

ROUTING AND TRANSMITTAL SLIP Date 22 JULY 86

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. ADDA	<i>[Signature]</i>	22 JUL 1986
2. DDA	<i>[Signature]</i>	22 JUL 1986
3. DA/Management Staff	<i>[Signature]</i>	
4.		
5. DDA Reg.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

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FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
	Phone No.

**EXECUTIVE SECRETARIAT
ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS	X			
5	DDI		X		
6	DDA		X		
7	DDO		X		
8	DDS&T		X		
9	Chm/NIC				
10	GC				
11	IG				
12	Compt		X		
13	D/OLL	X			
14	D/PAO				
15	D/PERS		X		
16	VC/NIC				
17	C/S		X		
18	ES		X		
19					
20					
21					
22					

SUSPENSE 23 July 1986
Date

Remarks To 4: Yours for action re Community Effort re 23 July hearing.
To 13: Yours for action re request in last para which is addressed to DCI role as head of CIA.

[Redacted Signature Box]

Executive Secretary
18 Jul 86

Date

STAT

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Executive Registry
 86- 3249X

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
 WASHINGTON, DC 20510

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July 16, 1986

IN RESPONSE PLEASE
 REFER TO 86- 2641

The Honorable William J. Casey
 Director of Central Intelligence
 Central Intelligence Agency
 Washington, D.C.

Dear Bill:

In April 1985, the Committee outlined its three goals during the 99th Congress. To date, two of these goals are well on their way in great part through your efforts and cooperation, namely the development of a National Intelligence Strategy and a comprehensive review of the federal government's counterintelligence and countermeasures capabilities and requirements to stem the loss of classified information. Our third goal was a review of Intelligence Community personnel. Since personnel capabilities and requirements are integral to accomplishing the plans in the National Intelligence Strategy, it is important that we understand each agency's personnel goals, policies, and programs which support the key intelligence functions. Personnel -- quality personnel -- are the critical linch pin if the Intelligence Community is to meet the challenges outlined in the National Intelligence Strategy. In this review, we would focus only on personnel issues as they relate to the major intelligence functions: human intelligence collection, counterintelligence, development and operation of technical programs, and analysis. We would, therefore, look first at personnel assigned these functional responsibilities by agency (CIA, NSA, DIA, INR and FBI (CI)), and then evaluate each function across the Community. We expect that in this process we should be able to identify the principle issues which relate to hiring and retaining the best intelligence cadre into the 21st Century. To accomplish this, the Committee will need:

1. To review more fully these major intelligence functions.
2. To understand the personnel goals and strategies for those functional requirements as evidenced by policies, objectives and long and short range planning.
3. To review your capabilities, based upon your authorities and your programmatic efforts to achieve these needs.

60-4

The Honorable William J. Casey
July 16, 1986
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4. To determine the efficacy of current personnel programs (recruiting, training, pay, incentive, equal opportunity, and retirement) to attain the goal of the finest quality personnel for the Intelligence Community.

In the past ten years, the Intelligence Community personnel has grown by nearly 18 percent. While this statistic would appear to be healthy, the SSCI would need to examine whether more or less is needed as well as the implications for national security if more or less is provided.

On July 23, at 9:30 am, the SSCI will hold its initial personnel review hearing in Hart 219. The hearing will provide you or your representative the opportunity to give us an overview of your personnel capabilities and requirements in relation to the four missions, as applicable, mentioned above. We would also expect you to define your agency's personnel goals to meet the long and short range challenges outlined in the National Intelligence Strategy. At the hearing, we would also expect you to identify present and future personnel issues which will detract from your ability to carry out missions, and to describe efforts in progress to strengthen the quality of personnel. We will also expect you to identify areas where enabling legislation may be necessary.

For the next three of four months, staff members will be meeting with your agency officials to conduct this review and to prepare a Committee report. Charles Battaglia will serve as the director of this project while John Despres will be heading the team which will be reviewing personnel issues within your agency. To assist us, we would like a personnel point of contact who would serve as a focal point for this effort.

