

**Briefing on NAPA STUDY**

**SSCI Staff Attendees**

**4 August 1989**

<b>Charles Battaglia</b>	<b><u>Designee for</u> Senator Specter</b>
<b>Mary Sturtevant (core staff)</b>	
<b>Ed Levine</b>	<b>Senator Metzenbaum</b>
<b>Jeanne McNaughton</b>	<b>DeConcini</b>
<b>Gina Genton (handles CIA program)</b>	<b>Cranston</b>
<b>Britt Snider, General Counsel</b>	
<b>Don Mitchell,</b>	<b>Glenn</b>
<b>Blythe Thomas</b>	<b>Boren (Chairman)</b>
<b>Jim Martin (CCP Program Manager)</b>	
<b>John Chambers</b>	<b>Danforth</b>
<b>Dave Holliday, Spec. Asst. to Chairman</b>	

<u>TAB</u>	<u>SUBJECT</u>
A	DCI Transmittal Letter to Boren dtd 18 January 1989
B	SSCI Letter Response to Webster dtd 15 March 1989
C	DCI Action Endorsement Letter to Boren dtd 14 April 1989
D	SSCI Reply to Webster dtd 18 May 1989
E	DCI Implementation Transmittal Letter with Attachments A and B
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G	SSCI and SAC Questions and Answers

NAPA REPORT VOLUMES I, II, and 9.6 REPORT



**The Director of Central Intelligence**

Washington, D.C. 20505

18 January 1989

25X1

The Honorable David L. Boren, Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Intelligence Authorization Act of 1988, I am pleased to transmit the enclosed National Academy of Public Administration (NAPA) Report on civilian personnel systems within the Intelligence Community. NAPA has conducted an extensive examination of the various human-resource management systems employed by the elements of the Intelligence Community, and has produced a comprehensive, insightful Report analyzing the major personnel issues that confront the Intelligence Community. Skilled and highly motivated intelligence personnel are the cornerstone of effective intelligence support; implementing the recommendations contained in the NAPA Report would go a long way toward helping the Community attract and retain talented personnel, particularly in an environment of fiscal restraint. [redacted]

The NAPA Report has embraced several concepts which are important to the Intelligence Community. NAPA acknowledges that intelligence organizations and activities, while part of a larger Community, are quite different from each other and require diverse--rather than uniform--personnel treatment. NAPA support for such tailored human-resource management parallels that of the Office of Personnel Management, which advocates greater decentralization of personnel policies throughout the federal government. Finally, NAPA endorses completely the need for flexibility in human-resource policies in order to attract and maintain effective staffs, given the unique requirements and conditions found in intelligence work. [redacted]

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Although the NAPA Report contains a number of recommendations, there are a few whose implementation, I believe, is critical. First, I strongly endorse NAPA's recommendation that all intelligence agencies be given the authority, similar to that of CIA, to select, appoint, and compensate staff in order to attract and retain a high-quality work force. The Report shows that the flexibility in human-resource management policies provided by such authority is essential to meet the intelligence challenges we face. More importantly, it notes that the lack of such flexibility has hindered the efforts of some intelligence agencies in building an effective work force. Clearly, we in the Intelligence Community face personnel problems that differ significantly from those faced by other federal agencies. These will be made even more difficult by the ominous demographic trends and the increasing technical and operational demands being made on the Community. In order to carry out our unique mission effectively, these expanded personnel authorities are critical. [redacted]

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[redacted]

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The Honorable David Boren

Second, I support NAPA's finding that the Intelligence Community can do more to share its best thinking on the subject of human-resource management and endorse the concept of the Senior Coordinating Group. While informal interagency cooperation on issues such as training, recruitment, career development, and compensation policies already exists, a more formal approach would enhance the effectiveness of these activities within the Intelligence Community and lead to better understanding in the Intelligence Oversight Committees. Better communication and understanding of human-resource management initiatives, proposed by individual intelligence agencies, vetted through a group such as the Senior Coordinating Group, would benefit all concerned. [redacted]

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Third, I strongly endorse NAPA's recommendations concerning the need for the intelligence agencies to make a greater effort to recruit and retain a diverse work force. As you know, I have pledged my personal commitment to working with the senior members of the Intelligence Community to make as much progress as possible in attracting and advancing minority members of our society. [redacted]

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Finally, several of the intelligence agencies have delayed implementing or proposing new personnel initiatives pending the completion of the NAPA study; i.e., NSA's flexible pay and bonus proposal and CIA's flexible benefits program. In their Report, NAPA has endorsed the implementation of both initiatives. Given their support, I see no reason to further delay these or other similar proposals and will suggest that representatives from these agencies meet with your staff to discuss implementation as soon as possible. [redacted]

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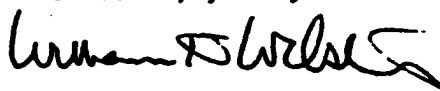
I am sure you will agree that the NAPA Report presents both the Intelligence Community and the Oversight Committees with the opportunity to make a significant improvement to the capabilities and quality of national intelligence. Our next step will be to identify and, where appropriate, prepare legislative proposals that will be needed to implement NAPA's recommendations. I look forward to working with you and your staff on the issues and recommendations discussed in the Report, and am confident that together we can take the necessary steps to replace rigid and obsolete personnel management practices with modern and more effective systems. [redacted]

