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SCOPE AND METHODOLOGY

In the fiscal year 1988 Intelligence Authorization Act (Title VII, Section 701), the 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 the Intelligence Community (IC). The study, to be completed by January 20, 1989, was to include two interim reports, due May 1 and August 1, 1988. To meet this mandate, the Intelligence Community ~~(IC)~~ Staff contracted with NAPA, using funds the Congress earmarked for this purpose.

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The Congress directed the Academy panel to recommend changes, if warranted, in legislative, regulatory, or other areas in the personnel and/or compensation programs to improve the effectiveness of the personnel systems of the IC agencies and to ensure they are able to accomplish their missions in the years ahead.

To undertake this work, NAPA created a panel of experienced executives, drawing them from among its membership and the broader community of current and retired public and private sector individuals. Panel members, whose brief bio statements appear at the end of Volume I of this report, are:

Philip A. Odeen, Chair
Regional Managing Partner
Coopers and Lybrand

Hon. Julius W. Becton
Director
Federal Emergency Management Agency

Dr. James Colvard
Assistant Director for Tactical Systems
Applied Physics Lab, Johns Hopkins University

Admiral Bobby R. Inman
Chairman and CEO
Westmark Systems, Inc.

Hon. Carol Laise
Ambassador, Retired

Fred Meuter
Manager, Executive Compensation
Xerox Corporation

William G. Miller
President
American Committee on U.S.-Soviet Relations

1 US Editor's Comments

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The panel was assisted by a staff whose experience included executive and legislative branch and intelligence agency positions. Project Director was Don I. Wortman, former Deputy Director for Administration of the Central Intelligence Agency and currently Director of Federal Programs at the National Academy.

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GROUP To assist the panel, the IC established a Study Steering Committee (SSC) to coordinate NAPA information requests and provide assistance in obtaining individual agency data or Community-wide responses. Composed of senior personnel staff from each intelligence agency, the members -- individually and as a group -- played a key role in facilitating the work of this study. The IC's Office of Planning and Policy was a focal point on these efforts.

In preparing its study design, the NAPA panel reviewed the requirements stated in the Authorization Act. These required that the panel:

- Examine the need for major change in the existing IC personnel systems given the strategic trends in the intelligence function and the economic, social, and demographic trends in U.S. society.
- Examine these personnel systems to ascertain if they will be adequate to attract and retain the highest quality personnel through the 1990s.
- Analyze personnel issues facing the IC that may differ greatly from those facing the federal government in general.
- Compare the personnel needs and requirements facing the individual IC agencies, with due regard for the differing missions, risks, job requirements and environments of the organizations in the community.

After further refining the subjects it would address, the seven-member NAPA panel, assisted by its project staff, reviewed issues which encompass:

- How anticipated changes in the U.S. workforce will affect intelligence agencies.
- The impact of future intelligence requirements on human resource management systems, and how these systems might be organized to meet changing needs.

- Different levels of compensation within the intelligence agencies and how they compare to the rest of the federal government and the private sector.
- Recruitment and retention , especially as they relate to critical skill occupations, and whether personnel security requirements adversely affect agencies' ability to get quality staff.
- How well the agency career development and training programs support current and future mission accomplishment.
- Efforts the agencies have undertaken to make their workforces more representative of all groups within the U.S. population, and whether current levels of effort will enable the agencies to continue to diversify their workforces.

In addition, the Senate Select Committee on Intelligence requested that NAPA review IC personnel costs and make appropriate recommendations on ways to constrain these costs without adversely affecting intelligence missions.

At the outset, the IC Staff, working with the SSG, developed the broad terms of reference for the study, which became part of the contract work statement. (See Attachment A to this Appendix.)

Early Data Gathering

NAPA requested background material from each agency on their:

- Organization, mission and structure.
- Personnel authorities and internal organization.
- Recent requests for statutory or regulatory change, whether obtained or not.
- Experience in recruiting and retaining people with critical skills.
- Personnel policies and practices.
- Anticipated future workforce issues.
- Competition among IC agencies in personnel programs.
- Other major issues/problems in personnel programs.
- Agency views on Terms of Reference issues.

