

**Independent Review of the  
Defense Civilian Intelligence Personnel System (DCIPS)  
Work Plan  
January 21, 2010**

**INTRODUCTION**

The Secretary of Defense has been authorized by law to establish common personnel policies for Department of Defense (DoD) intelligence components. As a result of the Intelligence Reform and Terrorism Prevention Act of 2004,<sup>1</sup> the Director of National Intelligence (DNI) and Intelligence Community (IC) agencies agreed on the National Intelligence Civilian Compensation Program (NICCP), which provides the framework for DoD implementation of the Defense Civilian Intelligence Personnel System (DCIPS). Improvements to the performance management and pay system are considered one foundational aspect necessary for moving the IC toward the goal of greater integration and collaboration across the enterprise in support of a common mission.

DCIPS is a unique human resources management system designed for DoD intelligence components and other intelligence positions designated by the Under Secretary for Defense for Intelligence(USD(I)). The system will cover positions at the Defense Intelligence Agency (DIA), the National Geospatial Intelligence Agency (NGA), the National Reconnaissance Office (NRO), the National Security Agency (NSA), the Office of the Under Secretary of Defense for Intelligence, and the intelligence elements of the military departments. The broad goals of DCIPS are to provide a single system for the DoD intelligence enterprise that recognizes and rewards performance and contributions to the organization's mission, and enhances components' ability to attract and retain high quality candidates.

Although DoD intelligence elements have adopted all or parts of DCIPS, the Chairmen of the House Armed Services Committee and the House Permanent Select Committee on Intelligence formally requested during 2009 that further DCIPS implementation be delayed. Subsequently, the FY 2010 National Defense Authorization Act (NDAA) suspended certain DCIPS pay authorities from October 28, 2009, through December 31, 2010. In addition, NDAA required that an independent organization be designated to conduct a review of DCIPS.

---

<sup>1</sup> The Intelligence Reform and Terrorism Prevention Act of 2004 sought to establish common personnel standards for intelligence community personnel.

## **THE NATIONAL ACADEMY STUDY**

In accordance with the NDAA, the Secretary of Defense, the Director of National Intelligence, and the Director of the U.S. Office of Personnel Management have jointly designated the National Academy of Public Administration (the Academy) to conduct the independent review of DCIPS, including its design, implementation, and impact. Specifically, the NDAA directs that the Academy's review assess:

*“...(A) its impact on career progression; (B) its appropriateness or inappropriateness in light of the complexities of the workforce affected; (C) its sufficiency in terms of providing protections for diversity in promotion and retention of personnel; and (D) the adequacy of the training, policy guidelines, and other preparations afforded in connection with transitioning to that system.”*

The NDAA requires that final report and recommendations be completed by June 1, 2009. This Work Plan provides a description of the activities the Academy will carry out during the course of this review, including:

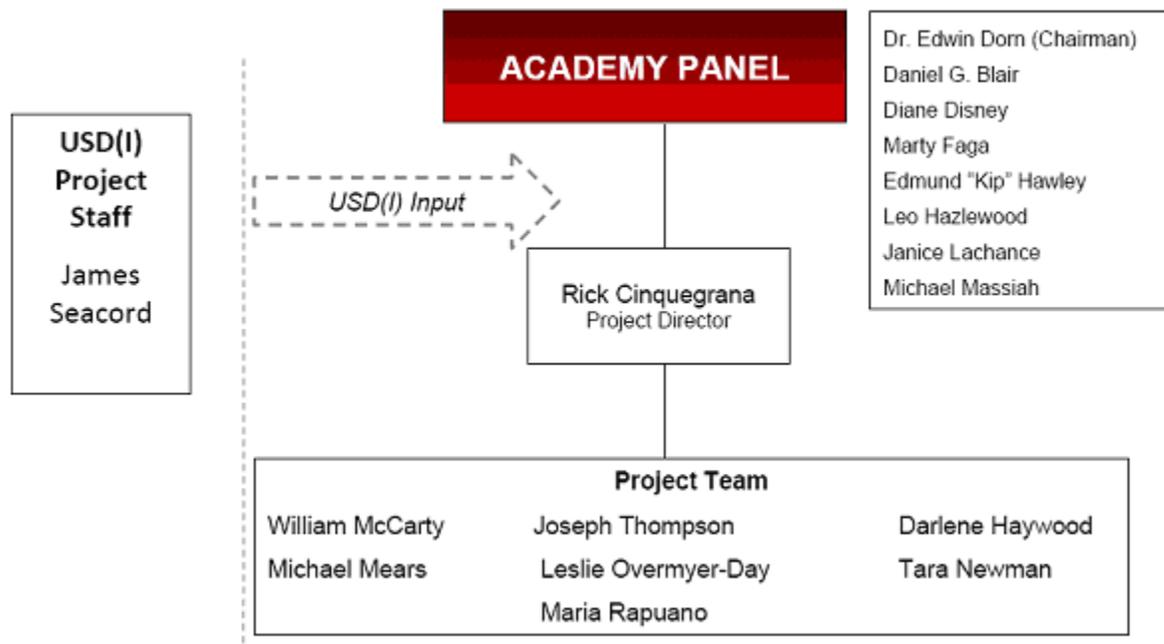
- The objectives of the review;
- The approach and methodology the Academy will use;
- The role of the Academy Panel; and
- Project schedule, timeline and deliverables.