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A copy of this Report has also been forwarded to the Chairman, Permanent Select Committee on Intelligence. [redacted]

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Sincerely yours,



William H. Webster

Enclosure  
As Stated

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**SUBJECT: NAPA Report Transmittal to Chairman, SSCI**

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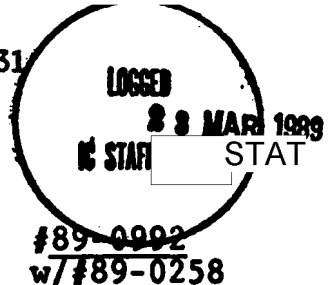
DCI/ICS/PP0  (15 December 1988)

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# United States Senate

SELECT COMMITTEE ON INTELLIGENCE  
WASHINGTON, DC 20510-8475

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March 15, 1989

The Honorable William H. Webster  
Director of Central Intelligence  
Central Intelligence Agency  
Washington, D.C. 20505

Dear Judge Webster:

We have received your letter of 18 January 1989, transmitting the recently-published report entitled "The Intelligence Workforce of the 1990s: A Review of Personnel and Compensation Systems To Meet Current and Future Missions," prepared by the National Association of Public Administration (NAPA) at the direction of the two intelligence committees. As you acknowledge, the report contains a number of significant recommendations aimed at improving the recruitment and retention of qualified civilian personnel by agencies within the Intelligence Community. Some of these recommendations could be implemented pursuant to the existing legal authority; others would require new legislation.

We were pleased that your letter indicates an intent to follow up on these recommendations in a systematic and aggressive manner. Indeed, we are prepared to work with you and your staff to accomplish this. In this regard, we believe that it is important to set in motion as soon as possible the courses of action suggested in your letter. First, the Intelligence Community, under your direction, should develop proposed legislation necessary to implement those recommendations of the NAPA report that you believe would be desirable. Second, you should identify for us those recommendations which could be accomplished within the existing legal authority of Intelligence Community agencies, and which you, as DCI, believe should be implemented, and how, in your judgment, this should be achieved.

We recognize that both tasks require careful and thorough coordination not only within the Intelligence Community but with the Office of Personnel Management and the Office of Management and Budget as well. In this regard, we



The Honorable William H. Webster  
March 15, 1989  
Page Two

support the establishment of a Senior Coordinating Group, recommended by the NAPA study and endorsed in your letter, to coordinate Intelligence Community actions.

To give some shape to this process, we would appreciate your providing us by the May 1 with a proposed schedule, setting forth milestones when the Committee can expect to receive the Community's legislative proposal and when it will be notified of the actions being taken pursuant to existing legislative authority to implement the NAPA study. We would also appreciate your naming a single point of contact to work with us on this effort. In the meantime, any questions which may arise with regard to this request should be directed to Charles Battaglia or Britt Snider of the Committee staff.

As you acknowledge in your letter, given the long-term significance of the NAPA proposals to the personnel needs of the Intelligence Community, it behooves us to work closely together in addressing these proposals. You are quite correct that the NAPA study provides an opportunity to address these issues which should not be lost in the press of other business.

A copy of this letter is being provided to the Chairman and ranking Republican of the House Permanent Select Committee on Intelligence.

With best regards,

  
David L. Boren  
Chairman

  
William S. Cohen  
Vice Chairman



ICS 4228-89

11 April 1989

**MEMORANDUM FOR:** Director of Central Intelligence

**VIA:** Deputy Director of Central Intelligence

**FROM:** Lieutenant General Edward J. Heinz, USAF  
Director, Intelligence Community Staff

**SUBJECT:** SSCI Letter on Implementation of National Academy of Public Administration (NAPA) Report on Intelligence Civilian Personnel Systems

1. Attached for your signature are letters responding to a Senate Select Committee on Intelligence inquiry on implementation of the recommendations contained in the NAPA Report. As the letters indicate, we believe it will be mid-summer before we finish assessing the substantive merits and legislative impact of the NAPA recommendations. Interagency groups are now studying the findings and recommendations to determine what our next steps should be.

2. There has been a great deal of interest in the NAPA Report from the SSCI as reflected recently in many of our budget hearings. We expect this interest to continue as personnel initiatives are developed by Intelligence Community agencies and vetted through the senior coordinating group.

  
Edward J. Heinz  
Lieutenant General, USAF

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**Attachments:**

- A. Letter to Chairman, SSCI
- B. Letter to Vice Chairman, SSCI
- C. Letter to Chairman, HPSCI
- D. Letter to Ranking Minority Member, HPSCI

  
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**SUBJECT: SSCI Letter on Implementation of National Academy of Public Administration (NAPA) Report on Intelligence Civilian Personnel Systems**

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DCI/ICS/PPO,  (4 April 1989)

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**The Director of Central Intelligence**

Washington, D.C. 20505

14 April 1989

The Honorable David L. Boren  
Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

I was pleased to receive your letter asking for additional information on the Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. I especially appreciate the Committee's interest in helping us follow up on NAPA's recommendations.

In your letter, you supported my proposal to establish a senior coordinating group to steer Intelligence Community actions derived from the NAPA Report. That group has already met to begin developing a realistic plan to deal with the Report's recommendations. The senior group is drawing on a set of interagency working groups to place the recommendations in priority order and identify key issues that require further study.

