

- Some of the proposals, such as the Employee Performance Plan appear too rigid; while others--for example, the one on Dual Tracks--are vague and opened-ended in stating what might result.
- The feature on Career Development is not as clear as it should be on how employees would go about charting their professional careers. (Is this done through one of the proposed databases, or through the proposed occupational handbooks, or both?) The feature as described seems to assume that a position will be available for anyone at whatever level he/she is aiming for.
- The supervisor's role and that of the office in career development needs to be clarified.
- Many doubt Congress would provide necessary personal services funding for the more generous financial rewards promised in the report.
- The report is written in such a way that it appears to favor senior graded people. While this may not have been its intent, that is how it comes across.
- It is a concern that PARs in the new system would have an immediate and tangible impact on take-home pay. How do you ensure equity? Incentive pay will put an additional premium on inter-rater reliability and consistency. Few are sanguine that this key problem can be addressed in new or imaginative ways--"automated performance plans" and "less complicated" PARs. Grievances will multiply; and morale may not go up to the degree predicted.

- The proposed new system holds additional disincentives to rotational assignments. It will tend to accentuate differences among directorates and emphasize separateness. If the "one-Agency concept" is still regarded as a desirable end and rotations are deemed a healthy thing, it would be prudent to take a hard look at what it would mean to the individual, under the new system, to go off for a year or two on rotation.

The Features--Comments and Recommendations

Feature 1: Occupationally Defined Bands

A more efficient system for managing Agency occupations could result under this feature if senior managers receive classification authority. Much of the discussion of the banding proposal in the System Design section of the Task Force report assumes a greater pay spread and increased salary potential for employees, but availability of funding from Congress is a systemwide constraint.

This entire feature is focused mainly on management efficiencies such as job evaluations and market linkage to separate us from the inequities of the GS system. We do not see how CIA unique occupations would be better served by going to the private sector for market compatibility of jobs that do not exist there.

This feature has substantial but intangible hidden costs.

- In the proposed market linkage features, some career tracks would change rapidly while others would not. The result would be morale problems in those areas not receiving much Agency attention, and a high risk of creating two classes of citizens among employees. This situation would be exacerbated if most Congressionally approved personal services funds go to reward and retain selected skill areas.
- Present cross fertilization among directorates and flexibility of assignments within directorates would be reduced. The present GS system offers a measure of flexibility, but the new plan's emphasis on specialization would create more occupation-specific employees who may not be capable of changing assignments readily.
- Visible recognition that now comes with promotions in the GS system would be curtailed under banding. This could have an adverse effect on morale, particularly for those with more experience in the Agency.

- It is unclear how the banding of smaller occupations that cut across directorates will be managed.
- The concept of banding contradicts the CIA tradition of an "intelligence officer" which some believe should not be lightly abandoned.

We need comparisons of career progression under the GS system with comparable tracks in the new proposal to see how employees with different potential would fare. A modification of the current GS system along the line of State Department may be more acceptable by the masses.

Feature 2: Incentive Pay

We would like to see a systematic projection of base salaries before we go farther. Some individuals may be better off financially under the proposed system because longtime employees do not have to wait three-year intervals to get a 3 percent salary increase once they reach the higher steps. Under this proposal, everyone achieving at least an acceptable level of performance gets some monetary recognition each year at a rate roughly equivalent to the GS system.

In addition, the following should be considered:

- Congressional funding may vary from year to year, and additional incentive pay funding might not be appropriated.
- It appears that bonuses and incentives may not differ that much when compared with the amount received under the present GS Step System. An example comparing the two approaches should be provided.
- In our view, it is not realistic to assume that individuals who benefit financially from updated market surveys of their occupations would also receive from general pay compatibility increases. This might be made explicit to employees.
- What would be the impact on morale when at least half of the Agency employees are identified as "average" and advised so?
- Ranking of employees by each Career Service is necessary to determine incentive pay awards, but this process appears to fly in the face of banding similar occupations. Would each Career Service rank only its own analysts, computer programmers, etc., or are like occupations ultimately ranked Directorate and/or Agency wide? In either case, we wonder how equity will be ensured among employees.

Feature 3: Performance Plan

We like the idea of a Performance Plan for each level in a band, if it is linked to performance requirements. It may help employees to have written down in outline form (or in a more detailed format if the situation warrants) a statement of job requirements. The performance plan could, however, be used in conjunction with the current GS system or a modified GS system.

- The proposed method sounds very much like the unsatisfactory system of Advanced Work Plans (AWP). Why would the Task Force's proposal for an employee performance plan be used any more or any less than the current AWP?
- Care must be exercised in drafting the document so that it does not become boilerplate, would not inhibit employees from exercising their own initiative, and does not preclude original thought, even when it might conflict with a perceived philosophy or substantive approach to problems from higher levels. Flexibility should be incorporated into the Performance Plan concept. Managers should have the option to provide or not provide an employee with a Performance Plan depending on the manager's determination of need.