## **THE ACADEMY PANEL**

This review will be directed by an expert Panel of seven Academy Fellows and one individual nominated by USD(I) that will oversee the study, approve the Work Plan, guide the Academy study team's research, and make a final report to the Secretary of Defense and the Congress. Panel members were selected for their expertise and experience in such areas as personnel management systems, pay-for-performance, IC and DoD organizations, and change management.

As shown in Figure 1, the Panel will consider the issues as they develop, provide expert advice, and develop findings, conclusions, and recommendations that will be provided in the final report. The Academy Project Director will provide specific subject matter guidance and leadership to the study team and serve as a primary point of contact to USD(I) and Panel members.

**Figure 1**  
**Integrated Project Structure**



Over the course of Phase 1, the Academy expects that the Panel will meet three times:

- **Meeting 1** will take place on January 22, 2010. The Panel will review the draft Work Plan, and discuss recent developments, challenges, and relevant issues related to DCIPS and execution of the review. Congressional and USD(I) representatives will be invited to present their perspectives on the issues and the purposes of the review. The Work Plan will be made final after this initial meeting.
- **Meeting 2** will take place on or about March 31, 2010. At this meeting, the Panel will review the preliminary findings prepared by the study team based on the primary and secondary research conducted to that point. Additional views will be solicited from U.S. government officials and other stakeholders, as appropriate. The Panel will likely go into Executive Session to discuss the preliminary findings.
- **Meeting 3** will take place on or around April 23, 2010 and be almost entirely in Executive session. The Panel will review the draft report, make modifications, and endorse the findings, conclusions, and recommendations. The study team will work with the Panel thereafter to incorporate the Panel's comments into the draft, and then forward the draft to USD(I) for review and comment.

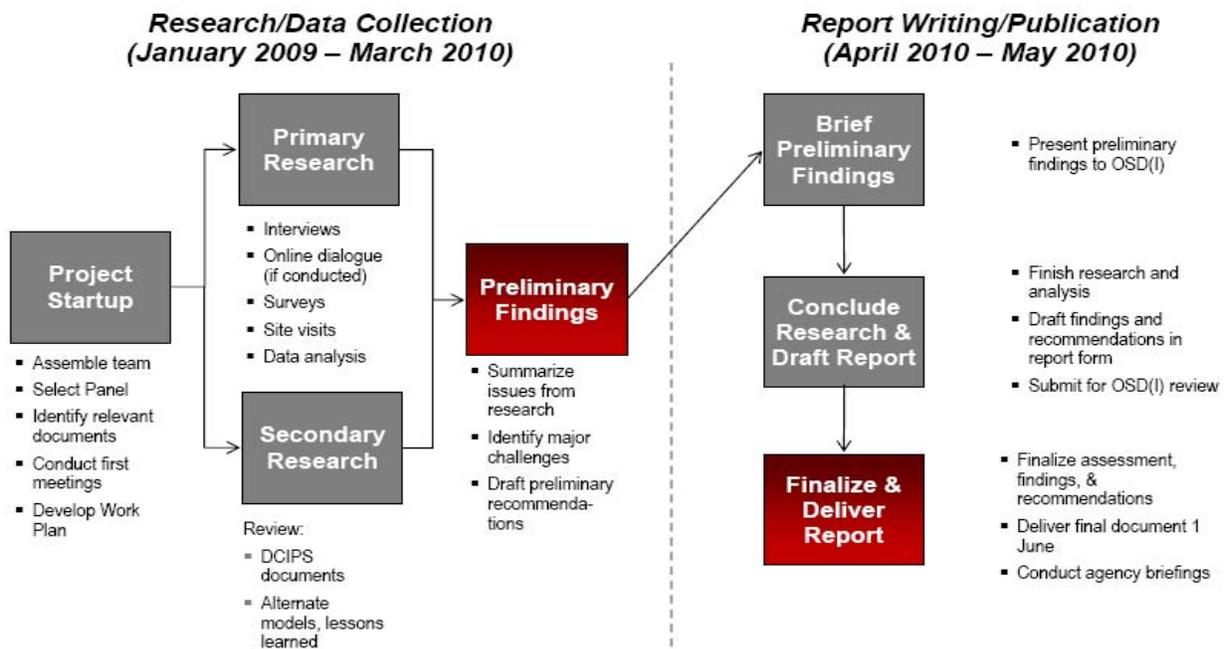
USD(I) and other representatives may attend and participate in the open portion of Panel meetings. Executive Sessions are typically held after the open sessions, and involve only Academy study team staff and Panel members.