After reviewing the data supplied by the intelligence agencies, NAPA staff met with the SSG, at their suggestion, for an intensive two-day series of briefings on these topics. The sessions provided extensive familiarization in a compressed period, and permitted the NAPA staff and the IC personnel to have a very useful give-and-take.

Structuring the Work Approach

Using this information as a base, the NAPA staff interviewed intelligence agency officials and prepared a summary of each agency's personnel authorities, practices and major issues. Acting on behalf of the panel, NAPA project staff also reviewed working papers of the Senate Select Committee on Intelligence, which had itself conducted a review of IC agency human resource policies. Because the Iran-Contra hearings arose just as the committee staff members were preparing the SSCI report, it was not finalized. The Committee decided ~~not to prepare a~~ ^{final} final report -- and it may not do so at all ~~until~~ ^{until} it reviews the NAPA report.

At its April 1 meeting, the panel reviewed all of this material and devised the workplan which served as the framework for most of the analysis. Also at its April 1 meeting, the panel met with the Senior Policy Management Group, which was established to provide top-level input, should the panel desire it. These senior representatives and staff of the House and Senate intelligence committees joined the panel in a policy-level discussion of major HRM issues facing the Intelligence Community.

The nine areas the panel selected for primary focus were:

- Intelligence Community uniqueness
- Future mission of IC agencies
- Workforce of the future
- Creating a more diverse workforce
- Staffing
- Training and career development
- Personnel security
- Compensation and benefits
- Organizational issues

The panel requested and the intelligence agencies supplied detailed information in each of these areas. The panel requested a great deal of trend data, particularly because the 1980s were a period of major staff growth for most agencies in the IC. Thus, much of the panel's analysis was based on intra- and inter-agency comparisons.

Having made its basic decisions as to scope of work and methodology for undertaking it, the panel reported this to the Congress in its first interim report, delivered through the DCI on May 1, 1988.

Preparing the Analysis

For each of the nine areas addressed, the staff developed for the panel a series of analyses of major issues within them. Each analysis addressed: current status, reason for the condition, impact of the situation, and draft conclusions/recommendations. The detailed papers which resulted from these analyses are included as Volume II of this report.

The panel met July 12 to review the analyses for future mission, workforce of the future, IC agency uniqueness, staffing, training and career development and personnel security. Based on the panel's decisions at that meeting, staff prepared for panel review the second interim report to Congress.

The panel carefully considered how to approach the complex area of compensation and benefits. At its July meeting, the panel approved dividing this work into three areas: comparative analysis of agency compensation policies and practices; review of private sector compensation systems; and study of specific NSA and CIA proposals. At its September 30 meeting, the panel reviewed the detailed analyses in these areas, and specifically recommended that the CIA be permitted to proceed with its proposal for a flexible benefits plan. The agency did not need statutory approval to pursue this, and the panel saw no reason for the CIA to delay implementation until the panel issued its final report.

Also at the September meeting, the panel reviewed material it had specifically asked be developed on agency separation and outplacement programs, and the ability of intelligence agencies to hire retired military personnel for work for which expertise could only be acquired through military service. The panel also determined its position on which of several organizational alternatives it believed would enable the Intelligence Community to better coordinate human resource change proposals.

Based on these issue analyses, the panel developed its recommendations, as reflected in Volume I of the final report.

Quality Assurance through Product Review

As it prepared all staff papers and report drafts, NAPA sought comments from the IC Study Steering Group. This input, never designed to persuade the panel to alter its judgment, ensured accurate interpretation of information and helped the panel frame its products in a manner that would make them more usable decision-making tools.

Each panel member also individually reviewed the interim and final reports. For the final report, the panel met October 31, 1988 to discuss members' reactions at length. Based on this feedback, the NAPA project staff refined the final report, which was again reviewed by all panel members.

The final report draft was also reviewed by NAPA's Director of Academy Studies, who performs a quality assurance review of all products.

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Study of Intelligence Personnel Systems

Terms of Reference

Background

The Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701) required 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. C/S
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- 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

- 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.
- o **Security** Special security, cover, lifestyle, and professional restrictions should be examined to determine how they should be recognized in the total compensation packages.
- 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. *one word throughout Vol I*
- 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

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in Vol I* → 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 ~~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.