Feature 4: Performance Evaluation

It is our understanding from the wording of this proposal that employees in bands which cross directorate lines would be ranked for Incentive Pay by their own directorate and not an inter-directorate panel.

Recommendation:

- We need a provision that the Incentive Panel Chairman must ensure equity among employees in the process of deciding who gets what in terms of incentive pay.

Feature 5: Occupational Career Handbooks

Some offices already have such guides. Given the size of the Agency, the proposed handbooks would be a good information points for employees.

Feature 6: Individual Career Development Plan with Modification

The supervisor has an explicit responsibility to help and to support employees in their career development efforts. We think it is unrealistic, however, to assume that each supervisor can be the ultimate Career Development Officer (CDO).

Recommendation

An office level CDO is necessary to ensure a realistic check between an employee's aspirations and his/her abilities, to help arrange assignments outside the office, and to ensure a balance between overall career plans and the benefits that accrue to the office. The current practice of the Deputy Office Director being the CDO is not sufficient. Additional professional staff is needed in some larger offices to ensure this function is carried out.

Feature 7: Occupation-Specific Training

Support is widespread for this concept.

Feature 8: Improved Availability of Training

If the Agency adopts a program such as the one discussed in this report, would resources be available to provide training?

Feature 9: Dual Track

The concept appears a good one if we can find ways to ensure that the "expert" positions would not be used to harbor individuals who have achieved high grade, but show declining performance. This feature could also be used in the current GS system or a modified GS system.

- Would individuals be able to move back and forth between tracks if they are so inclined and have the talent and skills required?
- How would the proposed expert track differ from the present Senior Intelligence Analyst Program?
- Most strongly support the concept that managers should retain strong substantive expertise.
- The report identifies 90 percent of forfeited annual leave coming from the GS-13 through 15 employees. The proposal to allow employees in the manager and expert tracks who are not SISers to carry over 20 additional hours, (2 1/2 days) annual leave per year, is stingy.

Recommendation:

Five days should be the minimum carryover per year.

Feature 10: Promotion

This makes sense if you adopt the proposed banding of occupations.

Recommendation:

- Clarify the limit on the number of individuals who can be promoted to any level by making clear the constraints under which managers would be working (i.e., authorized personal services funding and the number of individuals that management itself decides should exist at each level.)

Feature 11: Flexible Benefits

Most MPSS people strongly support this feature, using pretax dollars, as long as an employee does not have to pay more for benefits currently being received.

Recommendations

- Even if no other part of the proposed HRMCTF Report is accepted, the Agency should press ahead with this feature.
- Employees should not be forced to give up health insurance benefits presently available because the Agency wants to reduce the number of companies with which it is associated.
- In any plan where annual leave is turned in for another benefit, the cash value of annual leave should be determined at its current value, not an average value for the Agency.
- The report is unclear concerning dependent coverage. Does this refer only to an employee's children, or would an employee's elderly parents qualify as dependents?

Feature 12: Leave Conversions

The proposals for annual leave buy back, optional conversion to sick leave, a sick leave bank, and home leave use for all employees are attractive.

Recommendations

- The annual leave hours sold back to the Agency under the annual buy back provision should be based on cash value equal to the employee's current salary, not a cash value based on that salary.
- It is unclear that all these potential provisions apply to all employees. From the proposal as drafted, one could get the impression that the proposals would apply only to senior people.

Feature 13: Educational Assistance for Dependents

The proposed options are attractive, but we wonder about feasibility. For example, it would be difficult to change rules for the Credit Union, which is governed by national standards.

Feature 14: Staffing Management Tools

Support, in principle, is widespread for the options proposed under this feature, such as early retirement for SIS managers and experts, involuntary retirement, and retention bonuses.

- Some employees feel the unreduced benefits proposal for SISers and experts favors too much a group of employees already highly paid.

Feature 15: System Controls

We believe that substantial care is necessary to ensure that appropriate administrative and data processing support is in place before implementation of any changes. MPSS people from the DA are commenting on the specifics through their home offices.

Feature 16: Projection Tools

Recommendation:

- Employees need to know that automation tools are not the be all and end all to the success of any new system. This should be stated under this feature because the use of the demographic information tools proposed would only be as effective as the use a manager makes of them.
- We would like details on what the Task Force has in mind in the way of tools for managers' use.

