



National Academy of Public Administration  
Chartered by Congress

INTERIM REPORT  
OF THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION PANEL  
FOR THE  
STUDY OF INTELLIGENCE PERSONNEL SYSTEMS

MAY 1, 1988

INTERIM REPORT

STUDY OF THE INTELLIGENCE PERSONNEL SYSTEMS

Organizational Status

As required in the Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701), the Director of Central Intelligence contracted with the National Academy of Public Administration (NAPA) for a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community (IC). The Academy has convened a Panel of public and private sector officials (Attachment A), some of whom have held senior intelligence posts, to assess the current situation and recommend any legislative or regulatory changes deemed needed to improve the effectiveness of IC personnel systems.

The Panel is assisted by a project staff which develops options and recommendations for the Panel's review. The staff is composed of former intelligence agency employees, experts in federal human resource management issues and experienced analysts. The combination of diversity and experience will permit critical analysis within a knowledgeable environment.

As specified in Section 701(e), the Director of the Intelligence Community Staff has provided the requested support and access to necessary information. Panel members and project staff have been provided security clearances. Secured office space was provided. To facilitate access and coordination, the Intelligence Community staff established a Study Steering Group of senior representatives of the personnel functions from each intelligence organization and this group has been meeting every week to facilitate the work of the project.

The contract for the study was signed February 17, 1988. Pertinent background papers leading to the contract are: a) the Terms of Reference generated by the Intelligence Community, dated January 19, 1988; and b) the National Academy of Public Administration's proposal, dated February 12, 1988. Both are included under Attachment B.

#### Agency Initiatives

One of the objectives of the two interim reports -- this one and the one on August 1, 1988 -- is for the Panel to address proposed changes to personnel management and compensation systems that intelligence organizations believe are important to implement before the overall study is completed.

All of the agencies were asked if they had proposals they wanted the Panel to evaluate in this context. The Central Intelligence Agency (CIA) identified the concept of a flexible benefits program as a change they would like the Panel to address. Under it, staff will have more flexibility to select benefits, paying for them with the government's contribution supplemented by employee contributions. A report on this initiative, with Panel recommendations, will be provided as soon as the analysis and Panel review can be completed.

It is possible the Panel may examine and make recommendations on NSA's proposals for a flexible pay system and for a bonus program before the Panel's January 1989 report.

The CIA has a number of other changes that they want to undertake which they believe are not significant and do not have Community-wide implications. The project staff has been briefed on them and will discuss them with the staffs of the Senate and House Intelligence Committees and the Panel Chair before advising CIA whether or not to proceed.

#### Development of the Baseline Comparison

Prior to beginning detailed field work, the project staff requested comparable personnel-related data from each agency. The information was organized as follows:

Organization of Agency

Legal Basis for Agency Personnel Programs

Changes in Personnel Programs since 1978

Major Issues/Problems in the Agency  
Personnel Program

Changes Considered to be Needed in Controlling  
Personnel Law and/or Regulation

Significant Changes Considered Needed in Personnel  
Program and Which can be Made within Existing  
Authorities but are Being Delayed by the 1988  
Appropriation Act Conference Report Language

Experience in Recruiting and Retaining People  
with Critical Skills

Addressing the Future Workforce Needs of the Agency

Overview of Current Personnel Policies and Practices

Competition between IC Agencies in Personnel  
Programs

To further familiarize themselves with each agency's personnel system and to become better acquainted with cross-cutting issues, the project staff held an intensive two-day meeting with representatives of the IC Staff, the Central Intelligence Agency (CIA), the National Security Agency (NSA), the Defense Intelligence Agency (DIA), Military Intelligence, the Federal Bureau of Investigation (FBI) and the State Department's Bureau of Intelligence and Research (INR). This off-site session provided the requisite background for project staff to develop separate profiles and issue statements for each of the agencies.

After analyzing the information on each agency, project staff developed a matrix which compared like data, with emphasis on the history of changes to the different personnel systems and on changes now perceived needed. This matrix will be further refined throughout the study, and will provide the framework for the comparative analysis requested by the Intelligence Committees of the Congress.