Sincerely,



Dave Durenberger
Chairman



Patrick J. Leahy
Vice Chairman

DCI
22 JULY 86, 1500

DCI TESTIMONY
SENATE SELECT COMMITTEE ON INTELLIGENCE
23 JULY 1986
CIA PERSONNEL MANAGEMENT

IT IS A PLEASURE TO BE HERE TODAY TO TALK ABOUT ASPECTS OF PERSONNEL MANAGEMENT IN THE INTELLIGENCE COMMUNITY. IN AN AGE OF HIGH TECHNOLOGY, IT IS EASY TO LOSE TRACK OF THE FACT THAT INTELLIGENCE IS A MANPOWER INTENSIVE BUSINESS.

WHEN I CAME TO THIS JOB I FOUND AN ENTHUSIASTIC, DEDICATED AND, ABOVE ALL, HIGHLY TALENTED WORKFORCE. THEY WERE STRETCHED DANGEROUSLY THIN FROM THE CUTS OF THE LATE 1970s, BUT THE SENSE OF DAILY CHALLENGE AND FULFILLMENT THEY GOT FROM THEIR WORK WAS AN INSPIRATION. WITH YOUR SUPPORT, THEIR RANKS HAVE BEEN REBUILT AND THEY HAVE OBTAINED THE RESOURCES THEY NEEDED AND DESERVED.

OUR PERSONNEL SYSTEM HAS SERVED US WELL AND HAS MANY STRENGTHS. IT ACCOMPLISHES OUR MOST FUNDAMENTAL GOAL, DEVELOPING PEOPLE WHO ARE EXPERTS IN THEIR FIELDS AND DEEPLY COMMITTED TO OUR MISSION. BY AND LARGE OUR EMPLOYEES SAY OUR PERSONNEL SYSTEM IS FAIR. EACH INDIVIDUAL CAN MAKE A DIFFERENCE AND GOOD PERFORMANCE IS REWARDED. TODAY, WE ARE FOCUSING ON MAKING THE MIX OF TALENT AVAILABLE MESH BETTER WITH THE LANGUAGES AND THE CULTURES AND THE NATURE OF THE PROBLEMS AND THREATS WE MUST DEAL WITH.

THE WORLD IS CHANGING. WE NEED TO CHANGE WITH IT.
WE MUST SEE THAT OUR INTELLIGENCE COMMUNITY DOES NOT SUFFER
THE MIDDLE AGE MALAISE THAT MANY ORGANIZATIONS EXPERIENCE.
WE MUST ANTICIPATE KEY FORCES WHICH WILL SHAPE OUR PERSONNEL
NEEDS FOR THE FUTURE.

-- WE NEED A LARGER PERCENTAGE OF EXPERTS IN OUR
WORK FORCE, EXPERTS WHO HAVE HIGHLY MARKETABLE SKILLS ON
THE OUTSIDE.

-- WE FACE INTENSE COMPETITION FROM THE PRIVATE
SECTOR, AND PARTICULARLY FROM BELTWAY CORPORATIONS WITH WHOM
WE DO BUSINESS AND WHO INCREASINGLY CAN ATTRACT OUR PEOPLE.

-- THE RATE OF CHANGE IN SOME SKILL AREAS IS SO
HIGH THAT CONSTANT, CONTINUING RE-EDUCATION IS IMPERATIVE.

-- WE SEE INCREASING NUMBERS OF VERY TALENTED BUT
INEXPERIENCED AND SOMETIMES IMMATURE YOUNG PEOPLE. THE LACK
OF MILITARY EXPERIENCE IN OUR RECRUITS, FOR EXAMPLE, SHOWS.

-- TANDEM COUPLES AND SINGLE-PARENT FAMILIES ARE A
FACT OF LIFE. WE MUST ADJUST TO THEM OR WATCH OUR RECRUITMENT
PROBLEM GROW.

TODAY WE FIND MORE AREAS DENIED TO US. WE HAVE TO COPE WITH RELATIVELY NEW AND RAPIDLY INTENSIFYING THREATS OF TERRORISM, NARCOTICS SMUGGLING, ARMS TRAFFICKING, INSURGENCIES AND COUNTER-INSURGENCIES HEAVILY CONCENTRATED IN LATIN AMERICA, THE MIDDLE EAST, THE INDIAN SUBCONTINENT, SOUTHERN AFRICA, AND THE GREAT PACIFIC ARENA. HERE WE ARE REQUIRED TO WORK WITH LANGUAGES AND CULTURES WHICH UNTIL RECENTLY OCCUPIED ONLY A RELATIVELY SMALL PORTION OF OUR PEOPLE. WE MAY WELL BE DENIED ACCESS TO STILL OTHER AREAS.