## STAGES OF THE REVIEW

As shown in Figure 2, Phase I of the Academy’s review of DCIPS will be conducted in two major stages: (1) research/data collection and analysis; and (2) report writing/publication. At each stage the Academy will engage in a number of data collection and analysis activities over the course of this effort and these are described in greater detail in the Approach and Methodology section.

**Stage 1.** During the first stage, which will last approximately two and a half (2 ½) months, the study team will conduct both primary and secondary research organized around the three research questions that are discussed in the next section. The goal of this stage is to develop preliminary findings that will summarize themes, and identify major challenges and issues for discussion among the study team, Panel and USD(I).

**Figure 2**  
**Stages of the Phase I Review**



The Academy will prepare and present its interim findings from the primary and secondary data collection activities in a briefing to USD(I) 90 days after contract award (on or around April 6, 2010). This briefing will note key themes, findings, and issues that have emerged from the various data sources in the course of stage one of the review. The briefing will include Panel perspectives and identify any additional data that will be sought, validated, and analyzed prior to development of the draft final report.

**Stage 2.** During the second stage, which will last approximately two months, the final report will be prepared. The report will offer the Panel's formal findings, conclusions, and recommendations, as well as various appendices with supporting information. Following presentation of the preliminary findings at the end of stage one, the Academy study team will conclude any outstanding data collection and analysis, and develop a draft final report for Panel review and approval. The draft will expand upon the preliminary findings and present the data analysis, findings, conclusions, and Panel recommendations in report form. The Panel will review, comment, and approve the draft prior to its submission to USD(I) for comment in late April.

Upon delivery of the draft report (anticipated on or about April 30, 2010), USD(I) will have up to 14 calendar days to review and comment on the draft report. The Academy will then have approximately 14 calendar days from receipt of USD(I) feedback to consider all comments, and make revisions as appropriate, and submit the final report by June 1, 2010 to the Secretary of Defense and the Congress. This final report will contain the Academy Panel's findings, conclusions, and recommendations regarding the design, implementation, and potential impact of DCIPS. The report also will be made available to the public on the Academy's website.

## **OBJECTIVES OF THE REVIEW: GUIDING RESEARCH QUESTIONS**

The objective of this review is to evaluate the extent to which DCIPS is properly designed, communicated, and positioned for successful deployment. To meet the objectives of the review, the Academy has identified three basic questions that will be answered in the two major stages of this review. These reflect the Academy's understanding of both NDAA and USD(I) requirements. The three questions are:

1. Design: To what extent does DCIPS design align with sound design principles of performance management and pay-for-performance based systems, as well as take into account the complexities of the affected workforce?
2. Implementation: To what extent does the DCIPS implementation plan reflect sound change management strategies and principles?
3. Impact: Based on the current design and implementation approach, what identifiable issues or concerns will impact career progression and diversity?

## **APPROACH AND METHODOLOGY**

This section describes the evaluation framework that will be applied in the two stages of Phase I to assess DCIPS design. It also explains the data collection methods the study team will employ across the entire review, and the specific methods the study team will employ to address each of the three research questions.

