Federated Human Resource Management in the Federal Government: The Intelligence Community Model

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On behalf of the IBM Center for The Business of Government, we are pleased to present this report, "Federated Human Resource Management in the Federal Government: The Intelligence Community Model," by James R. Thompson and Rob Seidner.

Under the authority of the Intelligence Reform and Terrorism Prevention Act of 2004, the Intelligence Community developed a "federated" approach to its employment system that effectively balances the needs of the community with those of individual agencies. Unlike the traditional top-down approaches to policy development, the Office of the Director of National Intelligence worked closely with each of the 17 components of the Intelligence Community to agree upon a new human resource management framework. The 17 components voluntarily ceded some of their statutory autonomy in the interest of a stronger and more cohesive whole. The result is a robust set of changes that has achieved widespread acceptance.

Albert Morales

The Intelligence Community employed four distinct "levers" to foster cross-agency collaboration:

- **A Governance lever,** which includes the development of an agreed-upon common human resource management policy framework and the issuance of a series of intelligence community directives;

- **A Personnel lever,** which includes the Joint Duty program, as well as collaborative recruitment, the creation of a National Intelligence Reserve Corps, and an inter-agency human resource information system;

- **A Compensation lever,** comprised of the National Intelligence Civilian Compensation program that incorporates paybanding, pay-for-performance principles, and a common framework for performance management and compensation; and

- **A Training lever,** which includes the development of a Community-wide training curriculum.
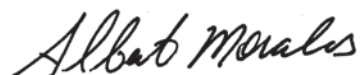
Robert Bleimeister

We appreciate the unprecedented access within the Intelligence Community that was granted to the authors of this report. We believe the initiatives undertaken by the Intelligence Community offer a model that could serve as a guide for future government-wide efforts to reform the broader civil service system. We trust the report's insights will be useful to both the Obama administration and Congress as they consider ways to modernize the federal workforce.

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Introduction

A prominent criticism of the civil service system is that it is overly rigid; the core, title 5 rules apply regardless of circumstance. Partly in response to this "one size fits all"[1] criticism, the Bush administration embraced a doctrine of "strategic human resource management" and promoted customization of the personnel rules at the agency level.

The customization that has occurred over the past eight years however, has come about by granting select agencies exemptions from portions of the title 5 rules rather than by reforming the rules them-selves. Instead of devising a system that restructures the respective authorities of the Office of Personnel Management (OPM) and the agencies, Congress and the president have simply granted those agen-cies that have been under the greatest pressures to perform exemptions from the core rules. The result is a two-tier system—with some agencies allowed significant additional discretion in matters of human resource management and with the others still bound by the constraints embedded in title 5—and a highly splintered set of personnel practices and policies across the government.[2]

Key oversight groups have expressed concern about the proliferation of agency-specific employment sys-tems. Needed, according to these groups, is an over-all framework that ensures that all federal employees are bound by the same set of general rules but that also allows agencies flexibility in areas of strategic import such as performance management, compen-sation, hiring, and workforce restructuring.

Until now, no model for how such a system would work has been available. However, pursuant to the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), the Intelligence Community (IC) has developed a "federated" approach that effectively balances community needs with those of the indi-vidual agencies. Consistent with the term "feder-ated," the component units have ceded some of their autonomy in the interest of a stronger and more cohesive whole. In this process, the Office of the Director of National Intelligence (ODNI), with the implicit support of both Congress and the president, has served as prime mover.

Distinctive to this new framework is the manner in which it was devised. In contrast with the "top-down" approaches to policy development that tend to predominate within the executive branch, within the IC the new human resource management (HRM) framework was negotiated between ODNI and the rest of the intelligence community. This strategy was necessitated by the fact that IRTPA does not provide the DNI with line authority over the other agencies. Each of the 17 intelligence organizations had to consent to each of the nine new personnel direc-tives. While cumbersome to negotiate, the require-ment for consensus has insured that agency interests and concerns are addressed. ODNI has promoted community and collaboration and has helped over-come centrifugal tendencies among the agencies. The result, as described in this report, is a robust set of changes that has achieved widespread accep-tance within the IC.

This report is a result of unprecedented access to the key human capital decision makers within the IC (see Appendix I for a list of interview subjects). Although the initiative remains a "work in progress," the substantive goals have remained constant and the general outline of the model that has been developed is clear.