The working groups are also developing implementation agendas based on both the NAPA Report and initiatives proposed by individual agencies. This should ensure a thorough discussion and coordination of new policies at the working level. The senior group's main role is to provide overall guidance and make sure that the impact of personnel initiatives is understood and addressed by senior management throughout the Community. Through this process, we hope to ensure that personnel initiatives get the benefit of a Community assessment before an individual agency submits them through normal approval channels to the Oversight Committees for consideration.

In their reviews, the working groups are separating initiatives that require new legislation from those that could be implemented under existing authority. Our preliminary assessment is that in the near term there will be few requests for new legislation. The only legislative issue of immediate concern is the request by the Federal Bureau of Investigation for exemption from the position classification requirements of Title V, U.S.C. (one of NAPA's key recommendations).

It is too early to state precisely what the legislative requirements of other intelligence agencies may be. Many of NAPA's recommendations will require extensive study and staff work before firm decisions can be made. In addition, because intelligence agencies had been asked by the Committees to delay new personnel policies until the NAPA Panel completed its study, these

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The Honorable David L. Boren

agencies are only now assessing initiatives and re-evaluating prior proposals in light of the NAPA Report. These circumstances make it highly unlikely that a comprehensive set of legislative proposals based on the NAPA Report will be forthcoming this fiscal year. At most, legislative action may be required only for a few proposals that have had the benefit of prior study and/or are in response to other legislative mandates. We will have a better idea of what our legislative agenda will look like by mid-summer. The working groups will then have had a chance to conclude their reviews and develop their work plans.

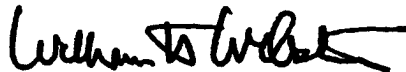
Much of the above also applies to initiatives that do not require additional legislative authorities. Our initial review of possible personnel programs in this category indicates that most of the proposals that are likely to be submitted to the Congress this year are extensions or expansions of existing programs (many of which have already been shared with the Committees). For example, CIA has stated that it will propose an extension of its Spousal Leave Transfer Program and an expansion of its Career Transition program. CIA also proposes to begin the initial stages of a restructured, mandatory health plan. Again, we will be in a better position to develop a schedule of these and other proposals when the working groups have finished their reviews.

I will forward a work plan that is less tentative than that described above as soon as it is available. In the meantime, my point of contact for this subject is [redacted] at the Intelligence Community Staff. He may be reached at [redacted] and will be happy to answer any additional questions you may have.

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This same letter is being sent to the Vice Chairman, Select Committee on Intelligence. A similar response is also being sent to the Chairman and Ranking Minority Member of the House Permanent Select Committee on Intelligence.

Sincerely yours,



William H. Webster

**SUBJECT: Letter to The Honorable David L. Boren**

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DCI/ICS/PPO,  (3 April 1989)

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**The Director of Central Intelligence**

Washington, D.C. 20505

14 April 1989

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Vice Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

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The Honorable William S. Cohen

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I will forward a work plan that is less tentative than that described above as soon as it is available. In the meantime, my point of contact for this subject is [redacted] at the Intelligence Community Staff. He may be reached at [redacted] and will be happy to answer any additional questions you may have.

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This same letter is being sent to the Chairman, Select Committee on Intelligence. A similar response is also being sent to the Chairman and Ranking Minority Member of the House Permanent Select Committee on Intelligence.

Sincerely yours,



William H. Webster

**SUBJECT: Letter to The Honorable William S. Cohen**

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DCI/ICS/PPO,  (3 April 1989)

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**The Director of Central Intelligence**

Washington, D.C. 20505

14 April 1989

The Honorable Anthony C. Beilenson  
Chairman  
Permanent Select Committee on Intelligence  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I received a letter from the Chairman and Vice Chairman of the Senate Select Committee on Intelligence (SSCI) asking for additional information on the Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. Since you received a copy of that letter, I am sharing my response with you.

The SSCI letter supported my proposal to establish a senior coordinating group to steer Intelligence Community actions derived from the NAPA Report. That group has already met to begin developing a realistic plan to deal with the Report's recommendations. The senior group is drawing on a set of interagency working groups to place the recommendations in priority order and identify key issues that require further study.

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The Honorable Anthony C. Beilenson

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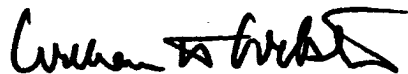
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Sincerely yours,



William H. Webster

**SUBJECT: Letter to The Honorable Anthony C. Beilenson**

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DCI/ICS/PPO/  (3 April 1989)

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**The Director of Central Intelligence**

Washington, D.C. 20505

14 April 1989

The Honorable Henry J. Hyde  
Ranking Minority Member  
Permanent Select Committee on Intelligence  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Hyde:

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Mr. Henry J. Hyde

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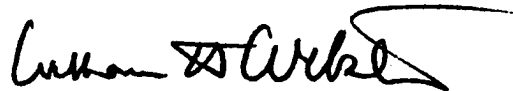
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Sincerely yours,



William H. Webster

**SUBJECT:** Letter to Mr. Henry H. Hyde

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DCI/ICS/PPO/  (3 April 1989)

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# United States Senate

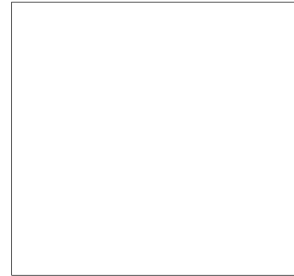
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May 18, 1989



ILLEGIB

The Honorable William H. Webster  
Director of Central Intelligence  
Central Intelligence Agency  
Washington, D.C. 20505

Dear Judge Webster:

We are pleased to note from your letter of April 14, 1989, that the Intelligence Community is following up on the findings and recommendations made in the extensive personnel study completed by the National Academy of Public Administration.

