UNDER SECRETARY OF DEFENSE
5000 DEFENSE PENTAGON
WASHINGTON, DC 20301-5000

INTELLIGENCE

SEP -8 2011

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, DEFENSE SECURITY SERVICE
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY
DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, NATIONAL SECURITY AGENCY/CENTRAL SECURITY AGENCY

SUBJECT: 2011 Defense Civilian Intelligence Personnel System (DCIPS) Guidance on Pay Pools, Awards, and Reporting of Results

This memorandum provides guidance for conducting DCIPS pay pools based on Fiscal Year (FY) 2011 performance evaluations, and for paying individual cash awards during FY 2012. The Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) recently issued guidance for the funding of bonuses and awards during FY 2012. Citing broad and inconsistent allocation of awards within the Federal government, and employee perceptions that award systems fail to accurately distinguish between differences in performance levels, the guidance instructs all departments and agencies to cap FY 2012 spending on non-Senior bonuses and individual cash awards at one percent of aggregate salaries.

DCIPS performance-linked pay and bonus policies and practices align favorably with OPM and OMB direction. Therefore, I am directing that 80 percent of the total budget for FY 2012 bonuses and awards be allocated to performance bonuses awarded through the 2011 DCIPS pay pool process. The remaining funds are available for spot or special act awards within the components. My point of contact in the Human Capital Management Office is Mr. Gary Cunningham at (703) 602-8602 or gary.cunningham@osd.mil.

Michael G. Vickers

Attachments:
Tab A. DCIPS Pay Pool/Bonus Pool Guidance for 2011
Tab B. PowerPoint Template for Publishing 2011 DCIPS Performance Evaluation and Payout Results to the Workforce

cc:
Under Secretary of Defense for Personnel and Readiness
Assistant Deputy Chief of Staff, G-2, Department of the Army
Director of Naval Intelligence, Chief of Naval Operations (N2)
Director of Intelligence for Support, Headquarters, U. S. Marine Corps
Director of Intelligence, Surveillance and Reconnaissance Plans and Resources, Headquarters, U. S. Air Force
General Counsel of the Department of Defense
Deputy Assistant Secretary of Defense for Civilian Personnel Policy
Acting Chief of Staff, Office of the Under Secretary of Defense for Intelligence
Defense Intelligence Human Resources Board Members

A

DCIPS Guidance on Pay Pools and Reporting of Results for Fiscal Year 2011 with Additional Guidance on Awards for Fiscal Year 2012

This attachment provides guidance on pay pools and reporting of performance management and pay pool results for fiscal year (FY) 2011, and awards spending for FY 2012. All Defense intelligence Components and other organizations with DCIPS positions will comply with this guidance and, as applicable, with DCIPS Volume 2012, "Defense Civilian Intelligence Personnel System (DCIPS) Performance-Based Compensation." Exceptions to this guidance or to DCIPS policy may be requested in writing with a supporting business case for the requested exception. Such requests should be directed to Director, Human Capital Management Office (HCMO), Office of the Under Secretary of Defense (Intelligence).

Compliance with Merit System Principles and Prohibition of Pre-decisional Demographic Analysis

- Pay pool deliberations and all decisions on awards will be conducted in accordance with Merit System Principles.

- Analyses of performance evaluations or pay pool results by demographic characteristics that identify protected classes of individuals are prohibited prior to conclusion of both the performance management and pay pool processes. Analyses by organizational and/or position-related characteristics are permitted.

Performance-based Salary Increases, Bonuses, and Quality Step Increases

- The National Geospatial-Intelligence Agency (NGA) will conduct DCIPS pay pools for the purpose of determining performance-based salary increases and bonuses based on FY 2011 performance evaluations. All other DCIPS Components will conduct pay pools to grant performance bonuses based on FY 2011 performance evaluations.

- Components other than NGA may, at the discretion of the Component Head, award QSIs during the pay pool process. All other awards are to be granted through the Component's awards process based on policy in DCIPS Volume 2008, "Awards and Recognition" and with guidance provided within this document.