Background

The Intelligence Reform and Terrorism Prevention Act of 2004

The Intelligence Community (IC), depicted in Figure 1 on page 9, consists of 17 diverse units located in six different cabinet departments and two independent agencies. A large proportion of the IC's employees are accounted for by the "big six" including the Central Intelligence Agency (CIA), Defense Intelligence Agency (DIA), the National Security Agency (NSA), the National Reconnaissance Office (NRO), the National Geospatial-Intelligence Agency (NGA), and the Federal Bureau of Investigation (FBI). In contrast, the intelligence units at the Departments of State, Energy, and Treasury are much smaller in size.

In its report, the National Commission on Terrorist Attacks Upon the United States, also known as the "9/11 Commission," concluded that the intelligence failures that led to the terrorist actions of September 11, 2001, were in large part attributable to a lack of cooperation and collaboration between units within the IC. The commission observed that, "no one was firmly in charge of managing the case and able to draw relevant intelligence from anywhere in the government, assign responsibilities across the agencies (foreign or domestic), track progress, and quickly bring obstacles up to the level where they could be resolved."[3]

Historically, the CIA had the lead responsibility for the coordination of intelligence gathering and analysis across the government. However, the authorities provided the Director of Central Intelligence (DCI) in this regard were limited. In fact, a substantial portion of the nation's intelligence assets, including several of the larger intelligence components such

as NSA, NRO, NGA and DIA, are under the direction of the secretary of defense. The 9/11 Commission determined that the DCI lacked critical authorities needed to effectively perform a coordination role within the community and therefore recommended the creation of the new position of director of national intelligence (DNI) with overall intelligence responsibility.

The extent of the DNI's authority over the different intelligence agencies became a central issue during congressional deliberations over IRTPA.[4] While IRTPA gives the DNI important authorities in the areas of intelligence collection and the intelligence budget, the law did not provide the DNI with line authority over the other IC elements. This stands in contrast with the Department of Homeland Security where the secretary exerts hierarchical authority over the component units.

As one means of fostering collaboration and cooperation, IRTPA directed the DNI to create common personnel policies and programs for the intelligence community. Historically, members of the community have had substantial autonomy resulting in a patchwork of different systems that have impeded the transfer of personnel between agencies and that have contributed to parochialism on the part of its members. Consistent with the general limits placed on the scope of the DNI's authority however, the legislation did not authorize the DNI to simply impose new HRM policies on the various IC agencies. Rather, the DNI was to "prescribe" such policies, leaving the exact scope of his authority in this regard somewhat ambiguous. Specifically, Section 1011(a) of IRTPA authorizes the DNI to "prescribe" personnel policies and programs for the entire intelligence community that:

Acronyms

ADNIHC	Associate Director of National Intelligence for Human Capital	**IRTPA**	Intelligence Reform and Terrorism Prevention Act of 2004
CHCO	Chief Human Capital Officer	**JD**	Joint Duty
CIA	Central Intelligence Agency	**JLDP**	Joint Leadership Development Program
DEA	Drug Enforcement Administration	**LDEC**	Leadership Development Executive Committee
DEXCOM	Deputies Executive Committee		
DCI	Director of Central Intelligence	**LEAP**	Leadership Exchange Assignment Program
DHS	Department of Homeland Security	**NAPA**	National Academy of Public Administration
DIA	Defense Intelligence Agency	**NGA**	National Geospatial-Intelligence Agency
DNI	Director of National Intelligence	**NICCP**	National Intelligence Civilian Compensation Program
DO	Departmental Offices (Treasury)		
DoD	Department of Defense	**NIS**	National Intelligence Strategy
EXCOM	Executive Committee	**NIU**	National Intelligence University
FBI	Federal Bureau of Investigation	**NPR**	National Performance Review
GAO	Government Accountability Office	**NRO**	National Reconnaissance Office
GS	General Schedule	**NSA**	National Security Agency
HPSCI	House Permanent Select Committee on Intelligence	**ODNI**	Office of the Director of National Intelligence
HRIS	Human Resource Information System	**OIA**	Office of Intelligence and Analysis (Treasury)
HRM	Human Resource Management	**OPM**	Office of Personnel Management
IA	Office of Intelligence and Analysis (Homeland Security)	**OSD**	Office of the Secretary of Defense
		SES	Senior Executive Service
IC	Intelligence Community	**SIS**	Senior Intelligence Service
ICD	Intelligence Community Directive	**SSCI**	Senate Select Committee on Intelligence
IN	Office of Intelligence and Counterintelligence (Energy)	**USCG**	United States Coast Guard
		USDI	Under Secretary of Defense for Intelligence
INR	Bureau of Intelligence and Research (State)		

- Encourage collaboration

  – Encourage and facilitate assignments and details of personnel to national intelligence centers, and between elements of the intelligence community.