### **Evaluation Framework**

The Academy's assessment of DCIPS will be consistent with guidance contained in the Office of Personnel Management's (OPM's) handbook for evaluating alternative personnel systems (APSS), the "Alternative Personnel Systems Objectives-Based Assessment Framework

Handbook” (OPM Framework). This OPM Framework, which is based on OPM’s Human Capital Assessment and Accountability Framework, was created to provide an overarching tool for evaluating human capital transformation efforts that implement new pay systems to drive organizational change and mission success. The OPM Framework was developed on the basis of experience in the public and private sectors and input from key stakeholders in OPM and other agencies and is comprised of two distinct components: Preparedness and Progress. **Preparedness** assesses an agency’s readiness to implement an APS and includes the dimensions of Leadership Commitment, Open Communication, Training, Stakeholder Involvement, and Implementation Planning. **Progress** addresses the extent to which the agency has achieved, or is in the progress of achieving, the broad human capital transformation goals associated with an APS. Progress includes the dimensions of Mission Alignment, Results-Oriented Performance Culture, Workforce Quality, Equitable Treatment, and Implementation Plan Execution.

Because neither component of the OPM Framework fully assesses the overall structural design of an APS, the Academy will augment it with additional assessment criteria, to include the Academy’s own Design Principles.<sup>2</sup> A key element of the assessment of the design of DCIPS will include the extent to which the system retains and upholds the merit systems principles set forth in section 2301 of title 5 of the U.S. Code. In addition, the Academy will apply lessons learned from the public literature on alternative pay systems, as well as other recently implemented federal systems. Appendix A presents the DCIPS Assessment Tool the Academy will apply to this review.

### **Data Collection Methods**

The Academy will apply a multiple method approach to this review during stages one and two, and will collect and analyze both qualitative and quantitative data gathered from several sources. Qualitative data will be analyzed for relevant themes and patterns. Quantitative data will be subjected to statistical analysis, with the appropriate analysis technique determined on a case-by-case basis for each type of data under consideration.

All data collection efforts will be conducted on a not-for-attribution basis. As part of this review, it will be important that the Academy study team have contact with staff at multiple levels to obtain their perspectives on DCIPS. Based on discussion with senior USD(I) officials, the Academy understands that employees within the Defense Intelligence enterprise are very familiar with “virtual” technologies. Given the stringent time and resource constraints of the review, the Academy will utilize these technologies as much as possible to gather information in the most cost effective and efficient manner.

**Primary Data Sources.** The study team will gather additional data from original sources through a combination of interviews, site visits, online forums, and, as possible, focus groups. With assistance from USD(I), the study team will contact key USD(I) staff and other DoD and IC personnel to participate in these data collection efforts. Priority will be given to conducting in-person interviews with USD(I) officials and other senior level stakeholders.

---

<sup>2</sup> National Academy of Public Administration, *Recommending Performance Based Federal Pay*, (May 2004).

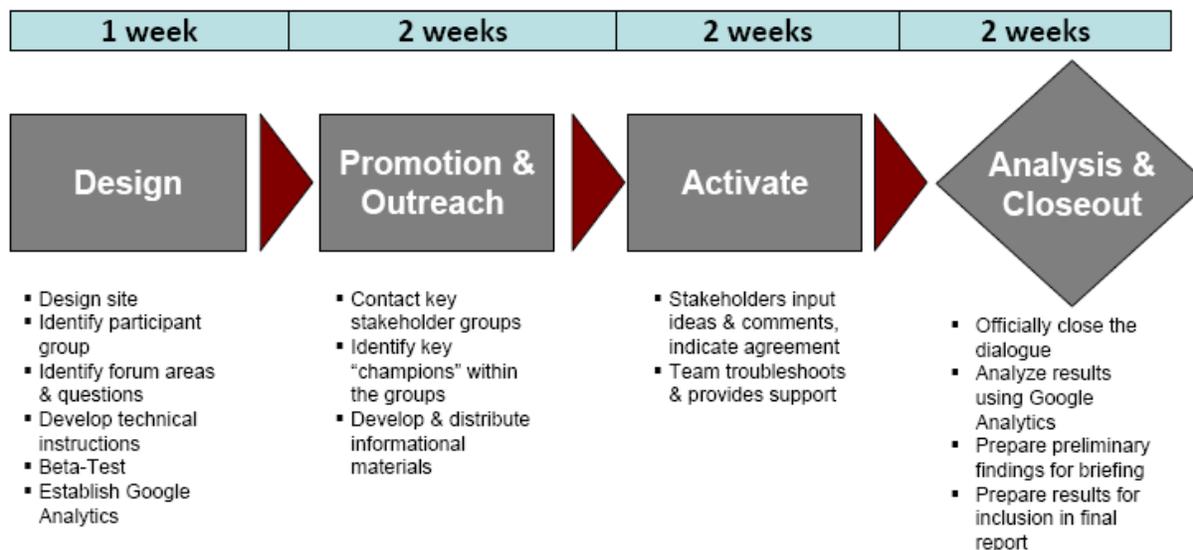
In addition, the study team will also gather insights from other experts in the field of performance management and pay-for-performance systems. Academy Fellows, in addition to those serving on the Panel, and other experts from government, academia and the private sector, will be consulted to offer perspectives on performance management and pay-for-performance systems, lessons learned from other initiatives, best practices in design and implementation, and other relevant topics.