THE TERRORISTS AND SOME OF THESE OTHER THREATS HAVE BURGEONED SO RAPIDLY THAT WE CAN'T AFFORD FOUR TO FIVE YEARS TO DEVELOP YOUNG OFFICERS TO HELP US COPE WITH THEM. TO MEET THIS NEW CHALLENGE, WE ARE REACHING OUT TO RECRUIT, TRAIN AND USE MORE PEOPLE WHO BRING WITH THEM THE LINGUISTIC AND CULTURAL APTITUDES RELEVANT TO THESE NEW THREATS. WE ARE REACHING OUT FOR PEOPLE WHO HAVE THE BACKGROUND AND EXPERIENCE TO SUCCESSFULLY LIVE, VISIT OR TRAVEL IN AREAS IN WHICH WE HAVE NOT HAD TO BE SO ACTIVE IN EARLIER YEARS. FOR A LARGER BLEND OF PEOPLE, WE ARE REACHING OUT FOR PEOPLE TEN TO FIFTEEN YEARS OLDER THAN THOSE WE HAVE TRADITIONALLY SOUGHT TO BRING ON DUTY. THIS SHIFTING OF GEARS IS URGENT AND CRITICAL FOR NEW DEPARTURES AND BOLD INNOVATIONS IN OUR RECRUITING, TRAINING, COMPENSATION, AND GENERAL PERSONNEL MANAGEMENT.

HISTORICALLY, EVEN WITH THE SPECIAL AUTHORITIES GRANTED THE DIRECTOR OF CENTRAL INTELLIGENCE BY LAW, WE HAVE GENERALLY WORKED WITHIN THE BROAD FRAMEWORK OF THE OVERALL FEDERAL PERSONNEL STRUCTURE. THE PRESIDENT HAS FOUND THE GOVERNMENT'S PRESENT COMPENSATION SYSTEM INFLEXIBLE AND OUT OF DATE. AS YOU KNOW, OPM JUST FORWARDED TO THE CONGRESS MAJOR PROPOSALS FOR SIMPLIFYING THE FEDERAL PERSONNEL SYSTEM. WE TOO BELIEVE IT IS TIME FOR CHANGE. WE ARE EXPERIENCING SEVERAL PROBLEMS:

-- TODAY'S SYSTEM DOESN'T FACILITATE LATERAL ENTRY.

-- WE CANNOT ADJUST BENEFITS TO SUIT EMPLOYEE AGE OR CIRCUMSTANCES.

-- OUR ABILITY TO REWARD PERFORMANCE IS NOT NEARLY SO WELL STRUCTURED AND DEVELOPED AS OUR ABILITY TO REWARD LONGEVITY.

-- THE PROCESS RELATING SALARY AND BENEFIT STRUCTURE TO MARKET FORCES (PARTICULARLY IN HIGH-DEMAND, SPECIALIZED SKILL AREAS) IS PONDEROUS.

WE HAVE ALREADY BEGUN THE PROCESS OF ADJUSTING OUR COMPENSATION SYSTEM TO MEET THE CHALLENGES WE FACE. WE HAVE IMPLEMENTED:

-- SPECIAL AGENCY-SPECIFIC PAY SCHEDULES FOR SCIENTISTS, ADP PROFESSIONALS, ENGINEERS, AND MEDICAL OFFICERS;

-- A PAY BANDING EXPERIMENT IN OUR OFFICE OF COMMUNICATIONS;

-- A NEW SECRETARIAL CAREER AND PAY SYSTEM WITH FOUR BROAD PAY LEVELS, MODIFIED PAY FOR PERFORMANCE, JOB ENRICHMENT AND SIGNIFICANTLY INCREASED TRAINING;

-- NON-SUPERVISORY SPECIALIST TRACKS FOR A LIMITED NUMBER OF PROFESSIONS AND POSITIONS;

-- OVERSEAS PAY THAT IS 9.6% HIGHER THAN DOMESTIC;
AND

-- AN EMPLOYEE SPOUSE PROGRAM FACILITATING JOINT ASSIGNMENTS AS WELL AS GUARANTEEING REEMPLOYMENT AT CURRENT GRADE ON RETURN TO DUTY WHEN JOINT ASSIGNMENTS CANNOT BE ARRANGED.