  – Make service in more than one element of the intelligence community a condition of promotion to such positions within the intelligence community as the Director shall specify.

  – Encourage and facilitate the recruitment and retention by the intelligence community of highly qualified individuals for the effective conduct of intelligence activities.

- Set standards

  – Ensure that the personnel of the intelligence community are sufficiently diverse for purposes of the collection and analysis of intelligence through the recruitment and training of women, minorities, and individuals with diverse ethnic, cultural, and linguistic backgrounds.

  – Set standards for education, training, and career development of personnel of the intelligence community.

Figure 1: The Intelligence Community
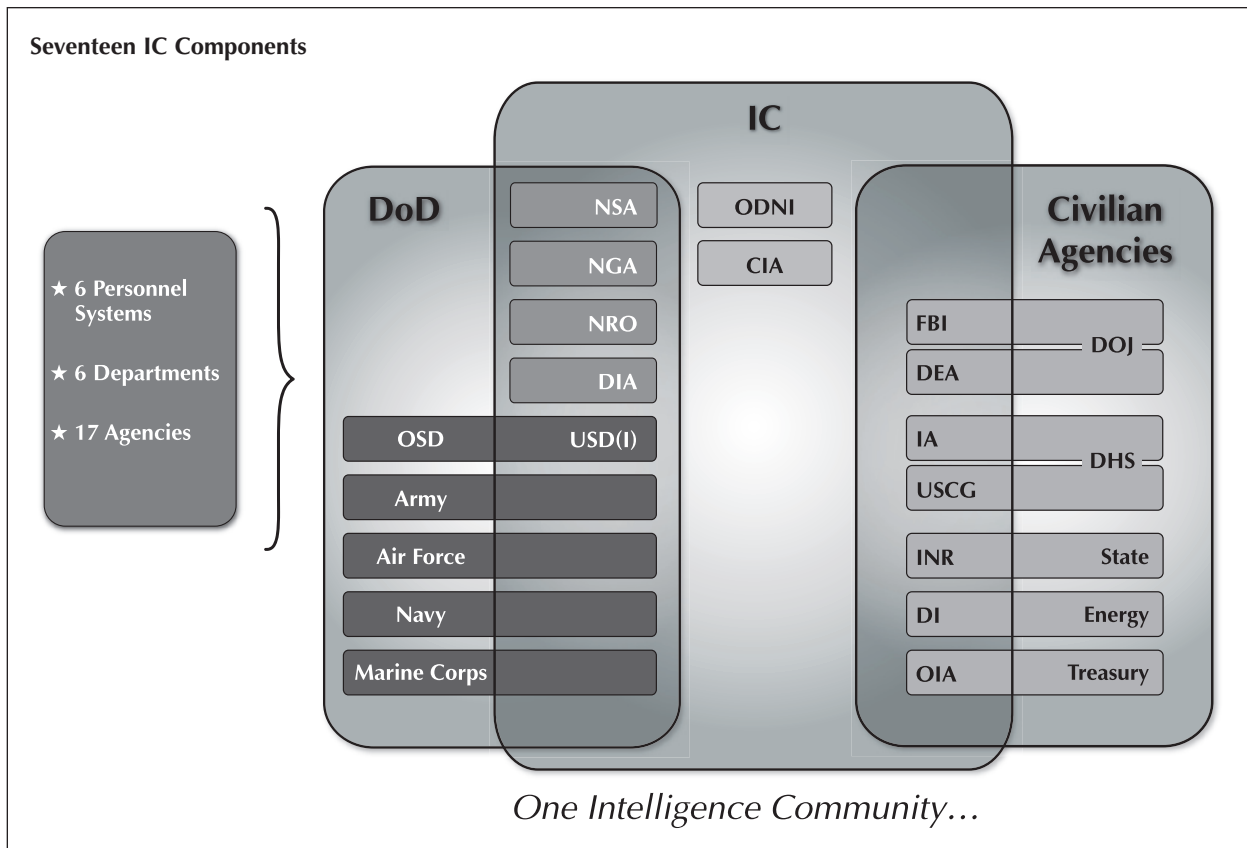
Source: *Office of the Director of National Intelligence.*