Using this information, the NAPA Panel held its first meeting on April 1, 1988. During that session, its members met with staff of the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence and, separately, with senior leaders of the Intelligence Community agencies. Discussion with Committee staff provided background on congressional rationale for the study and expectations for results. Senior agency representatives further discussed employment trends and impediments the current personnel systems impose on effective operations.

#### Early Observations

The IC personnel systems range from close adherence to Title 5 of the U.S. Code, relating to personnel and overseen by the Office of Personnel Management, to more flexible systems such as those of CIA and DIA. A major difference between staffs of intelligence agencies and those of other government

entities is the security requirements: the ensuing lifestyle limitations while employed and the constraints placed on employees once they leave employment with an intelligence organization. This is often cited as the major reason IC agencies believe their staffs should be compensated differently than other civil servants.

There is an increasing demand by executive branch agencies for greater flexibility in managing their human resources. The climate for change in federal personnel management has contributed and will continue to contribute to the intelligence agencies having more flexible systems. The Office of Personnel Management, through delegation and deregulation, and the Congress, through specific demonstration authorities, like those recently given the National Bureau of Standards, are responding to these demands. These are largely driven by the mission requirements of these agencies.

Central to this study will be the Panel's assessment of the "uniqueness" of the missions of the intelligence agencies and the implied need for even greater flexibility to support them. To some extent, this flexibility justification is already reflected in authorities granted to the various intelligence agencies. However, these authorities need to be assessed in terms of the consistency of their application among intelligence agencies and between the intelligence agencies and the rest of government.

In examining staffing patterns and vacancy rates available to date, the Panel does not see clear patterns of staff shortages in the critical skill areas of engineering, computer science, languages or mathematics. What cannot yet be determined is whether the quality of candidates now recruited is as high as that of the past, or whether the more attractive private sector salaries and benefits are attracting the best recent graduates or most talented current employees. Because the IC agencies report little long-range workforce planning, it is not clear whether staff shortages will be a more critical problem in the next 10 years. Further investigation will be conducted in this area.



STAT



Issues to be Analyzed

The Panel will examine the issues outlined below in the context of the existing missions of the IC agencies. The Panel's will consider the strategic trends in the intelligence function and the economic, social and demographic trends in U.S. society. However, given the uncertainty in projecting future missions, emphasis will be on suggesting changes that would permit agencies to design systems sufficiently flexible to meet a wide range of operating circumstances and changing needs.

The Panel concluded that the primary areas of investigation will be total compensation, training and career development, staffing, equal employment opportunity, and future human resources management (HRM) needs of the IC agencies.

These areas will be examined in the context of the broad issues stated in the Authorization Act and the contract: whether the present and planned HRM systems will be able to attract and retain the highest quality personnel; whether there is a need to significantly alter HRM systems to meet future change; and whether there are significant differences in the HRM problems confronting the intelligence community agencies in contrast to other federal agencies and in contrast to each other.

There will be several lines of inquiry for each area:

1. Total Compensation

--Two aspects on pay: the impact of the pay cap and the need for increased agency flexibility in the use of the pay system within cap limits.

--Two aspects on benefits: to what degree the nature of intelligence work justifies benefits enhancement and to what degree the intelligence agencies need increased flexibility in using benefits to better meet the needs of a changing workforce.

--Compensation and benefits comparability for staff in overseas assignments, including a comparison with the Foreign Service, and a comparison of compensation practices in high cost of living areas within the United States.

--Specific pay and benefit issues -- cited in the contract and/or developed in the course of the study -- which affect the ability of the intelligence community agencies to compete with the private sector and with other federal agencies for top quality personnel.

--Comparative data on the costs of federal staff as compared to contract staff.

--The dual compensation provision for retired military officers as an impediment to recruitment for positions that require specialized military intelligence experience.

2. Career Development and Training

--Career development programs: how they support current and projected staffing and skill needs of the agencies.

--Training and retraining programs in the agencies and how they are linked to improving job performance and meeting current and future skill needs.