We can appreciate that because of the far-reaching nature of the report, affected agencies would want to study it carefully. We are also encouraged that you will have a better idea of a legislative agenda by mid summer.

Since the Committee considers comprehensive intelligence personnel and compensation systems as integral to the success of effective intelligence programs, we intend to review carefully the Community-wide legislative and administrative initiatives once they have been developed.

Consequently, the Committee staff will remain in close touch with  to keep abreast of your progress and to coordinate our review process, which may include one or more hearings later this year.

STAT

Sincerely,

David L. Boren  
Chairman

William S. Cohen  
Vice Chairman

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~~CONFIDENTIAL~~

ICS 4289-89  
24 July 1989

**MEMORANDUM FOR:** Director of Central Intelligence  
**VIA:** Deputy Director of Central Intelligence  
**FROM:**   
Acting Director, Intelligence Community Staff  
**SUBJECT:** Congressional Letters on Implementation of  
National Academy of Public Administration  
(NAPA) Report on Civilian Personnel Systems in  
the Intelligence Community

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1. Attached for your signature are letters transmitting the Community's Personnel Action Plan developed as a result of the NAPA Report. The Action Plan identifies initiatives that will be pursued by intelligence agencies in short-, medium-, and long-term time frames and indicates where new legislative authorities may be required. The Community Personnel Coordination Committee (CPCC), composed of personnel directors of key agencies, concurs with the Plan.

2. As the letters indicate, some of the initiatives have been studied by the Office of Personnel Management for application throughout the Federal Government and are not necessarily unique to the needs of the Community alone. Interagency working groups have begun to develop detailed plans and proposals for each of the short-term initiatives identified in the Action Plan. The CPCC will continue to oversee progress made by these groups.

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**CONFIDENTIAL**

**SUBJECT: Congressional Letters on Implementation of National Academy of Public Administration (NAPA) Report on Civilian Personnel Systems in the Intelligence Community**

3. The SSCI has continued to show great interest in the implementation of the NAPA Report. My Staff, accompanied by a representative from key intelligence agencies, will meet with the SSCI Staff on 31 July to discuss the Action Plan and specific goals for the short-term initiatives. We also anticipate hearings on the NAPA Report will be called sometime this fall.



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**Acting Director**

**Attachments:**

- A. Letters for Signature
- B. NAPA Recommendations
- C. NAPA Action Plan

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**CONFIDENTIAL**

**SUBJECT: Congressional Letters on Implementation of National Academy of Public Administration (NAPA) Report on Civilian Personnel Systems in the Intelligence Community**

**DISTRIBUTION: (ICS 4289-89 w/attachments)**

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**DCI/ICS/PPO,  (20 July 1989)**

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**CONFIDENTIAL.**  
Central Intelligence Agency



Washington, D.C. 20505

28 July 1989

The Honorable David L. Boren  
Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to forward additional information on the Intelligence Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. In a letter to you in April, I promised to provide such information following a detailed Community review of the NAPA Report and its recommendations. That review has now been completed and is excerpted in Enclosure A. Based on the review, the Community has developed an initial Action Plan (Enclosure B) that covers the personnel initiatives it will investigate further. The Community Personnel Coordination Committee (CPCC)--established as a result of the NAPA Report and composed of personnel directors of key agencies--concurs with the Plan.

The Action Plan focuses primarily on NAPA's recommendations, but a number of related issues have been added. Initiatives are identified as short-, medium-, or long-term, and indicate if new legislative authority is needed. With a few exceptions, the initiatives apply to the Community as a whole. Some--such as flexible pay for critically skilled employees and expanded training opportunities--parallel trends and policies currently being studied by the Office of Personnel Management for application throughout the Federal Government.

As I noted in my April letter, the Community is using a set of interagency working groups to address NAPA's recommendations and ensure that personnel initiatives are thoroughly vetted. Those groups are now developing detailed plans and proposals for each of the short-term initiatives identified in the Action Plan. Some of these proposals have already been forwarded to the Committee by individual agencies and discussion has taken



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**CONFIDENTIAL**

**CONFIDENTIAL**

**The Honorable David L. Boren**

place regarding them. I will monitor the progress of the Community proposals through the CPCC. If you wish, we would be pleased to brief the Committee or Staff, as you deem appropriate, on the Action Plan or any of the initiatives it treats. My point of contact for such briefings, and any additional questions on the Report, is [redacted] of the Intelligence Community Staff. He can be reached on [redacted]

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I appreciate the interest and support the Intelligence Committees have shown in implementing the NAPA Report to ensure that we continue to recruit and retain the best men and women for the Intelligence Community. I look forward to working closely with you to assure that the Community's personnel management systems are equitable and consistent and provide the tools necessary to accomplish our unique mission.