- Components choosing to award QSIs during the bonus pool process are not prohibited from awarding QSIs at other times throughout the year. Employees who receive a QSI are not excluded from consideration for a performance bonus or other awards granted under guidance provided in DCIPS Volume 2008, and vice versa.

Funding Levels for DCIPS Pay Pools and Cash Awards

- NGA may set the funding for performance-based salary increases within the range of 2.0% and 2.4%.

- In accordance with the Office of Personnel Management (OPM)/Office of Management and Budget (OMB) memorandum dated June 10, 2011, the FY 12 spending on performance bonuses and cash awards for "non-Senior" employees is capped at 1% of the sum of aggregate salaries (base pay plus Local Market Supplement, locality pay, Targeted Local Market Supplement, and/or special salary rate supplement) for those employees.

- Component-wide funding levels for performance bonuses will be set within the range of .8% and 1.0% of total non-Senior employee aggregate salaries. This leaves 0% to .2% for the Component to spend on other cash awards throughout FY12.

- Quality Step Increases do not count against the bonus funding percentage and are excluded from the 1% cap on bonuses and awards. However, DCIPS Components will follow Departmental guidance by spending no more than .17% of aggregate salaries on QSIs during FY 2012.

Computations for Establishing Individual Pay Pool Budgets

- For NGA, the preliminary pay pool budget for performance-based salary increases will be calculated by summing the total base salaries of all employees in the pay pool and multiplying by the performance-based salary increase funding level.

- The DCIPS Compensation Workbench (CWB) will provide two computations for the preliminary budget for performance bonuses: 1) by summing the total base salaries of all employees in the pay pool and multiplying by the performance bonus funding level, and 2) by summing the total aggregate salaries (including base pay plus Local Market Supplements and Targeted Local Market Supplement) of all employees in the pay pool and multiplying by the performance bonus funding level. Components have the option of funding based on base salaries or aggregate salaries, but must ensure that, when all pay pools are combined, the final sum of all bonus allocations and planned performance awards projected outside the bonus process across the Component does not exceed 1% of aggregate non-Senior salaries.

Automated Tools for Facilitating Pay Pool Decisions

- Components must use the DCIPS CWB for facilitating the DCIPS pay pool decision-making process and capturing pay decisions.

- NSA has been granted an exception to use a version of the DCIPS CWB that has been integrated into their PeopleSoft system.

- No other tool is authorized for use in the DCIPS pay pool process.

Limitation on Awarding Performance Bonuses

- As noted in DCIPS Volume 2012, the number of employees who receive bonuses generally shall not exceed fifty percent of the eligible population within the Component. Quality Step Increases do not count against the fifty percent, nor do they count against bonus pool funds.

- Components may apply Component-specific caps or limitations on the numbers of QSIs that may be granted within the previously prescribed funding limitations.

Relationship of Evaluation of Record to Pay Increases and Bonuses for Employees of the National Geospatial-Intelligence Agency (NGA)

- NGA employees with an Evaluation of Record of "Successful" or higher are eligible for performance-based salary increases and bonuses through the NGA pay pool process. NGA Employees with an Evaluation of Record of "Minimally Successful" or "Unacceptable" are ineligible for any performance-based salary increase or bonus through the NGA pay pool process.

- Under no circumstances may an employee's basic pay (base pay plus Local Market Supplement or Targeted Local Market Supplement) exceed the rate of pay equal to Level IV of the Executive Schedule.

Relationship of Evaluation of Record to Bonuses and Quality Step Increases for Employees of DCIPS Components Other than NGA

- Employees of all DCIPS Components other than NGA with an Evaluation of Record of "Successful" or higher are eligible for performance bonuses through their Component pay pool process.