--Adequacy of resources for training and career development programs.

--Use of workforce and succession planning programs to define and guide staffing, training and career development program needs of the agencies.

3. Staffing

--Current and projected skill shortage and retention problems which threaten accomplishment of agency missions.

--The impact of the more stringent personnel security requirements of the IC agencies on the ability of the agencies to compete in the labor market. Included here will be whether the length of time between an offer of employment and entry on duty causes some good candidates to accept other positions.

--Projections of agency staffing needs from the current staff base. The impact of congressional personnel authorizations for the IC agencies and the effect of congressional action on pay and benefits will be assessed.

--Possible means of evaluating the quality of new staff being employed and retained now and in the future.

4. Equal Employment Opportunity

--Analysis of each agency's equal employment profile.

--What each agency is doing to enhance the representation of female and minority staff in the organization.

5. Organizational Issues

--The role of the DCI in providing guidance and direction to the intelligence community agencies' HRM programs and for performing an on-going oversight of HRM.

The Panel also considered examining the potential impact of wartime operations on those intelligence functions heavily dependent on civilian personnel. While recognizing the importance of this issue, the Panel believed it to be beyond the scope of the study envisioned in the Authorization Act.

The study will be directed primarily to the CIA, NSA, DIA, and FBI. Redesign of the civilian personnel systems of the military intelligence agencies is underway, and is not scheduled for implementation until October 1988. The Panel's findings and recommendations should be useful in assessing these changes. Study of the State INR activity will be limited, given its size and the fact that it is so integrated into the regular Foreign Service and civil service personnel systems of that large Department.

#### Schedule for Studies

The Panel's work is organized to reflect the interim and final reporting dates specified in the Authorization Act.

Between May 1 and August 1, the Panel will review issues associated with staffing, equal employment opportunity, career development and training, and will complete a baseline comparison of the agencies' personnel systems. The August 1 report will have findings and tentative recommendations in these areas.

By early October 1988, the Panel expects to complete its work on total compensation and organizational issues. It will meet to discuss these issues and the overall thrusts of the final report. By early November, the project staff will prepare the initial draft of the January 1989 report, and the Panel will meet to review it. Thus, by December 1988, the final report should be nearing completion.

Attachment A: Panel Biographies

Attachment B: Terms of Reference and NAPA Proposal

NAPA PANEL FOR INTELLIGENCE  
COMMUNITY PERSONNEL STUDY

PHILIP ODEEN\* - PANEL CHAIR: Regional Managing Partner, Coopers and Lybrand. Served as Vice President for Wilson Sporting Goods, Co.; Director of Program Analysis, National Security Council and Principal Deputy Assistant Secretary of Defense for Systems Analysis. Is Chair of the Washington World Affairs Council and Subcommittee Chair on President's Commission on Military Compensation. Assisted Frank Carlucci in transition to becoming National Security Council Advisor.

JULIUS BECTON - Director, Federal Emergency Management Agency, retired as a Lieutenant General of the U.S. Army in 1983 from the position of Deputy Commanding General of the Army's Training and Doctrine Command. He had been Commander of the 7th Corps in Germany and of the 1st Cavalry in Fort Hood, Texas earlier in his career.

JAMES COLVARD\* - Assistant Director for Tactical Systems, Applied Physics Laboratory at John Hopkins Universtiy. He has served as Deputy Director, Office of Personnel Management; Deputy Chief of Naval Materiel; Technical Director, Naval Weapons Laboratory; and Technical Director, Naval Surface Weapons Center.

BOBBY INMAN\* - Chairman and CEO, Westmark Systems, Inc. Former Chairman and CEO of Microelectronics and Computer Technology Corporation. Served as Deputy Director of Central Intelligence and Director of the National Security Agency.

CAROL LAISE\* - Ambassador, Retired. Served as Assistant Secretary of State for Public Affairs, Director General of the Foreign Service, Ambassador to Nepal, and Director of the Division of South Asian Affairs. Member of the Council on Foreign Relations.