This same letter and enclosures are being sent to the Vice Chairman, Select Committee on Intelligence; the Chairman, House Permanent Select Committee on Intelligence; and the Ranking Minority Member, House Permanent Select Committee on Intelligence.

Sincerely,



**William H. Webster**  
Director of Central Intelligence

**Enclosures:**  
As stated

**CONFIDENTIAL**



**CONFIDENTIAL**  
Central Intelligence Agency



Washington, D.C. 20505

28 July 1989

**The Honorable Anthony C. Beilenson  
Chairman  
Permanent Select Committee on Intelligence  
United States Representatives  
Washington, D.C. 20515**

**Dear Mr. Chairman:**

I am writing to forward additional information on the Intelligence Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. In a letter to you in April, I promised to provide such information following a detailed Community review of the NAPA Report and its recommendations. That review has now been completed and is excerpted in Enclosure A. Based on the review, the Community has developed an initial Action Plan (Enclosure B) that covers the personnel initiatives it will investigate further. The Community Personnel Coordination Committee (CPCC)--established as a result of the NAPA Report and composed of personnel directors of key agencies--concurs with the Plan.

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**The Honorable Anthony C. Beilenson**

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Sincerely,



**William H. Webster**  
**Director of Central Intelligence**

**Enclosures:**  
**As stated**

**CONFIDENTIAL**

CONFIDENTIAL  
Central Intelligence Agency

Washington, D.C. 20505

28 July 1989

The Honorable Henry J. Hyde  
Ranking Minority Member  
Permanent Select Committee on Intelligence  
United States Representatives  
Washington, D.C. 20515

Dear Mr. Hyde:

I am writing to forward additional information on the Intelligence Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. In a letter to you in April, I promised to provide such information following a detailed Community review of the NAPA Report and its recommendations. That review has now been completed and is excerpted in Enclosure A. Based on the review, the Community has developed an initial Action Plan (Enclosure B) that covers the personnel initiatives it will investigate further. The Community Personnel Coordination Committee (CPCC)--established as a result of the NAPA Report and composed of personnel directors of key agencies--concurs with the Plan.

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**The Honorable Henry J. Hyde**

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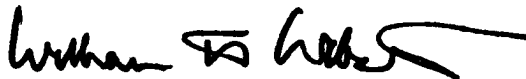
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This same letter and enclosures are being sent to the Chairman, Select Committee on Intelligence; Vice Chairman, Select Committee on Intelligence; and the Chairman, House Permanent Select Committee on Intelligence.

Sincerely,



**William H. Webster**  
**Director of Central Intelligence**

**Enclosures:**  
**As stated**

**CONFIDENTIAL**

**CONFIDENTIAL**  
Central Intelligence Agency



Washington, D.C. 20505

28 July 1989

The Honorable William S. Cohen  
Vice Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Vice Chairman:

I am writing to forward additional information on the Intelligence Community's plans to implement the National Academy of Public Administration's (NAPA) Report on civilian personnel systems. In a letter to you in April, I promised to provide such information following a detailed Community review of the NAPA Report and its recommendations. That review has now been completed and is excerpted in Enclosure A. Based on the review, the Community has developed an initial Action Plan (Enclosure B) that covers the personnel initiatives it will investigate further. The Community Personnel Coordination Committee (CPCC)--established as a result of the NAPA Report and composed of personnel directors of key agencies--concurs with the Plan.

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**The Honorable William S. Cohen**

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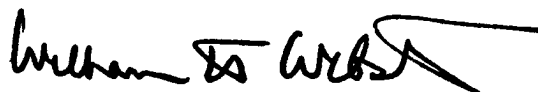
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I appreciate the interest and support the Intelligence Committees have shown in implementing the NAPA Report to ensure that we continue to recruit and retain the best men and women for the Intelligence Community. I look forward to working closely with you to assure that the Community's personnel management systems are equitable and consistent and provide the tools necessary to accomplish our unique mission.

This same letter and enclosures are being sent to the Chairman, Select Committee on Intelligence; the Chairman, House Permanent, Select Committee on Intelligence; and the Ranking Minority Member, House Permanent Select Committee on Intelligence.

Sincerely,



**William H. Webster**  
Director of Central Intelligence

**Enclosures:**  
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DIRECTOR OF CENTRAL INTELLIGENCE  
Intelligence Community Staff  
Washington, D.C. 20505

ICS 4222-89  
21 March 1989

Mr. Charles Battaglia  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Battaglia:

As you requested, I have reviewed the National Academy of Public Administration's study of civilian intelligence personnel systems to see where the implementation of the study recommendations might result in cost savings. As you know, the Academy did not directly address the question of potential savings in its Report. At least indirectly, however, the Report does touch on a number of areas where savings might be expected--especially in its analyses of retention, recruitment, and pay rates.

1. Retention

Keeping skilled, experienced, and cleared personnel (and thereby reducing turnover and overhead costs) is a basic step in holding down personnel costs. The Academy's Report recognizes this need and makes specific recommendations on career development and training, benefits, and pay rates--all intended to bolster retention.

The Report endorses the idea of lifting Government Employees Training Act restrictions to enable agencies to use external training resources more flexibly. A principal objective is to permit employees to take courses that lead to degree programs. Intelligence agencies report that they lose valued employees because they cannot offer such programs (which are widely available in the private sector firms that we compete with). The Academy also recommends that individual agency training programs be coordinated and consolidated to allow personnel from smaller agencies to routinely participate in other agencies' training (some of this is already done). The Academy believes that savings could also be associated with greater joint curriculum development and consolidation of basic training activities.