8 September 1987

MEMORANDUM FOR: Deputy Director for Intelligence
FROM: Deputy Chief, Collection Requirements and
Evaluation Staff
SUBJECT: Proposed Pay, Personnel Management, and
Compensation System

Conclusions

The overwhelming majority of CRES is not in favor of a comprehensive change to the pay and compensation system at this time. They are concerned that the pay for performance feature raises the risk of creating a serious morale problem among the "average" employees, who by definition represent the majority of the work force. They are also disturbed by calculations that question the claim that everyone will be at least as well off financially under the new system as they were under the old one.

At the same time, CRES endorses the new approach taken in the benefits package. In particular, we would point to a serious erosion in medical benefits in recent years, and believe that redressing this problem should be high on our priority list.

Comments By Feature

Feature 1 - Occupationally Defined Bands

--Concern was raised that there is an important sense of self-esteem associated with GS rank. Most are not ready to shed that linkage, which is meaningful throughout the civil service, for more anonymous or neutral titles; many did not like the idea of two people having the same title at different rates of pay.

--Questions were raised as to the formula for determining comparability with the outside with jobs that are not comparable.

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--An impression that this plan is designed to benefit the specialty fields (scientists, engineers, computer scientists, etc.) possibly at the expense of less specialized fields (requirements officers were not part of the banding proposal).

--Concerns were raised over who would have control over ceiling and funding allocations and what checks and balances would exist, if any.

--Most managers like the idea of having added flexibility in determining the grade and type of persons they can hire and would support legislation to give us that capability.

Feature 2 - Incentive Pay

This proved to be the most controversial element of the new compensation system. While a handful of the staff--mostly younger officers--welcomed this proposal, most had serious reservations. Their concerns were:

--the implications of this system on retirement annuities and taxes.

--A belief that this system is biased toward rewarding the superstars at the expense of the average employee.

--How to keep PARs from becoming inflated and, more important, how do we keep some uniformity among offices to ensure fairness?

--A belief that this approach would create a serious morale problem for the "average" employee.

--Sufficiently bad experiences with previous supervisors to question how equitable it would be.

--A belief that it will discourage people from taking rotational assignments or assignments with higher risks for fear of jeopardizing their chances for a bonus.

--The lack of evidence of strong support for this proposal at the management level.

--Encourages superstars to jump from job to job due to promises of high bonuses, etc.

--May encourage cronyism.

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--To be successful, the plan must provide only general guidance and permit managers and employees significant latitude in creating their own performance plan--especially one that recognizes and rewards initiatives, even if they are not entirely successful.

--Employees must have a role in creating the plan.

Feature 4 - Performance Evaluation

This feature did not prompt any significant discussion within CRES; the staff believed the new rating form seemed reasonable.

Feature 5 - Occupational Career Handbooks

The younger generation officers wholeheartedly endorsed this feature; managers generally were skeptical of its value and worried that if not carefully written would leave people with unrealistic expectations.

Feature 6 - Individual Career Development Plans

There was mixed reaction to this feature; with some endorsing it while others were apprehensive or skeptical that it would be useful; some wondered where the incentive was for supervisors to take this seriously.

Feature 7 - Occupation-specific Training

People wondered about the availability of these courses and whether they would be linked to promotions.

Feature 8 - Improved Availability of Training

This was perceived as moving in the right direction.

Feature 9 - Dual Track

This concept was strongly endorsed by all.

Feature 10 - Promotion

This is an important part of any compensation system and was not deemed to be controversial.

Feature 11 - Flexible Benefits Programs

Many regarded this as the most important element of the entire proposal. Employees want more information that would explain the tax implications, as well as simulations of how this would work. There is widespread concern that medical benefits in particular have eroded in recent years. In contrast to pay for performance, this is a real problem that needs to be addressed. It is not clear from the pamphlet that this feature will do that.

Feature 12 - Leave Conversion

This feature was highly endorsed, but many believed that employees should be encouraged to take leave. Perhaps a minimum amount should be set aside to use or lose. There was also dissatisfaction expressed by several employees over current leave policies regarding funerals and pregnancy-- i.e., the point being that an employee must use all of her sick and annual leave for "maternity leave." An employee must use annual leave to attend or arrange for the funeral of an immediate family member unless that family member died as a result of an injury received on active military duty.

Feature 13 - Educational Assistance for Dependents

This is an enticing benefit. People would like more information on this proposal.

Feature 14 - Staffing Management Tools

These are laudatory objectives but there is considerable skepticism that they will ever be implemented as described.

Feature 15 - System Controls

Given the Agency's less than successful record at bringing up large ADP applications, this proposal looks worrisome. At first glance, this proposal looks overly ambitious and costly and will probably need to be scaled back. It also appears as if some of these functions, which are now being done in the Office of Personnel, are being moved to line managers to implement. This proposal needs a feasibility study.