– Ensure the effective management of intelligence community personnel who are responsible for intelligence community-wide matters.[5]

The National Intelligence Strategy and the Strategic Human Capital Plan

The challenge facing the first DNI, John Negroponte, was how to achieve the congressionally-mandated objective of inducing collaboration and cooperation among units that had traditionally operated with a high degree of autonomy and to do so without line authority over these units. The development of a common human resource management (HRM) policy framework was identified as one potentially important means to that end; having a common policy framework would facilitate the transfer of personnel across agency lines.

Two important documents that helped shape discussions about the creation of common HRM policies were the *National Intelligence Strategy* (NIS) and the

Intelligence Community's *Five-Year Strategic Human Capital Plan*. Consistent with the recommendations of the 9/11 Commission and IRTPA, the theme and subtitle of the NIS was "transformation through integration and innovation," with an emphasis on the need to break down cultural and other barriers between agencies, to promote collaboration across agency lines and to create "a unified enterprise of innovative intelligence professions."[6]

The *Five-Year Strategic Human Capital Plan* places further emphasis on the theme of integration. As one element, the plan envisions the creation of an "Integrating National Intelligence Service."

> The National Intelligence Strategy declares that its success is dependent upon integrating our Nation's intelligence agencies and those who serve them, transforming them from a constellation of separate but cooperating elements into a more unified, cohesive 'whole.' The IC's professionals, both military and civilian, must begin to

see themselves not just as employees of the Central Intelligence Agency (CIA) or the National Security Agency (NSA), but also as part of something larger—an overarching national intelligence 'service,' unified by high standards and performance, common mission, and shared core values.[7]

There is also an acknowledgement, however, of the limits of integration. Under the heading "unity without uniformity," the plan acknowledges the need for elements to retain some autonomy:

> That said, a national intelligence 'service' does not depend on or require a monolithic homogeneous institutional culture, or a one-size-fits-all set of personnel rules and procedures (although some uniformity will undoubtedly be necessary). Nor must it come at the expense of the separate traditions and interests of the various agencies that comprise the IC or their respective departments … we believe there is a way forward that respects those traditions and interests, and that strikes the proper balance between individual independence, agency autonomy, and Community-wide cohesion and integration.[8]

This tension between the advantages that accrue from joint action at the community level and those associated with operational autonomy at the agency level has characterized the IC's entire HRM initiative.

Key Players in the Intelligence Community's Human Resource Management Initiative

John M. (Mike) McConnell was sworn in as the nation's second Director of National Intelligence on February 13, 2007. A career and highly decorated Intelligence Officer, he retired in 1996 after achieving the rank of Vice Admiral in the U.S. Navy. From 1992 to 1996, McConnell served as Director of the National Security Agency (NSA).

General Michael V. Hayden, USAF, initially was appointed as DNI's first Principal Deputy Director, the number two position, which earned him his fourth star. He was appointed Director of the CIA in May 2006. He served as Director of NSA from 1999-2005.

James R. Clapper, Lt. General retired, is both the DoD Under Secretary of Defense for Intelligence and DNI Director of Defense. Previously, he was the Director of DIA from 1992-1995 and Director of NGA from 2001 to 2006, where he oversaw the creation of its pay-for-performance system.

Ambassador John D. Negroponte was the first DNI. A career foreign service officer, he previously served as the U.S. Permanent Representative to the United Nations from 2001–2004, and as the United States Ambassador to Iraq. He resigned as DNI to become Deputy Secretary of State, the Department of State's second ranking official on February 12, 2007.

Dr. Ronald Sanders is the first DNI associate director of national intelligence for human capital. He previously served as the Office of Personnel Management's (OPM's) Associate Director for Strategic Human Resources Policy, where he helped craft MaxHR and NSPS. He also served as the Chief HR Officer for the IRS and Director of DoD's Office of Civilian Personnel Management.