The Academy's Report paints a less than optimistic picture of future work force demographics and suggests that hiring to accommodate changing needs will be difficult at best. In the Academy's view, this will place an additional premium on training, particularly in the face

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**Charles Battaglia**

of changing intelligence requirements and advancing technology. Retraining employees in new skill areas is a potentially cost-effective way of dealing with these dynamic trends.

The Report also discusses a proposal to provide benefit packages that permit employees to choose from an array of benefit options. Such a program would allow employees to tailor their benefits to meet their specific needs and would be a strong recruitment and retention tool. Although it is not clear that a flexible benefits program would result in immediate cost savings, the Academy points out that this idea developed in the private sector largely to promote cost containment.

The Academy also recommends the provision of locational pay rates to compensate employees required to move to high-cost areas at government direction. Use of these rates should help in the retention of employees who would otherwise choose to leave in the face of higher living costs. The FBI's recently initiated program to pay higher rates to its agents in New York is a good example of the need for such a program.

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## 2. Recruitment

The Report recommends a number of actions that could reduce the costs of recruitment. First, the Academy notes that fluctuating levels of recruitment effort are inefficient, as institutional memory of "what works best to get the best people" is often lost. The Report concludes that constant recruitment operations, even during periods of slow growth, would ultimately be more effective. The Academy also identifies better coordination among intelligence agencies on recruitment methods and potential sources of new employees as a way to cut recruitment costs. Finally, the Report suggests that if security processing were accelerated, fewer candidates would be lost because of existing delays; the Academy believes this would be particularly so for the military services.

## 3. Pay Rates

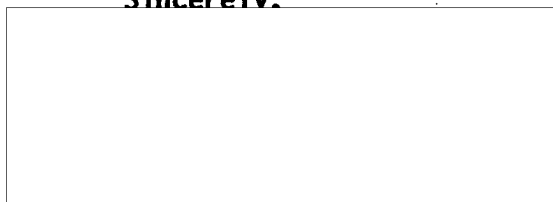
The Report recommends that the Community examine its overseas compensation practices (including basic overseas salaries and allowances). It notes that some cost savings could be found if pay for overseas work was provided as a differential rather than as a component of base pay. As a differential, such pay would not add to retirement or similar benefits computed on base pay, yet it would compensate employees for the hardships endured by being abroad. This could lower overseas allowances as well. Overseas pay is a complicated issue, and the Community will continue to examine it.

STAT

Charles Battaglia

The areas discussed above provide at least some indication of potential savings in personnel costs, and, if you wish, I would be happy to discuss them with you further. The Academy's study has been timely and useful in helping us assess what we need to do in personnel programs, particularly in the current environment of fiscal constraint. We are beginning to address the Academy's recommendations in more detail through a senior personnel policy group, and we look forward to the support of the Oversight Committees as we work to improve Community personnel management.

Sincerely,



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**SUBJECT: Letter to Charles Battaglia**

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DCI/ICS/PPO  (21 March 1989)

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**INTELLIGENCE COMMUNITY PERSONNEL ISSUES  
(NAPA STUDY IMPLICATIONS)**

1. **QUESTION:** Judge Webster, the NAPA study was provided to this Committee in January 1989. It makes over 40 separate recommendations regarding intelligence personnel management policies and compensation practices. Do you agree with all of the recommendations in the report? If not, with which actions do you disagree and why?

**ANSWER:** My letter forwarding the NAPA Report to the Congress indicates my broad agreement with the Report's recommendations. In particular, I strongly support the recommendations that advocate greater flexibility in personnel management for all Intelligence Community activities. I also support NAPA's conclusions on the need for better Community coordination of personnel management initiatives. Indeed, I have already established a senior coordinating group--as recommended by NAPA--to enhance the effectiveness of personnel management across the Community. As you are aware, NAPA's recommendations cover a very wide range of actions. While all have merit, there are questions of feasibility, priority, timing, funding, technical details of implementation, and so on that must be answered before firm decisions to proceed can be made. My senior coordinating group, through a system of specialized interagency working groups, is now actively reviewing the NAPA Report to identify the areas with broad Community application that should be acted on first and to propose an implementation plan. A relatively clear outline of where we are headed should be available by mid-summer. Concurrently, individual agencies are moving ahead on those recommendations that have agency-specific aspects.

2. **QUESTION:** Judge Webster, the NAPA Report made a number of recommendations that have financial implications. If implemented, how do you intend to deal with them?

**ANSWER:** In broad terms, virtually all of the Report's recommendations have financial implications, as all concern personnel and thus affect staffing and retention. Some of the recommendations, however, have direct funding consequences. My approach to dealing with such recommendations will be consistent with my approach to any funding or budget issues. Foremost is the need to treat such issues within the context of the National Foreign Intelligence Program as a whole. In the coming years a great deal of Community scrutiny will be given to many NFIP issues and initiatives, including hardware and operational programs as well as personnel needs. Financial implications of NAPA's recommendations will be dealt with alongside these other issues as part of my effort to formulate an NFIP that addresses our most pressing requirements. I expect that initiatives that are uniquely applicable to specific agencies will be treated similarly by senior program managers.

