

IC 12/19/88  
COMMENTS

December 7, 1988

[redacted]  
Director, Policy and Planning Office  
Intelligence Community Staff

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Dear [redacted]

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I am pleased to convey, through you, to the Director of Central Intelligence, copies of the final draft of the Academy's report, "The Intelligence Workforce for the 1990s: A Review of Personnel and Compensation Systems to Meet Current and Future Missions."

I believe the Executive Summary, as now written, is unclassified. I would appreciate your opinion on this.

I look forward to the Community's reaction to the report, and would appreciate receiving it by December 19.

Sincerely,

Don I. Wortman  
Project Director

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## Preface

As required in the Intelligence Authorization Act for Fiscal Year 1988, the National Academy of Public Administration is submitting to Congress the final report on its study of the Intelligence Community's personnel systems.

The study was lead by an Academy panel of senior executives with experience in national security and managing large organizations.

The objective is to provide the congressional intelligence committees with findings and recommendations to help them and the Intelligence Community improve human resources management. This analysis is timely as these agencies prepare to fulfill their complex missions in the face of a changing workforce and increased private sector competition for talented people.

Throughout the study, the panel and its project staff received the cooperation and assistance of many men and women within the Intelligence Community, and the Academy appreciates their support.

Ray Kline  
President



EXECUTIVE SUMMARY

*elements of the Intelligence Community (hereafter referred to as*

In the 1988 Intelligence Authorization Act, Congress directed that the National Academy of Public Administration (NAPA) perform a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of agencies in the Intelligence Community (IC). In requiring this study, Congress emphasized the importance to national security of effective human resource management (HRM) within the intelligence agencies and further highlighted its recognition of the many unique aspects of the intelligence work environment.

The breadth and complexity of global issues with major national security implications have grown in the past decade. Issues such as arms control verification, narcotics traffic, terrorism and international capital flows are now high on the agenda of U.S. policy makers, resulting in a demand for new types of intelligence. Changes in intelligence collection techniques over the past 20 years have dictated new and highly technical skills. At the same time, the intelligence agencies had to accommodate large fluctuations in staffing levels. Substantial reductions between 1969 - 1979 were followed by major rebuilding in the 1980s. The U.S. intelligence agencies have responded well to these challenges and in most cases have maintained and further developed a multi-skilled, technologically adept workforce.

As the intelligence agencies approach the 1990s, neither they nor the NAPA panel expect growth rates as in the 1980s. Instead, staffing levels will probably hold steady or be reduced. The U.S. labor force will also grow at a slower rate, and the number of young people entering the workforce will decline relatively and absolutely. While this might imply that the Intelligence Community will not be disadvantaged by the diminishing supply of entry-level workers, this is not the case. In fact, at the same time that jobs are requiring higher levels of math, science and literacy than ever before, employers are becoming increasingly dependent on workers who often receive the poorest education. The prognosis for a match between the increasing skill demands of the intelligence agencies and the crop of future workers is poor. Given the challenge posed by these labor force projections, the intelligence agencies must develop even more resourceful and innovative responses to ensure continued ability to staff positions with the required skill mix.

## Flexible Authorities Make the Difference

The intelligence agencies with the most flexible appointment and compensation authorities -- CIA, NSA and, beginning in 1984, DIA -- demonstrated the greatest ability to recruit and retain a quality workforce in the 1980s, a time of rapid agency growth coupled with extensive marketplace competition for skills most crucial to intelligence agency needs. The panel believes flexibility is fundamental to the ability of the intelligence agencies to successfully carry out their unique missions, and urges that Congress continue to provide authorities that permit flexible personnel policies.

To further equip the intelligence agencies to meet the workforce challenges of the coming decade, the panel recommends that Congress grant additional personnel authorities.