- Employees of all DCIPS Components other than NGA with an Evaluation of Record of "Outstanding" are eligible to receive a QSI. Quality Step Increases will be in the form of a base pay increase equivalent to one step increase at the employee's assigned DCIPS grade (or GGE if the Component is operating under bands with DCIPS Interim rules). A QSI may result in an employee's base pay increasing up to the maximum of the rate range (i.e. the step 12 rate of the grade, or the GGE for Components operating under pay bands with DCIPS Interim rules).

- Under no circumstances may an employee's basic pay (base pay plus Local Market Supplement, locality pay, or Targeted Local Market Supplement, or special salary rate supplement) exceed the rate of pay equal to Level IV of the Executive Schedule.

Consideration of Employees Transferring Between DCIPS Components and on Joint Duty Assignments

- Employees who transferred between DCIPS Components on or after July 1, 2011 will be considered in the pay pool/bonus pool of the gaining DCIPS Component using the closeout/early annual performance evaluation from the previous DCIPS Component.

- All employees who served, or are serving, on Joint Duty Assignments on or after July 1, 2011 will be considered for a performance bonus by the gaining DCIPS Component using the performance evaluation of record from the home Component. DCIPS employees who are serving in a non-DCIPS organization will be considered for a bonus or other award under the rules in effect for that organization.

- NGA employees serving on Joint Duty Assignments will be considered for performance-based salary increases through NGA's pay pool process, and for bonuses at the host DCIPS Component, or for other awards under the rules in effect for a non-DCIPS organization.

Communicating Payouts

- As soon as possible after payout decisions have been finalized through Component processes, Rating Officials will communicate payout decisions to their respective employees.

- All employees must receive communication about the payout process. Employees receiving a performance-based payout must receive personal communication regarding their salary increase and/or bonus.

- Components are responsible for ensuring Rating Officials are provided information and guidance on sharing results of the pay pool process.

- Rating Officials must document how and when such feedback was provided to employees.

Reporting Requirements for Performance Evaluations and Pay Pool Results

- Components are required to provide aggregate performance evaluation and payout results to their workforces as soon as practical after the conclusion of the pay pool process using the USD(I) template provided for this purpose (Attachment 2).

- Performance evaluation and payout results should be displayed in an easily accessible location or through a convenient medium such as an internal website to ensure common messaging to all employees.

- Components may choose to provide additional high-level information that supports DCIPS policy and philosophy of transparency. However, such information must be consistent with DCIPS reporting conventions (e.g., no reported information may identify a specific individual, reporting of performance management results must align to DCIPS rating descriptors vice numeric scores with decimals).

- Components must provide OUSD(I) with an advance copy of the information to be provided to the workforce for review. The information provided to HCMO may be in the form of PowerPoint slides, screen shots from the Component website, or other appropriate method.

- As soon as is practical, but no later than **January 13, 2012**, Components will provide the OUSD(I) with a raw data file, including employee demographics, on performance evaluation and payout results by employee. OUSD(I) will conduct

an analysis which will be shared with each Component's leadership. OUSD(I) will also provide Component data to the Office of the Director of National Intelligence in accordance with oversight requirements.

Reporting Monetary Awards and other Monetary Spending Covered under OPM/OMB Budget Guidance

- Components will report spending on monetary awards granted outside of the pay pool process to USD(I) Human Capital Management Office (HCMO) so that HCMO may track Component spending against the OMB/OPM budget guidance.

- Components will providing the following data to HCMO no later than January 13, 2012:

    - A report on Component spending on recruitment, retention and relocation incentives for all civilian employees (including Seniors) during calendar year 2011. This report must include spending by occupational series/group and by pay band or grade separated by the type of incentive.

    - A raw data file of deployment incentives granted for all civilian employees (including Seniors) during calendar year 2011. The file will include the dates of deployment, employee grade and step (or band), employee basic pay (including LMS, locality, TLMS, or special salary rate supplement), all allowances, awards, incentives, and differentials received during the calendar year.