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3. QUESTION: Judge Webster, will implementation of any of the recommendations require significant additional resources in FY 1990 and FY 1991?

ANSWER: As you are aware, many of NAPA's recommendations are conceptual or concern realignment of personnel policies. There is very little in the Report or its recommendations in the way of the technical details of implementation. Until those details are fully understood and described, accurate funding estimates will be difficult to obtain. As I mentioned, a senior coordinating group is now evaluating the Report to more completely assess implications--including costs--of the recommendations. A full answer will await completion of that effort. In some instances, however, where agency-specific recommendations are involved, projected funding costs are better understood. Agency personnel officers will discuss those matters directly with appropriate Congressional Staff as part of the oversight effort.

4. QUESTION: Judge Webster, the Report highlights a number of areas where benefits and allowances are not uniform for overseas intelligence personnel, and recommends that your authorities be extended to permit you to align benefits and allowances with those the Secretary of State establishes for US government civilian employees overseas. Do you intend to take action to create equity in overseas intelligence compensation?

ANSWER: Achieving equity in overseas compensation is, of course, a desirable objective, and I intend to work towards it. As you are aware, however, the NAPA project staff prepared a separate case study on this issue after the completion of the main Report. The case study points out the extremely complicated nature of overseas compensation and notes the need for further work on the part of the Community (working ultimately in conjunction with the Congress). Because of the scope and technical details of the issues involved, I have referred this problem to my senior coordinating group (discussed previously), which is examining it alongside several other compensation recommendations. The group believes that the overseas pay issue will be among the most complicated ones that it treats.

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SENATE SELECT COMMITTEE ON INTELLIGENCE  
FY 1991 GDIP BUDGET

QUESTION 22. In this year's authorization, you are requesting that the statutory authority to terminate employment be made permanent. (U)

A. Explain why you need this authority? (U)

ANSWER. The Agency's longstanding inherent authority to effect removal action for such cause as will promote the efficiency of the service in DIA cannot be invoked in certain removal cases without potentially risking the disclosure of classified intelligence information, methods and sources to public forums. National security considerations essentially would preclude even proposing a removal action in certain cases where disclosure of sensitive information was indicated. 10 USC 1604(e) provides an indispensable removal option and the necessary safeguards. (U)

B. The authority was first provided in FY 1985. Why hasn't it been used? (U)

ANSWER. When confronted with employee situations where removal action is necessary, the Agency has been extremely fortunate in being able to effect employee separations through counselling out strategies. Such actions usually are mutually beneficial to the employee and the Agency and are accomplished at a fraction of the cost of a formal removal action, in terms of time and staff cost to the government. (U)

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QUESTION 23. The NAPA report has made a number of significant recommendations for improvement of intelligence personnel management policies and compensation practices. (U)

- A. What actions have you taken to develop a coordinated position on those recommendations that would be applicable to GDIP activities. (U)

ANSWER: The Community Personnel Coordinating Committee met on 24 March. Through the committee and its working groups, a coordinated position will be taken on all recommendations. Each department or agency will then pursue legislative proposals through their usual channels. (U)

QUESTION 24. Some of the recommendations can be implemented by you and other agencies without any external action. With respect to the GDIP, what are you doing relative to each of the following:

- A. Improve coordination in entry level recruitment activities.  
(U)

ANSWER: A community working group is being established to improve coordination in entry level recruitment activities. The Federal Bureau of Investigation will chair the group; there are three GDIP representatives. (U)

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D. Take steps to strengthen career development. (U)

ANSWER: A community working group is being established to strengthen career development. The National Security Agency will chair the group; there are two other GDIP representatives. (U)

E. Share information across the various agencies on involuntary removal cases. (U)

ANSWER: A community working group is being established to share information on involuntary removal cases. The Department of State will chair the group; there are three GDIP representatives. (U)

F. Establish an effective outplacement program, based on the CIA and State model. (U)

ANSWER: The Department of State working group will also consider outplacement programs (see question E. above). (U)

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- G. Establish an "adopt-a-school" or agency sponsored high school debating teams, as a means of furthering EEO objectives.  
(U)

ANSWER: The Defense Intelligence Agency will chair a community working group to consider "adopt-a-school" programs. There are two other GDIP representatives in the group. The working group's first meeting is 30 March. (U)

QUESTION 25: Did the recent NAPA Study Team review any of your average grade/salary requirements or assertions?

ANSWER: The NAPA Study Team reviewed the Defense Intelligence Agency's average grade and salary requirements.

**UNCLASSIFIED**

TALKING POINTS ON  
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION (NAPA)  
REPORT ON CIVILIAN INTELLIGENCE PERSONNEL SYSTEMS

10 MAY 1989

BACKGROUND

In accordance with the FY 1988 Intelligence Authorization Act, the NAPA study of civilian personnel systems in the Intelligence Community was submitted to the Intelligence Oversight Committees on 23 January 1989. The Report is a comprehensive examination of major personnel issues such as recruitment, staffing, compensation, benefits, training, and career development and includes a sobering look at the work force of the future.

