

DIRECTOR OF NATIONAL INTELLIGENCE
WASHINGTON, DC 20511

ES 00743

MEMORANDUM FOR: Intelligence Community Civilian Employees
SUBJECT: Intelligence Community Pay Modernization

In August 2010, the Secretary of Defense informed Congress that he had decided not to proceed with implementing the pay-setting policies of the Defense Civilian Intelligence Personnel System (DCIPS) across the Defense Intelligence Enterprise. Instead, the Secretary said that Defense will focus on finding ways to leverage incentives under a General Schedule (GS) like system to drive performance improvement. Only the National Geospatial-Intelligence Agency (NGA), with more than a decade of experience under pay-for-performance, will continue using the more sophisticated DCIPS pay-setting policies.

The Secretary explained that he made his decision after considering the current operational tempo within the Department and the concerns of congressional members and staff. But he emphasized the need to continue to pursue a common performance-oriented personnel framework both across the Defense Intelligence Enterprise and within the Intelligence Community (IC). I completely agree with this strategy.

Back in May 2008, when former Director of National Intelligence (DNI) McConnell announced the establishment of IC Pay Modernization, he said this transformational initiative was designed to ensure that we can recruit, reward, and retain a civilian workforce that is second to none. Under this initiative, the pay of our civilian employees was to be based strictly on their performance – what they do and how they do it – and all such decisions were to be transparent and strictly according to merit. I agree with these principles.

I am a strong supporter of performance-based pay. I saw it work at NGA. I believe it has the potential to truly transform the IC. But the success of this program has always been inextricably linked to our ability to implement a rigorous, consistent, and fair performance management program across the IC. Unfortunately, the independent panel that reviewed DCIPS uncovered evidence of problems with the performance management processes at some agencies and elements.

We have received additional feedback via surveys and employee focus groups that corroborated these problems exist (to varying degrees) across all IC agencies and elements. These results indicate that we were trying to make the shift from a longevity-based system to a pay-for-performance system too quickly. You have my commitment that we will fix these problems quickly and strengthen the training for employees and supervisors.

Accordingly, we will focus our efforts on improving our performance management processes and on looking for intelligent ways to use GS-like incentives (bonuses, quality step increases, etc.) to “pay-for-performance.” We will explore the feasibility of creating new

SUBJECT: Intelligence Community Pay Modernization

incentive authorities (additional steps, multi-step awards, etc.). We will also continue to nurture and evaluate more sophisticated pay programs like we have at NGA. Across all these efforts, we will seek your feedback on what is working, what is not, and what should be done about it.

Each and every day, we can see the impact of our work and further evidence that IC performance matters. The National Intelligence Strategy highlights the areas that demand our attention, resources, and commitment. It also establishes the basis for accountability to ensure that the community meets the goals of our strategy. We must leverage our performance management system to achieve organizational results and mission objectives through effective management of individual and team performance.

Thanks for your commitment to continued improvement and service to our country.



James R. Clapper, Jr.

18 SEP 10

Date