    - A raw data file of monetary awards allocated outside of the pay pool process during the first quarter of FY 12. The file will include the dates of employee grade and step or band, employee basic pay (including LMS, locality, TLMS, or special salary rate supplement), occupational series/group

- No later than June 13, 2012, Components will report the information that was provided in the January report but for the period of October 01, 2011 through May 31, 2012.

- A final report covering all spending on awards and bonuses for FY 2012, and a on incentives for CY 2012 will be provided to HCMO no later than 31 January 2013.

Payout Effective Date

- Performance-based salary increases and bonus payments will be made effective on **January 1, 2012.** Any exceptions to this date must be requested in writing to Director, Human Capital Management Office, Office of the Under Secretary of Defense (Intelligence).

B

DCIPS

DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Template for Publishing DCIPS Performance Evaluation and Pay Pool Results to the Workforce

August 2011

DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Report for Employees

Overall Summary – FY11 Performance Cycle

Modal Performance Evaluation of Record*	Successful (3)
Mean Performance-based Salary Increase (NGA only)	2.4%
Mean Bonus Amount	$3,200
Percent of Workforce Receiving a Bonus	49%
Percent of Workforce Receiving a QSI *(if applicable)*	1%

* Refers to the Performance Evaluation of Record received by the highest percentage of employees.

DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Report for Employees

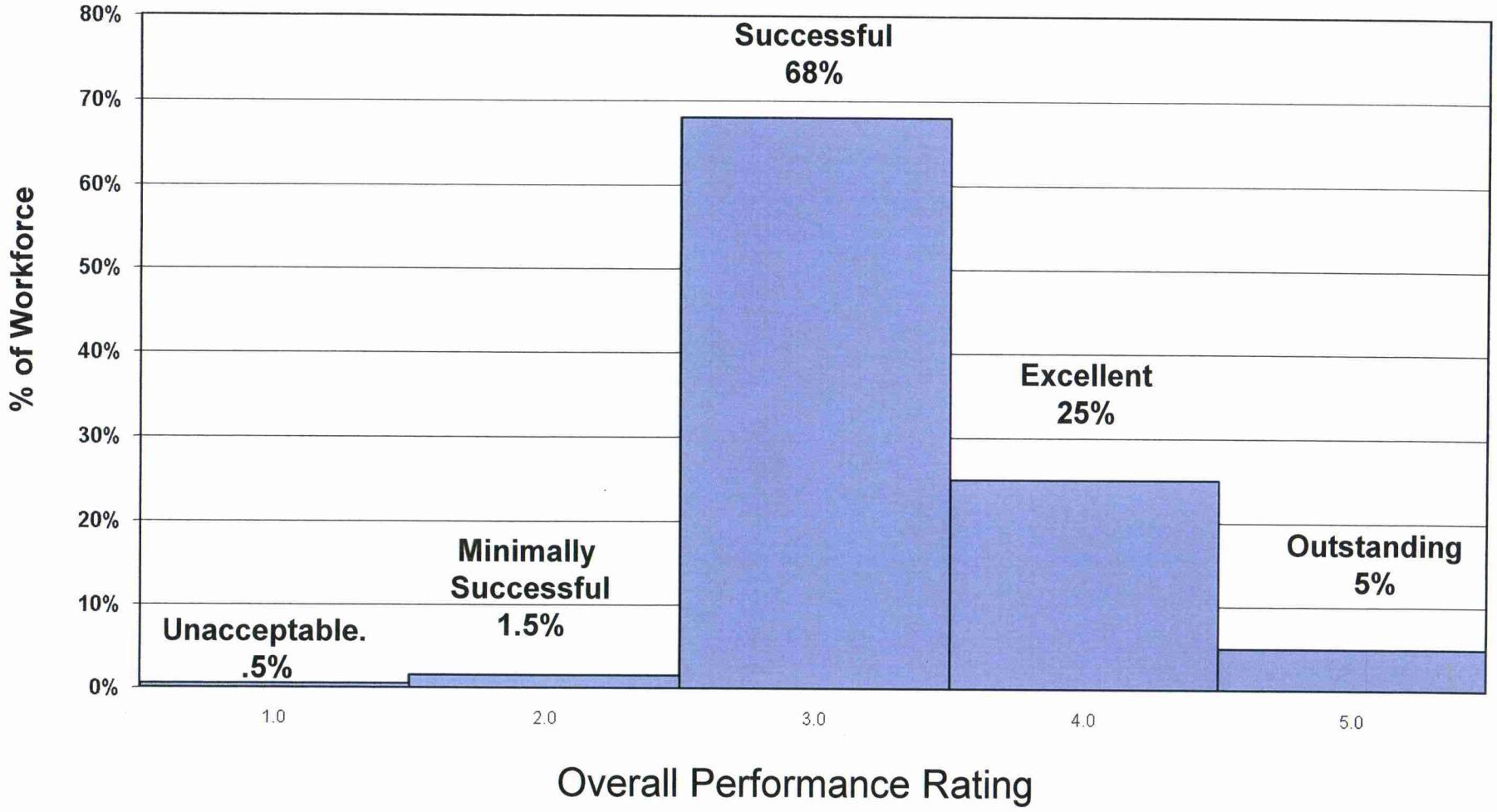
Overall Results by Special Characteristics – FY11 Performance Cycle