- All intelligence agencies should have the authority, similar to that of CIA, to select, appoint and compensate staff such that they can attract and retain a high quality workforce. The panel does not believe the Department of State needs additional authorities, but rather must create incentives to make service in its Bureau of Intelligence and Research more career-enhancing for foreign service officers.
- In the case of the FBI, whose employees move in and out of counterintelligence work, these authorities should be extended to the entire bureau.
- Compensation authorities should be broad enough to permit the intelligence agencies to establish and pay domestic local pay premiums for those employees who are moved at the order of the government. The panel cites the approval of a recent demonstration project for the FBI in the metropolitan New York area as an example of what can be done in an extreme situation.
- NSA should be granted authority to test its proposed revised compensation systems. Within these proposals, the panel endorses recruitment, performance and relocation bonuses, but not retention bonuses for individuals.
- The director of central intelligence <sup>overseas</sup> should be permitted to bring all intelligence agencies' allowances and benefits into alignment with those the secretary of state establishes on behalf of ~~the Foreign Service~~. *U.S. Government civilian employees overseas.*
- The intelligence agencies should be granted exemptions from those portions of the Government Employees Training Act that restrict certain expenditures for external training. Should a government-wide exemption not be proposed early in the 101st Congress, the agencies should seek a presidential exemption, as permitted in Title 5, U.S.C., section 4102. | ?

*particularly  
for attaining an  
advanced degree,*

- The head of each intelligence agency should be authorized to issue dual compensation waivers for a limited number of individuals who possess specific skill needs.
- Heads of IC agencies should be authorized to approve early optional retirement when it is necessary to reduce strengths or when overages occur in specific occupational skills.
- The panel believes the IC agencies should have the kind of reciprocity -- i.e. ability for a ~~tenured~~ employee to transfer from an excepted or exempt personnel system to the competitive Civil Service -- with the Civil Service personnel system that other federal, independent personnel systems have. The panel recommends that the IC Staff, ~~on behalf of the agencies, research this possibility.~~

*agencies be authorized to implement such authority* *heads of the*

The military department intelligence components have received authority to implement additional authorities, similar to those granted DIA. The panel strongly supports the timely implementation of the Civilian Intelligence Personnel Management system, which unfortunately has been delayed to January 1989, and even then will not be fully implemented by all military departments.

One area in which the agencies did not take full advantage of their more flexible personnel authorities was in recruiting members of minority groups and, in some agencies, women. While the panel recognizes that many of the occupations in the intelligence agencies are not those that have traditionally been filled with large number of women and members of minority groups, some agencies clearly did better than others. The panel believes that the intelligence agencies' top management did not focus on equal employment issues to the same extent as other federal agencies did in the 1980s. The agencies now describe recruiting programs that indicate strong top management interest and active levels of effort. The panel firmly believes that intelligence agency equal employment efforts need strong commitment from the agency head and senior staff, and should be an integral part of overall workforce management -- recruiting, training, career development and succession planning.

Within the parameters of its personnel authorities, the CIA has designed a flexible benefits program which it believes will enable it to better meet the needs of an increasingly diverse workforce. The panel fully endorses implementation of the proposed benefits program, with a caution that the CIA carefully monitor the cost implications of changes to health benefits. The panel recommends that the CIA supply information on the results of this to the Office of Personnel Management and Congress, for their use in evaluating similar proposals from other agencies and determining whether the flexible benefits can be extended throughout the federal government.

## Better Coordination Will Yield Enhanced Effectiveness

The panel sees a clear need for enhanced coordination of human resource management ~~(HRM) policies~~, and recommends that the IC establish a Senior Coordinating Group (SCG), composed of IC employees at the ~~director of personnel level~~ or higher. The panel envisions that this group would report at a minimum semi-annually to an NFIC-like committee composed of the heads of CIA, NSA, DIA, and the intelligence components of the military departments, the FBI and the State Department.

The panel envisions the SCG would coordinate a number of HRM efforts, and that it would establish an annual agenda to review all aspects of HRM. Specific topics ~~to include are:~~

- Recruitment, such that -- mindful of Privacy Act implications -- the agencies share information on good candidates when one agency cannot follow through to hire a potential recruit.
- Training, so that smaller intelligence agencies have better access to the programs of larger agencies, and there is less potential for duplication.
- Basic ordering contracts so agencies can attain more efficient delivery of external training. DIA is examining this now, and this has the potential for Community-wide use.
- Compensation rate comparisons, especially as they pertain to overseas pay. Equity and good management require that employees performing like duties under comparable circumstances be comparably compensated. (This NAPA panel will examine this issue further, particularly in the case of overseas pay, and will issue a separate report to Congress.)
- Shared information on involuntary removal cases -- being mindful of employee rights of privacy -- with the other agencies of the IC, perhaps in coordination with the IC Staff. The other agencies would have an opportunity to do their own risk assessment, as may be applicable.
- Placing surplus employees with other IC agencies when one agency is faced with a staffing level reduction or shift in skill needs.
- Developing outplacement programs for those agencies which do not have them or which have only limited programs. Other agencies can look to the CIA and the Department of State, as well as the private sector, for examples.