FRED MEUTER - Manager, Executive Compensation, Xerox Corporation. Twenty-nine years of broad-based compensation experience with major corporations, e.g. TRW and 3M. Combat Intelligence Officer, U.S. Air Force during Korean conflict. FBI Special Agent for six years.

WILLIAM MILLER\* - President, American Committee on U.S. Soviet Relations. Has served as Associate Dean and Adjunct Professor, Fletcher School of Law and Diplomacy, Tufts University; Staff Director, Senate Select Committee on Intelligence; Special Assistant to Senator John Sherman Cooper of Kentucky; and as a Foreign Service Officer in Washington and Iran.

\*Academy Members

**Page Denied**



## Study of Intelligence Personnel Systems

### Terms of Reference

#### Background

The Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701) requires the Director of Central Intelligence to contract with the National Academy of Public Administration (NAPA) for a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community. The analysis is to include an assessment of the adequacy of existing personnel systems to support the missions of the various intelligence organizations. NAPA is also directed to make recommendations for additional legislation and regulatory or other changes that are deemed advisable to improve the effectiveness of the separate systems.

#### Scope and Emphasis

For the purpose of the study, the "Intelligence Community" will be CIA, NSA, DIA, State/INR, FBI/FCI, and the intelligence elements of the military services.

The study is intended to be an objective, classified review of the Intelligence Community's personnel management and compensation systems. The aim is to provide a baseline understanding of the effect of these systems on

the ability of intelligence organizations to perform current and future missions. In carrying out the study, NAPA will examine issues and programs bearing on recruitment, retention, and effective management of employees. Attention should be paid to the consequences of pay and evaluation aspects of personnel systems and to programs related to needs for certain critical skills and occupations. Career development and employee support programs should also be examined, as should infrastructure support for personnel management. The interim and final reports should also provide NAPA's recommendations regarding proposed and potential legislation affecting the intelligence personnel systems.

#### Broad Objectives

The study should achieve the following broad objectives:

- o An examination of the need for significant change in existing Intelligence Community human resource management systems implied in current economic, social, and demographic trends.
- o An examination of present and planned Intelligence Community personnel systems to ascertain if they will be able to attract and retain the highest quality personnel through the 1990s, including identification and specification of necessary improvements and required legislative proposals.
- o A comparison of Intelligence Community personnel systems with the federal civil service, including identification and analysis of

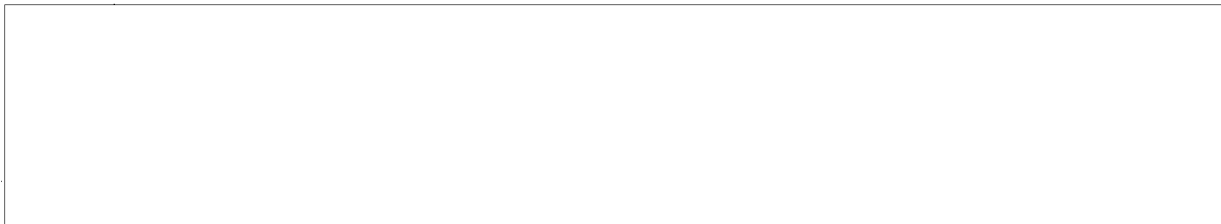
personnel issues facing the Intelligence Community that differ significantly from those facing the federal government in general.

- o A comparison of the personnel needs and requirements facing the individual members of the Intelligence Community, with due regard for the differing missions, risks, job requirements and environments of the agencies, departments, and offices involved.
- o Recommendations, if warranted, for legislative, regulative, or other changes in personnel and/or compensation programs based on the unique nature of intelligence activities.

#### Areas of Inquiry

In the course of meeting the broad objectives, the study should address the following specific areas:

- o Competition Intelligence Community competition for human resources is primarily with the private sector. The total compensation package (pay, benefits, and awards) should be evaluated to determine what needs to be done to make the Intelligence Community competitive in the 1990s in the private sector market in which it competes.