**Secondary Data Sources.** The Academy will collect and review a wide variety of documents related to DCIPS, performance management and pay-for-performance systems. Relevant documents that are not publicly available will be furnished by the USD(I) to the Academy. The study team will review the various materials gathered throughout the two stages of the review, including background materials provided by USD(I), as well as other sources that address pay-for-performance systems in other organizations. Additional requests for documentation will be made by the study team as needs are identified throughout the course of the review.

**Online Dialogues.** The Academy has developed a cutting edge online dialogue capability to obtain input from and engage in conversation with program stakeholders and employees throughout the organization. As part of this review, the Academy may host one or more online dialogues with select groups of DoD intelligence element employees to capture their perspectives of DCIPS, its challenges and areas of concern, and suggested improvements. This online dialogue may have three or four forums (each organized around one question) in which participants may enter ideas and experiences, submit comments, and indicate support for ideas that employees agree with strongly or find particularly useful. The results of the dialogues will include both qualitative and quantitative elements. The study team will discuss the dialogue capability and process with USD(I) project personnel to frame key discussion questions and coordinate technical aspects.

Figure 3 shows the four stages of the Academy's online dialogue process: (1) design of the site; (2) promotion and outreach; (3) activation of the dialogue; (4) analysis and closeout.

**Figure 3**  
**Academy's Online Dialogue Process**



**Site Visits** The study team will make a limited number of trips outside of the Metro-Washington, D.C. area to conduct interviews and/or focus groups with target groups located at field sites. The advisability of visiting specific sites will be discussed with USD(I) project staff as the review progresses. USD(I) will provide support in contacting appropriate personnel, coordinating visits, and establishing schedules and agendas.

### **METHOD TO ADDRESS EACH RESEARCH QUESTION**

Within the two stage framework described earlier, the three research questions will serve as the basis for organizing this review. The issues to be explored within each research question, along with supporting data sources, are discussed below.

**Question 1. To what extent does DCIPS design align with sound design principles of performance management and pay-for-performance based systems, as well as take into account the complexities of the affected workforce?**

Systems similar to DCIPS (i.e., broad-banded pay-for-performance systems) have existed in both the federal government and private sector for years. During this review of DCIPS design, the Academy will examine the underlying design concepts, in light of lessons learned in the public and private sectors, including those design aspects that related to career progression, workforce complexity, and diversity. The OPM Framework described earlier will be applied to assist in determining the "soundness" of the overall DCIPS design within its workforce context.

The review of the DCIPS design will examine:

- The basic principles for successful design of a system like DCIPS within an organization;

- The specific USD(I) and IC context within which it is being applied, including complexity of the workforce;
- Protections contained for diversity in promotion and retention;
- Consistency with principles adopted for the IC by the DNI;
- Measures to ensure transparency and employee protection;
- The ability of DCIPS to link strategic agency goals throughout lower levels of the organization, including individual performance objectives;
- The extent to which the design supports the mission, goals, and objectives of the DNI, IC, USD(I), and the affected agencies; and
- The design-specific lessons learned from National Geospatial-Intelligence Agency (NGA) over the past decade of its implementation efforts, and from other organizations that have undertaken similar systems.