Lt. General Keith B. Alexander, U.S. Army, the current Director of NSA, is a career intelligence officer. The West Point graduate also has four Masters degrees, including physics and business administration.

Four "Levers" for Integration Within the Intelligence Community

The IC has employed four, separate, HRM-related "levers" to foster cross-agency collaboration:

- **Governance lever,** including the process of negotiating a common HRM policy framework and the structure that accompanied that process

- **Personnel lever,** including the Joint Duty program as well as collaborative recruitment, staffing, and human resource information system initiatives

- **Compensation lever,** including the National Intelligence Civilian Compensation Program (NICCP), incorporating the pay-for-performance principles and directed at providing a common performance management and compensation framework

- **Training lever,** including the development of a community-wide training curriculum

Lever One: Governance

The governance lever employed by the DNI to foster collaboration within the IC includes the process and structure employed to devise new HRM policies and practices, as well as a common workforce planning template.

Developing a Human Resource Management Framework for the IC

The DNI's primary agent for implementing the HRM elements of both IRPTA and the NIS has been Associate Director of National Intelligence for Human Capital (ADNI/HC), Dr. Ronald Sanders. From the beginning, Sanders has taken an expansive view of ODNI's role. Consistent with the direction given by the DNI, as well as with the spirit of the

9/11 Commission report, Sanders' premise has been that having a common HRM policy framework serves the broad purpose of fostering collaboration within the community. Sanders contends that common policies break down barriers by facilitating the transfer of personnel between agencies and by promoting collaboration.

A problem that Sanders had to confront is that, as noted above, IRTPA is somewhat ambiguous as to the extent of the DNI's authority on HRM matters. Sanders wanted common policies in the areas of compensation and performance management, yet IRTPA does not explicitly provide the DNI authority in these matters. Sanders contends that the DNI's authorities in this regard are implicit in other portions of the law. For example, he points out that IRTPA explicitly requires the DNI to prescribe policies that would "encourage and facilitate the recruitment and retention by the intelligence community of highly qualified individuals for the effective conduct of intelligence activities,"[9] and that this, in turn, requires the development of a modernized approach to compensation in which pay is tied more closely to performance than has traditionally been the case. Sanders also argues that the success of the Joint Duty program requires that the transfer of participants across agency lines be made as seamless as possible. His conclusion is that this requires agencies' performance management and compensation systems be compatible.

As discussions between ODNI and the components ensued over the specifics of the new policy framework, Sanders' interpretation of the DNI's mandate encountered some resistance. An underlying source of tension was a tradition of operating autonomy among the agencies which was threatened by

Sanders' initiatives. Joyce Grignon, senior human capital policy advisor to the ADNI/HC states, "it's been a real challenge to bring agencies out of the insulated conditions they have had for so many years … we have had to overcome differences in culture and vocabulary."

Various legal arguments contesting the DNI's authority on personnel matters were presented by the agencies. One was that the law did not explicitly provide the DNI with the authority to develop common HRM policies beyond Joint Duty. For example, the agencies regarded Sanders' initiative to implement IC-wide policies on matters such as performance management and compensation as beyond what the law specifically authorized. A second argument, primarily relevant to the Department of Defense (DoD), was that some of the authorities provided the DNI under IRTPA were in conflict with other laws which give the secretary of defense authority over personnel matters within DoD. DoD gained support for this interpretation from a provision included in IRTPA at the behest of some members of Congress which stated that the DNI's authority, "does not abrogate the statutory responsibilities,"[10] of any other agency head.

In support of DoD's position, John Smith, former deputy general counsel for the under secretary of defense for intelligence, points to portions of the United States Code that give the secretary of defense "authority, direction, and control" over personnel within the department. The argument was that the DNI does not have the authority to independently impose policies on units within DoD that would interfere with the secretary's responsibilities. Smith argues that IRTPA gives the DNI the authority to set an overall intelligence strategy but that the secretary of defense is responsible for implementation, including human resource management.

According to several of the participants, initial discussions within the IC's CHCO Council[11] over the scope of the DNI's authority were somewhat contentious, reflecting the difficulties inherent in meshing diverse cultures to achieve mutual benefit. Ellen McCarthy, director of the human resource management office of the undersecretary of defense for intelligence, comments that when the ODNI first stood up, the attitude was, "this is the way it is going to be." Mary Kay Byers of the NRO says,

"The DNI was brought in to make the agencies act collaboratively, to tell them what to do and how to do it. The attitude has been, 'we're not going to listen to you.'" She adds, "A lot of time has been spent sorting it out."