STAT

- o Rewards Mechanisms and programs for rewarding employees should be evaluated.
- o Training The resources necessary for retraining to meet changing staffing requirements should be analyzed. Areas that should be assessed include the adequacy of current training and employee development programs throughout the Intelligence Community (as they relate to occupational skills training and the availability of training) and the adequacy of resource commitments to these endeavors.
- o Work Environment The quality of work environment in each agency, including availability of appropriate facilities and equipment, should be compared with corresponding elements in the private sector.
- o Retirement Systems Existing retirement systems should be evaluated as both a managerial tool and an employee incentive. The focus here should be derived from the vagaries of ceiling and special skill needs and the consequent expectation that age and promotion bubbles will arise. The evaluation should emphasize problems of plateauing and the need to ensure appropriate employee throughput.
- o Flexibility The changing and expanding nature of intelligence requirements and the growing interdisciplinary, interagency character of intelligence work require managers to have greater staffing and pay flexibility in organizing the work force. The study should explore the appropriateness and feasibility of establishing

alternatives to the General Schedule and/or restructuring the General Schedule to provide greater management flexibility.

- o Occupational Pay Occupational pay should be evaluated as an approach to pay administration.
- o Leave and Benefits Alternative leave and benefit programs should be evaluated with respect to the need to accommodate the modern work force, which contains an increasing number of dual-income families and single parents.
- o Career Development The adequacy of career development programs in the face of dynamic change should be examined. Attention should be paid to existing and potential programs, including efforts to recognize the roles of both managers and specialists.
- o Wartime Operations The potential impact of wartime operations on civilian personnel should be addressed, especially with respect to the need for continuity of critical functions in the US and overseas.

### Steering and Guidance

A Study Steering Group (SSG), chaired by a member of the Intelligence Community Staff, with representatives (one each) from the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, the Department of State's Bureau of Intelligence and Research, the Federal Bureau

of Investigation, and US Army Intelligence (representing all the military services) will be formed to guide and facilitate NAPA's work, to assure that necessary support is provided from participating agencies, and to assist the Intelligence Community Staff in carrying out its role as agent for the DCI in reviewing and overseeing the study. The Intelligence Community staff will provide the Contracting Officer's Technical Representative (COTR) for the study.

The SSG will identify within each participating agency or entity a focal point for all study-related activity within that organization, including responses to NAPA's requests for information. NAPA will coordinate all of its activities through these focal points. Both NAPA and the focal points will keep the COTR and SSG aware of progress and problems.

The SSG will receive guidance and overall direction from a Study Management Policy Group (SMPG). The SMPG will be chaired by the Director of the Intelligence Community Staff and will be composed of NFIC-level representatives of the intelligence organizations participating in the study. The SMPG will act for the DCI in the review of the interim reports and will make recommendations to the DCI regarding the final report.

### Security

Names of the NAPA study team and panel will be provided to the COTR prior to commencement of the study to assure that necessary clearances are obtained from participating organizations.

The COTR will determine that NAPA is provided with suitable secure office space and storage facilities. The focal point for each organization will make such arrangements as may be necessary for office space and secure storage facilities in individual organizational locations.

#### Methodology and Study Organization

NAPA shall be responsible for the proposal of a study methodology and organization which shall be subject to the approval of the COTR after consultation with the Study Steering Group. The COTR will convey to NAPA any special study focus and guidance received from the Congressional Oversight Committees when it becomes available. In defining the study's scope and tasks, NAPA's proposal shall take into account the funding constraints in the authorizing legislation as well as timing and other considerations required for the interim and final reports.

#### Timing and Reports

The study will begin as soon as practicable after 1 January 1988. NAPA will provide interim reports on 1 May and 1 August 1988. The study will be concluded and a final report provided by the DCI to the Oversight Committees on or before 20 January 1989.

The purpose of the interim reports is to provide a means for an assessment by the Congress of new or substantially modified programs and compensations planned for early implementation. In view of the limited time available to develop the interim reports, the SSG should advise NAPA early in the study which such programs should be evaluated. In addition to a report of progress on the study in general, of particular interest is an analysis of existing or proposed changes to personnel management and compensation systems aimed at recruiting or retaining individuals with skills critical to the missions of the Intelligence Community.