**Data Sources to Support Question 1.** To address this objective, the Academy will gather and analyze data from both primary and secondary sources.

Primary sources of data may include, but not be limited to:

- Input from thought leaders who possess knowledge of and experience with performance management and pay-for-performance systems in government and the private sector, captured through interviews or focus groups; and
- Input from DoD and IC leaders and others who have knowledge of DCIPS, also captured through interviews or group discussions.

Secondary sources may include, but not be limited to:

- Legislation, regulations, policies, and technical information related to DCIPS;
- DCIPS original design documents;
- DCIPS-related correspondence among various agencies and DoD leadership;
- Survey data collected from USD(I) during the course of the review;
- Other types of documents that emerge over the course of this review; and
- Lessons learned and alternative models of performance management and pay-for-performance systems identified throughout the literature from academic, government, and private sector sources.

**Question 2. To what extent does the DCIPS implementation plan reflect sound change management strategies and principles?**

The success of an initiative as sweeping as DCIPS—particularly one that represents significant changes to organizational culture—requires a well-planned change management effort. Employee engagement in DCIPS is a key aspect of the review.

The review of DCIPS change management and implementation efforts will examine:

- The extent to which the DCIPS implementation plan adheres to sound change management principles and incorporates lessons learned from other organizations that have transitioned to pay for performance systems.
- The implementation of DCIPS performance management across the entire Defense Intelligence enterprise as the core element of the DCIPS design and its effect on pay, career development and progress, promotion, retention and workforce diversity.
- The results of the first year DCIPS performance management process, including employee perceptions regarding performance planning, feedback, and end-of-year evaluation, and areas for improvement.
- The results of the first year of DCIPS pay for performance system at NGA.
- The understanding and level of acceptance of DCIPS across the Defense Intelligence enterprise. Some assessment of the effects of the current suspension of some DCIPS provisions on acceptance and readiness for DCIPS will be required, especially in those organizations that were expecting performance payouts (DIA, Navy and Marine Corps) this year.

This aspect of the Academy review will examine the specific dimensions of the Preparedness and Progress components of the OPM Framework, including the plans and actions taken to prepare the workforce for DCIPS. This will include:

- Overall change management planning for the effort;
- Training provided to various stakeholders (e.g., managers, supervisors, employees);
- Strategies for communication about design and implementation issues within the organizations involved;
- Degree of understanding and readiness within the USD(I) and DNI workforces;
- Mechanisms for gathering employee and managerial perceptions and concerns within the agencies and how feedback data has been used to improve the system; and
- Comparisons with the experience of other organizations that have adopted similar programs.

**Data Sources to Support Question 2.** To address this objective, the Academy will gather and analyze both primary and secondary data sources.

Primary data sources may include, but not be limited to:

- Input from managers who play key roles in implementing the system in the field, captured through interviews, focus groups or online dialogue;
- Input from supervisors who must rate employees under the new system, captured through interview, focus groups or online dialogue; and
- Input from employees who will be affected by the new system, captured through interviews, focus groups or online dialogue.

Secondary sources may include, but not be limited to:

- DCIPS change management and implementation plans;
- Training materials, including training evaluation data;
- Briefings, e-mail announcements and other forms of communication used to share information about DCIPS with the affected workforce; and
- Data and results available from NGA on the impact of its implementation of DCIPS;
- Survey data captured by USD(I) and other sources (surveys scheduled for deployment during the Academy's review).

**Question 3. Based on the current design and implementation plan, what are identifiable issues or concerns will impact career progression and diversity?**

An actual assessment of the impact of DCIPS on career progression and diversity is premature at this time since such a determination requires longitudinal data gathered over a 3-5 year span and a more comprehensive analysis than is possible in the current circumstances. The Academy can, however, examine multiple sources of input and identify issues and concerns that may have potential negative impacts on career progression and diversity under DCIPS.

In addressing this aspect of the review, the Academy will examine

- The overall soundness of the DCIPS design and implementation strategy addressed by Objectives 1 and 2;
- Data and findings from NGA and other implementation experience;
- Results of the mock-payout exercise to be conducted by USD(I); and
- Employee perceptions regarding the anticipated impact and effects of DCIPS.