Overall, the Report's findings are highly supportive of the personnel policies and initiatives employed by the intelligence agencies. Specialized interagency working groups are now reviewing the recommendations contained in the Report; it will be mid-summer before these groups finish assessing the substantive merits and legislative impact of the recommendations. The groups are also reviewing personnel initiatives under consideration by various intelligence agencies which are not mentioned in the NAPA Report.

There has been a great deal of interest in the NAPA Report, particularly from the SSCI, as reflected recently in many of the FY 1990 budget hearings. We expect this interest to continue as personnel initiatives are developed.

TALKING POINTS

- o Specialized interagency working groups are now concluding their review of the recommendations contained in the NAPA Report.
- o Our preliminary assessment is that there will be few requests for new legislation in the near term.
- o The only legislative issue of immediate concern is the request by the Federal Bureau of Investigation for exemption from position classification requirements of Title V, U.S.C. (one of NAPA's key recommendations).
- o Aside from the FBI request, we anticipate that personnel issues requiring Committee attention will focus largely on the extension or expansion of existing policies and programs.

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- o NAPA is now working with the Defense Mapping Agency to determine how that Agency can improve the recruitment and retention of its work force.
- o We hope to complete a plan by mid-summer that will outline the Community's short-, medium-, and long-term personnel policies and initiatives. This plan will include the NAPA recommendations as well as new proposals, and indicate whether new legislative authorities will be necessary.

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**SSCI NFIP HEARING QUESTION 11: (U) IN THE COVER LETTER WHICH FORWARDED THE NAPA STUDY TO THE COMMITTEE, THE DCI INDICATES THAT**

**THE INTELLIGENCE COMMUNITY SHOULD IMPLEMENT A NUMBER OF NEW PERSONNEL INITIATIVES HELD IN ABEYANCE PENDING THE NAPA STUDY. HE**

**SPECIFICALLY CITES AS EXAMPLES THE NSA FLEXIBLE PAY AND BONUS PROPOSAL AND CIA'S FLEXIBLE BENEFITS PROGRAM. PROVIDE A DESCRIPTION**

**OF THESE AND ANY OTHER NEW PERSONNEL INITIATIVES PLANNED TO BE IMPLEMENTED BY EACH AGENCY, AND THE ESTIMATED ANNUAL COSTS OF EACH.**

**ANSWER:** Prior to Congressional interest in the Intelligence Community's personnel systems and subsequent NAPA review, NSA was researching the possibility of implementing a flexible pay system similar to the China Lake experiment in California. This action was deemed necessary because of the constraints of the current general schedule system (imposed by Title 5) which is expected to pose serious problems for future recruitment of critical skilled personnel. A proposal is being developed and structured similar to the program implemented by the National Institute of Standards and Technology (NIST) with pay for performance being the core of the system. The estimated additional start-up cost to implement this flexible pay system agency-wide would be approximately \$1.7 million. (U)

In addition, a bonus system was drafted for the following: recruitment bonus for superior critical skilled applicants; relocation bonus for field service; relocation bonus for high-cost geographical areas and retention bonus to retain individuals in specified critical hard-to-fill vacancies. The estimated start-up cost of the bonus system is approximately \$1.7 million. (U)

To implement a streamlined pay for a performance/bonus system, NSA must seek exemption from Title 5 and will be developing appropriate legislative initiatives. (U)

The following are additional personnel initiatives that are under consideration: emergency medivac for overseas employees (\$100 thousand estimated), emergency visitation travel (\$45 thousand estimated), graduate studies programs (\$3 million estimated), exception from the government employees training act (\$300 thousand estimated), special overseas salary and benefits for all employees assigned overseas (\$4 million estimated), and rest and relaxation travel for designated sites in accordance with the foreign affairs manual (\$55 thousand estimated). (U)

FOR OFFICIAL USE ONLY

DCI 25 JULY MEETING WITH SENATORS BOREN AND COHEN

SUBJECT: Implementation of the National Academy of Public Administration (NAPA) Study

BACKGROUND

The Community recently completed its review of the recommendations made in the NAPA Report and has developed an Action Plan based on this review. The Community Personnel Coordination Committee--established as a result of the NAPA Report and composed of personnel directors of key IC agencies--has concurred with the Plan. The Action Plan consists of short-term (within 1 year), medium-term (within 5 years), and long-term (five years+) initiatives which IC agencies plan to pursue based on NAPA's findings. In a 14 April letter to Senators Boren and Cohen, the DCI promised to forward this Action Plan, and a comprehensive response to the 41+ recommendations made by the NAPA Panel, by mid-summer. This Plan will be before the DCI for his transmittal to both the SSCI and the HPSCI by July 24. Senators Boren and Cohen have expressed a genuine and continuing interest in the implementation of the NAPA report and have indicated they would like to call hearings on the Action Plan sometime this fall.

TALKING POINTS

- o The Community has developed an Action Plan based upon the recommendations contained in the NAPA Report. The Community Personnel Coordination Committee concurs with the Plan.
- o I will be transmitting this Plan, in addition to a comprehensive response to the 41+ recommendations made by the NAPA Panel, to the Oversight Committees by the end of this month.
- o Implementation of these initiatives will help make personnel policies throughout the Community more equitable and consistent and give Community agencies the tools critical to recruiting and retaining qualified employees.
- o My action officers on the Intelligence Community Staff will meet with Mr. Battaglia and other SSCI staff members on July 31 to discuss the Action Plan and our near-term plans for implementation.

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