NOW LET ME TELL YOU SOME OF THE OTHER STEPS I BELIEVE WE NEED TO TAKE:

-- WE NEED TO ADJUST OUR PAY SYSTEM TO ACCOUNT FOR THE PROBLEMS I ENUMERATED EARLIER, PARTICULARLY TO BETTER RELATE PERFORMANCE AND COMPENSATION. WE NEED TO EXPAND OUR EXPERIENCE WITH PAY BANDING IN THE OFFICE OF COMMUNICATIONS AND OUR NEW SECRETARIAL CAREER SYSTEM TO MOST, PERHAPS ALL, OF OUR WORK FORCE. (WE HAVE NOT HAD A CHANCE TO STUDY THE NEW OPM PROPOSAL IN DETAIL, BUT WE BELIEVE MANY OF THEIR IDEAS TO BE PARALLEL TO OURS.)

-- WE NEED TO MAKE EXTENSIVE CHANGES IN OUR PERSONNEL STRUCTURE TO ALLOW US TO MORE ADEQUATELY REWARD EXPERTS AS OPPOSED TO MANAGERS. WE NEED TO PROVIDE A WAY FOR TECHNICAL AND SUBSTANTIVE EXPERTS WHO DO NOT GO INTO MANAGEMENT TO CONTINUE TO BE RECOGNIZED AND REWARDED SO THAT THEY STAY WITH CIA AND HELP US WITH THE INCREASINGLY COMPLEX COLLECTION AND ANALYTICAL PROBLEMS WE FACE.

-- WE NEED TO RETHINK THE CURRENT SET OF INCENTIVES, ALLOWANCES, AND OTHER BENEFITS SO THAT WE CAN OFFER A BROAD, FLEXIBLE COMPENSATION PACKAGE THAT RECOGNIZES THAT THE NEEDS OF OUR EMPLOYEES VARY AT DIFFERENT STAGES OF THEIR LIVES AND CAREERS.

-- WE NEED TO REFOCUS OUR TRAINING PROGRAMS AND DEVOTE MORE OF OUR RESOURCES TO THEM, BOTH TO BRING NEW EMPLOYEES UP TO SKILL AND MATURITY LEVELS THEY DO NOT HAVE WHEN THEY JOIN US AND TO HELP MANY OF OUR EXPERIENCED PEOPLE REFRESH THEIR SKILLS AND UPDATE THEIR KNOWLEDGE IN THEIR FIELDS.

-- WE NEED TO TAKE FURTHER STEPS TO ENHANCE MANAGEMENT AND LEADERSHIP SKILLS OF THE PEOPLE ENTRUSTED WITH THESE RESPONSIBILITIES. WE LONG AGO REALIZED THAT IN MANY CASES WE CANNOT PAY EMPLOYEES WHAT THEY MIGHT EARN IN THE PRIVATE SECTOR. OUR ABILITY TO ATTRACT AND RETAIN PEOPLE RESTS STRONGLY ON OUR ABILITY TO LEAD AND MANAGE THEM IN WAYS WHICH CONSTANTLY REINFORCE THE EXCITEMENT AND CHALLENGE OF OUR PROFESSION.

THE CULTURE IN OUR INTELLIGENCE COMMUNITY HAS FOSTERED OVER THE YEARS A LEVEL OF DEDICATION AND ENTHUSIASM WHICH I HAVE NOT SEEN IN ANY OTHER ORGANIZATION. WE MUST SEE THAT THIS SPIRIT IS SUSTAINED AND STRENGTHENED AS WE FACE THE UNPRECEDENTED CHALLENGES I SET FORTH FOR YOU IN MY NATIONAL INTELLIGENCE STRATEGY. OUR IMPORTANT AND EXCITING MISSION ATTRACTS PEOPLE TO US. WE HAVE TO PROVIDE THE FRAMEWORK FOR ACCOMPLISHMENT AND FULFILLMENT, AND RECOGNITION THAT KEEPS THEM HERE. WE LOOK FORWARD TO WORKING WITH YOU TO IMPROVE THE MANAGEMENT OF OUR MOST IMPORTANT RESOURCE SO THAT WE CAN CONTINUE TO PROVIDE OUR COUNTRY WITH THE BEST INTELLIGENCE PROFESSIONALS IN THE WORLD.

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