This aspect of the Academy review will examine the possible impact of DCIPS on the workforce, based on findings related to the soundness of the DCIPS design and implementation strategy. The review will consider the effectiveness of the full payout process in NGA and elsewhere, and the mock payout and bonus-only payout processes in the Defense Intelligence Agency (DIA), Navy, Marine Corps and the National Security Agency (NSA). Using data provided by USD(I) from the DCIPS bonus pool and mock payout, the Academy will examine the extent to which DCIPS policies and procedures, as applied, result in fair and equitable treatment for employee groups, including minorities and veterans. In addition, the Academy will examine employee perceptions about the pending impact of DCIPS on their career progression and remuneration.

**Data Sources to Support Question 3.** To address this objective the Academy will gather and analyze both primary and secondary data sources.

Primary data sources may include, but not be limited to:

- Employee perceptions regarding DCIPS impact captured in focus groups or online dialogues (if recent or relevant survey data are not available);

- Data from the DCIPS bonus payout and mock payout supplied by USD(I);
- Findings from the Academy's assessment of Objectives 1 and 2, noting the soundness of the DCIPS design and implementation strategy.

Secondary sources may include, but not be limited to:

- Data and reports from NGA and other organizations on the impact of performance management to date on career progression, remuneration, and diversity;
- Recent surveys of employees assessing their attitudes and perceptions of DCIPS impact on career progression and diversity; and
- Literature and experience related to the impact of performance management systems on career progression and diversity considerations.

## MAJOR ACTIVITIES AND DELIVERABLES

Table 1 presents a detailed timeline of the review's major activities.

**Table 1**  
**Major Activities, Deliverables, and Timeline**

<b>Month</b>	<b>Principal Objective</b>	<b>Major Activities</b>
<i>January 2010</i>	Initiate the project & begin review of DCIPS.	<ul style="list-style-type: none"> <li>▪ Develop Work Plan</li> <li>▪ Meet with senior USD(I), IC and Congressional leaders</li> <li>▪ Hold kick-off meeting with USD(I) project staff</li> <li>▪ Initiate background research</li> <li>▪ Convene first Panel meeting</li> <li>▪ Brief Defense Human Resources Board</li> </ul>
<i>February 2010</i>	Conduct primary and secondary research to address research questions	<ul style="list-style-type: none"> <li>▪ Conduct interviews and focus groups, as appropriate</li> <li>▪ Design and conduct online forums</li> <li>▪ Benchmark other pay-for-performance systems</li> <li>▪ Analyze and synthesize findings</li> </ul>
<i>March 2010</i>	Continue primary and secondary research; prepare preliminary findings	<ul style="list-style-type: none"> <li>▪ Continue interviews and other data collection efforts</li> <li>▪ Continue secondary research</li> <li>▪ Draft preliminary findings in briefing form</li> <li>▪ Convene second Panel meeting</li> </ul>
<i>April 2010</i>	Brief preliminary findings and prepare draft report	<p><b><i>Required contract deliverable:</i></b></p> <ul style="list-style-type: none"> <li>▪ Brief preliminary findings to USD(I) on or about April 6, 2010</li> <li>▪ Conclude data collection and analysis</li> <li>▪ Prepare draft report of findings, conclusions, and recommendations</li> <li>▪ Conduct third Panel meeting</li> </ul>
<i>May 2010</i>	Submit and revise draft report	<ul style="list-style-type: none"> <li>▪ Submit draft report to USD(I) for review and comment</li> <li>▪ Produce final report</li> </ul>
<i>June 1 2010</i>	Submit final report.	<p><b><i>Required contract deliverable:</i></b></p> <p>Electronic and paper copies of final report to Secretary of Defense and Congress on or before June 1, 2010</p>

**Deliverables:**

The deliverables for Phase I noted below in Table 2 reflect those stated in the Task Work Statement:

**Table 2**  
**Phase I Deliverables**

<b>Deliverable</b>	<b>Due Date</b>	<b>Format</b>
Non Disclosure Agreement	NLT 14 days after award to the COR; and upon personnel replacement.	Microsoft Word with original employee signature
1.1 Progress Report	Monthly, and as requested	Microsoft Word
1.2 Briefing of preliminary findings and conclusions	90 days after contract award	Power Point
1.3 Final Findings, Conclusions, and Recommendations	June 1, 2010	Microsoft Word
1.4 Expert Panel meetings	Three meetings during Phase I (January, March, and April)	