*Presented by*

### Better Coordination Will Yield Enhanced Accountability

A further role, perhaps the more <sup>vetting</sup> important one, for the Senior Coordinating Group pertains to ~~coordinating~~ legislative proposals before they are delivered to Congress. Such an inter-agency group would help ensure an integrated approach toward proposed HRM changes within the IC. At the same time, this would leave responsibility for assessing the potential impacts of change with the intelligence agencies, rather than forcing congressional committees to try to assess the implications of proposals.

Further, the panel recommends that the intelligence agencies work to apprise congressional committees of major proposals as they are developed. The panel emphasizes that this communication should be at the broad, policy level. The panel sees no reason for congressional committees to become involved in most aspects of agency management.

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The objective is to strike a balance between appropriate communication and reporting mechanisms, so that Congress has the information it needs to perform effective oversight and the agencies have the freedom they need to operate within the parameters of their statutes and management structures.

While the panel favors coordinated change, it cautions that the Congress not regard uniformity as an end. The intelligence agencies are, in varying degrees, parts of larger organizations with different cultures, authorizing committee jurisdictions and missions. Uniformity would be difficult to achieve and -- given the diverse missions and agency structures -- would thwart innovation. Also, there is clear evidence that the federal government is moving away from the concept of uniformity, as reflected in the Office of Personnel Management's advocacy of decentralized approaches to personnel management and many demonstration projects.

A final area, one which Congress has paid particular attention to in recent years, is counterintelligence and the role of agency personnel security programs in safeguarding national security information. The panel notes that agencies operate under similar statutes with respect to sensitive compartmented information, and they are covered by a DCI directive on security procedures. However, practices vary greatly, as does the extent to which counterintelligence issues are woven into agency training and career development programs. The panel strongly supports the Intelligence Community's efforts to upgrade personnel security and more fully integrate it into all aspects of human resource management.

The panel commends the individual agencies and Congress for their efforts to anticipate workforce changes and develop HRM systems to help address issues which arise. The panel is confident that the IC agencies and Congress can work together to ensure the flexibilities that will produce an intelligence workforce able to fulfill the required missions of the 1990s and beyond.

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VOLUME ONE

Table of Contents

Preface

Executive Summary

Table of Contents

List of Acronyms

Chapter One: Introduction

- I. Changing Functions Reflect Breadth of Missions
- II. History of Different Treatment of Intelligence Agencies
  - A. Personnel Systems Reflect Special Circumstances
- III. Observations on Counterintelligence
- IV . Value of Flexible Human Resource Management Approach

Chapter Two: Changing Workforce Will Alter World of Work

- I. Who Will Work in the Coming Decade
  - A. Basic Demographic Projections
  - B. Expected Impact of Change on the Federal Workforce
- II. Availability of New Workers
  - A. Education Preparation
  - B. Higher Education Trends and Job Requirements
  - C. Growth in Occupations Requiring Advanced Degrees
- III. Changing Values Associated with Work
- IV. The Workplace Responds
  - A. Private Sector Response
  - B. Federal Response
  - C. Responses Within the Intelligence Community
- V. Conclusions: Changing Workforce and Intelligence Agencies

References for Chapter Two

### Chapter Three: Hiring and Keeping the Best Staff

#### I. Impact of Changing Authorization Levels

Conclusions and Recommendations: Changing Authorization Levels

#### II. Recruiting the Best and the Brightest

##### A. Varying Success for Critical Skill Recruiting

Conclusions and Recommendations: Varying Success in  
Critical Skill Recruiting

##### B. Continuing Difficulty Predicted

Conclusions and Recommendations: Continuing Difficulty  
Predicted

##### C. Military Intelligence Components: Greater Hiring Difficulty

Conclusions and Recommendations: Military Intelligence Hiring

##### D. Predicted Changes to Agency Skill Needs

##### E. Recruitment Coordination Lacking

Conclusions and Recommendations: Recruitment Coordination

#### III. Impact of Personnel Security Requirements on Recruiting

Conclusions and Recommendations: Personnel Security

#### IV. Retaining Talented Staff

Conclusions and Recommendations: Retaining Talented Staff

### Chapter Four: Investing in the Intelligence Community Workforce

#### I. Training for Mission Accomplishment

##### A. Different Levels of Effort

##### B. Intelligence Community Cooperation on Training

##### C. Agency Assessments of Training Programs

##### D. Agencies Looking Ahead

Conclusions and Recommendations: Training for Mission  
Accomplishment

II. Career Development of Intelligence Community Staff

- A. Amount Varies Among Agencies
- B. Relation of Career Development and Agency Planning
- C. How the Agencies are Looking Ahead