	Number of Employees	Average Bonus Amount
Overall Workforce	3,000	$3,200
Employees in Developmental Programs	120	$3,200
Employees on Deployment	75	$3,200
Employees Away on Joint Duty Assignments	50	$3,200
Employees Hosted on Joint Duty Assignments	36	$3,200

DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Report for Employees

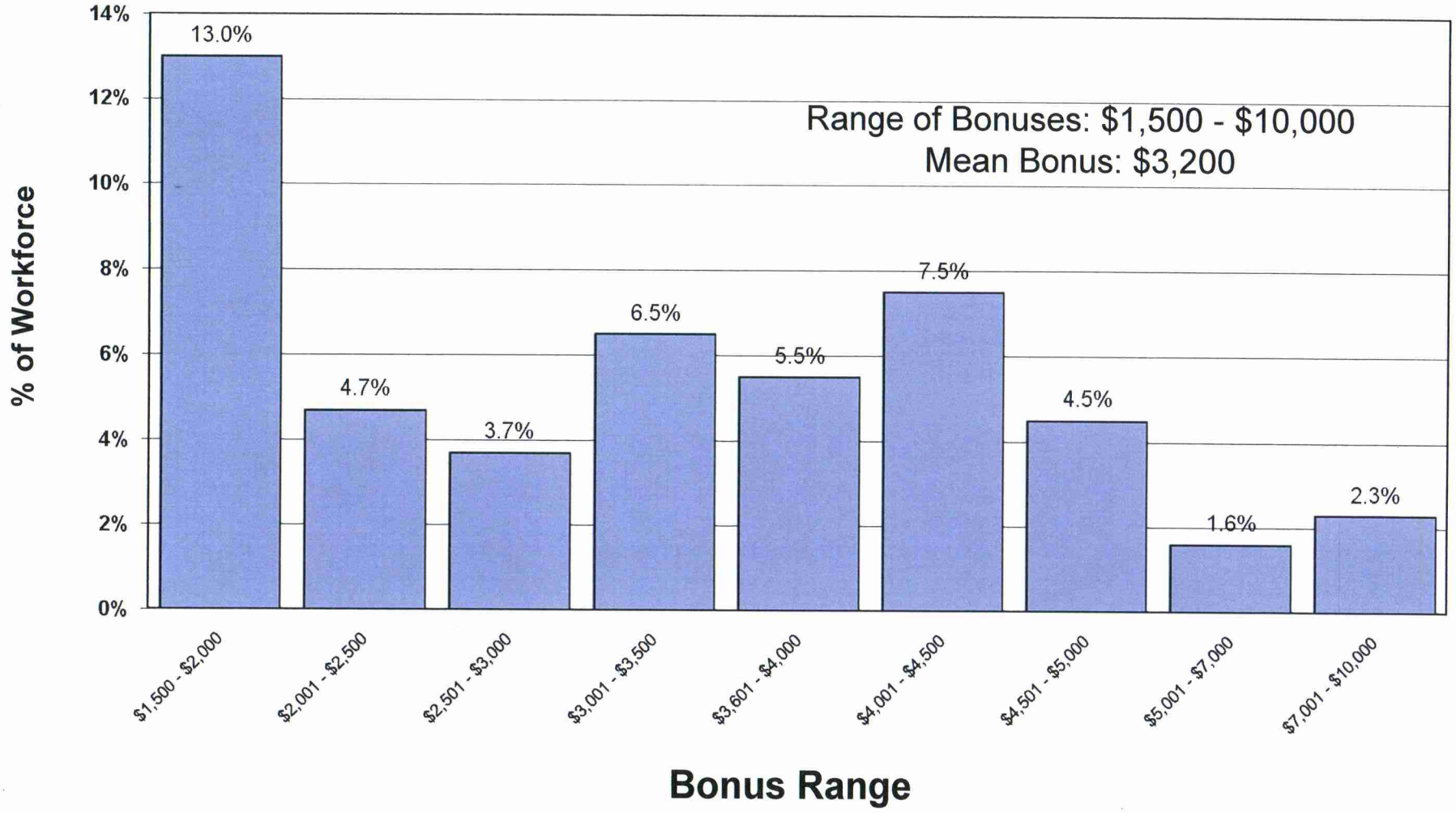
Overall Performance Ratings – FY11 Performance Cycle



DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Report for Employees

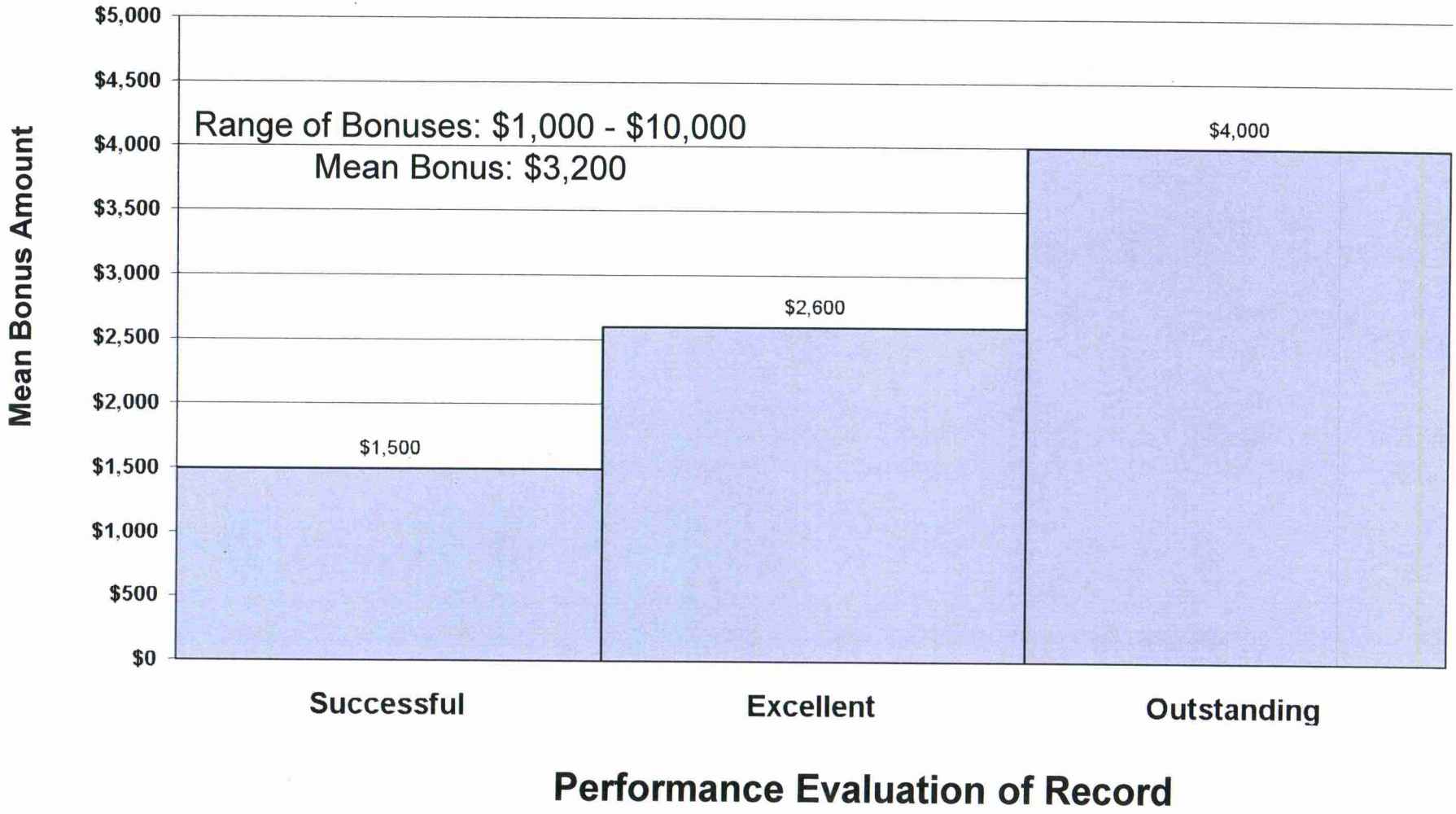
Bonus Amounts Awarded – FY11 Performance Cycle



DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Report for Employees

Average Bonus Amount by Bonus Factor – FY11 Performance Cycle



DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Workforce Data Report for Employees

Overall Results All DCIPS Components *(USD(I) HCMO Will Provide)*

	Percent of Workforce	Mean Base Salary Increase (NGA only)	Mean Bonus Amount
TOTAL WORKFORCE	100%	4.60%	$3,200
GENDER			
Female	50%	4.60%	$3,200
Male	50%	4.60%	$3,200
RACE			
White	12.5%	4.60%	$3,200
Black / African American	12.5%	4.60%	$3,200
Asian	12.5%	4.60%	$3,200
American Indian/Alaskan Native	12.5%	4.60%	$3,200
Native Hawaiian/Pacific Islander	12.5%	4.60%	$3,200
Multiracial	12.5%	4.60%	$3,200
Identity Pending	12.5%	4.60%	$3,200
Unspecified	12.5%	4.60%	$3,200

DCIPS
DEFENSE CIVILIAN INTELLIGENCE PERSONNEL SYSTEM

Sample Aggregate Workforce Data Report for Employees

Overall Results All DCIPS Components (USD(I) HCMO Will Provide)

	Percent of Workforce	Mean Base Salary Increase (NGA only)*	Mean Bonus Amount
ETHNICITY			
Non-Hispanic	33.33%	4.60%	$3,200
Hispanic	33.33%	4.60%	$3,200
Identity Pending	33.3%	4.60%	$3,200
AGE GROUP			
Under 40 Yrs of Age	50%	4.60%	$3,200
40 Yrs of Age and Over	50%	4.60%	$3,200
DISABILITY STATUS			
No Disability	50%	4.60%	$3,200
Disability	50%	4.60%	$3,200
Targeted Disability**	10%**	4.60%	$3,200
VETERANS' STATUS			
Veteran	50%	4.60%	$3,200
Non-Veteran	50%	4.60%	$3,200

* "Targeted disability" is a subset of "Disability" category