Conclusions and Recommendations: Career Development

III. Staffing Reductions and Outplacement: Ensuring the Investment is With the Right People

- A. Staff Reductions
- B. Removal Authorities
- C. Outplacement Programs

Conclusions and Recommendations: Staffing Reductions and Outplacement: Ensuring the Investment is With the Right People

Chapter Five: Creating a More Diverse Workforce

- I. Marked Variations in Workforce Profiles
- II. Recruitment Efforts

Conclusions: Recruitment Efforts

III. Working Within the Heterogenous Workforce

- A. Promoting and Retaining Staff
- B. Preparing the Workplace to Deal with Differences

Conclusions: Working Within the Heterogeneous Workplace

IV. What the Future Holds

Conclusions and Recommendations: Creating a More Diverse Workforce

Chapter Six: Compensation Systems for the Next Century

- I. IC Strategies to Cope with a Stagnating General Schedule
  - A. Intelligence Agency Independence from General Schedule

**Page Denied**

**Chapter Seven: Coordinating Human Resource Policy**

I. Congressional Concern on Lack of Coordination

II. Framework for Coordination

III. Possible Options for Coordination

Option 1: Agency Comparative Analysis of  
Legislative Proposals for HRM Change

Option 2: Senior Coordinating Group

Option 3: DCI Expanded Leadership

III. Panel Preference for Senior Coordinating Group

**Chapter Eight: Managing the Intelligence Workforce  
for the 1990s and Beyond**

I. Flexibility and Strategic Planning

II. From Flexibility to Enhanced Productivity

III. Support for Appropriate Rates of Pay

IV. With Flexibility Comes Accountability

Attachment A            Biographies of NAPA Panel and Staff

Attachment B            List of All Report Recommendations

VOLUME TWO

Appendixes

- A. Scope and Methodology
- B. Intelligence Agency Compensation Programs
- C. The Central Intelligence Agency Flexible Benefits Proposal
- D. Compensation Experiences of Some Other Organizations
- E. Agency Removal Authorities, Staff Reduction Policies and Outplacement Programs
- F. Agency Staffing Programs
- G. Impact of Personnel Security on Recruitment
- H. Agency Efforts to Create a Diverse Workforce
- I. Agency Training and Career Development Programs
- J. Summary of Employment-Related Restrictions on IC Personnel

## List of Acronyms

ACTEDS	Army Civilian Training, Education and Development System
CIA	Central Intelligence Agency
CIARDS	Central Intelligence Agency Retirement Disability System
CIPMS	Civilian Intelligence Personnel Management System
CSRA	Civil Service Reform Act
CSRS	Civil Service Retirement System
CSS	Central Security Service
DCI	Director of Central Intelligence
DIA	Defense Intelligence Agency
DIC	Defense Intelligence College
DISCAS	Defense Intelligence Special Career Automated System
DOD	Department of Defense
DOE	Department of Energy
FBI	Federal Bureau of Investigation
FCI	Foreign Counterintelligence
FEGLI	Federal Employees Group Life Insurance
FEHBP	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FES	Factor Evaluation System
FS	Foreign Service
FSI	Foreign Service Institute
GAO	General Accounting Office
GETA	Government Employees Training Act
GS	General Schedule
HPSCI	House Permanent Select Committee on Intelligence
HRM	Human Resources Management
HUMINT	Human Intelligence
IC	Intelligence Community
ICDP	Individual Career Development Plan
ICS	Intelligence Community Staff
INR	Bureau of Intelligence and Research
MSPB	Merit Systems Protection Board
NCS	National Cryptologic School
NFIC	National Foreign Intelligence Committee
NFIP	National Foreign Intelligence Program
NSA	National Security Agency
OPM	Office of Personnel Management
OTE	Office of Training and Education (CIA)
PATCO	Professional/Administrative/Technical/Clerical/Other
RIF	Reduction in Force
SCI	Sensitive Compartmented Information
SSCI	Senate Select Committee on Intelligence
TPF&C	Towers, Perrin, Forster & Crosby
U.S.C.	United States Code

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