Factors that eventually brought the two groups together were:

- The DNI's authority over the IC budget

- A pro-collaboration disposition among the community's leaders

- A change in leadership at both the CIA and DoD

- A joint recognition that, notwithstanding other concerns, this was the right way to go

Under IRTPA, the DNI has the authority to "ensure the effective execution of the annual budget for intelligence and intelligence-related activities," through "managing appropriations for the National Intelligence Program by directing the allotment or allocation of such appropriations through the heads of the departments containing agencies or organizations within the intelligence community."[12] This power is increased to the extent that the agencies cannot reallocate their funds to different purposes without consulting the director. Agencies disposed to contest the DNI's authorities on personnel matters had to cope with the possibility of retribution in the budgetary arena. Mary Kay Byers of the NRO says, "The DNI has a stick. It is the budget."

A second factor that contributed to a resolution of the dispute over authorities was a pro-reform disposition among the community leadership. According to several observers, members of both DEXCOM[13] and the EXCOM (see sidebar) were largely supportive of increased collaboration across the community. Often, issues on which members of the CHCO Council were unable to come to agreement were resolved at the DEXCOM or EXCOM levels. For example, during the discussion over the performance management directive, a dispute arose over performance appraisal rating levels and labels. The issue was resolved when the DEXCOM agreed to adopt the FBI's recently-developed labels.

A break in the stalemate over authorities between the ODNI and DoD came when Robert Gates

succeeded Donald Rumsfeld as DoD secretary. In that same timeframe, General James Clapper became undersecretary of defense for intelligence and General Michael Hayden, who had previously served as principal deputy DNI, became head of the CIA. Both Gates and Hayden were committed to the success of intelligence reform generally, were supportive of the DNI's role in promoting collaboration, and, according to observers, urged their subordinates to resolve the dispute with ODNI. Laura Snow, chief human capital officer (CHCO) of the National Geospatial-Intelligence Agency (NGA) says, "Things started moving when McConnell and Clapper got together and said let's make it work." The final and perhaps critical point is that participants recognized the importance to the community as well as to the notion of acting more in concert and came to view the HRM initiative as an important means toward that end.

Intelligence Community Directives

The immediate focus in the dispute over authorities was a set of proposed directives from the DNI to the rest of the IC. Each directive (see sidebar "Human Resource Management-Related Intelligence Community Directives" on page 14) covered a different HRM policy area. At issue was whether and to what extent the DNI could direct the agencies to undertake the actions incorporated in the Intelligence Community Directives or "ICDs." The legal issue was resolved by including language in each acknowledging the shared nature of the authorities and stipulating that each agency head would voluntarily use the authority granted him or her to implement the DNI's policy:

> The Office of the Director of National Intelligence (ODNI) and the executive departments and independent agencies with IC employees will exercise their respective authorities to implement and administer this ICD consistent with its provisions. This ICD does not waive the respective statutory authorities of the DNI or the heads of the executive departments and independent agencies to carry out their respective missions and functions.

ADNI/HC Sanders comments, "We've essentially circumvented the legal arguments about our authority by saying that, as a matter of policy, we'll agree to each exercise our own independent authorities in a common way." Laura Snow, CHCO of the NGA comments, "It is sleight of hand, but we were able to say that neither DNI nor DoD has ceded authorities and instead will share statutory and regulatory authorities to come together to build common human resource systems." Sanders calls the directives "treaties," partly on the basis that they are voluntary and also on the basis that each agency retains the authority to withdraw its agreement by so notifying the DNI.

Although the ICDs are voluntary, several factors limit the likelihood that an agency will unilaterally disregard the provisions. First, agency participation in the development of each of the directives ensured

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Structure of the Intelligence Community's Human Resource Management Initiative

- **The Program Management Office (PMO)** included staff both from the ODNI and from the components that would develop the first draft of each of the Intelligence Community Directives (ICDs). Six separate directives have been issued.

- **The Chief Human Capital Officer (CHCO) Council** includes the CHCOs from all seventeen elements of the IC. Ron Sanders, Associate Director for National Intelligence/Human Capital chaired this group. Draft ICDs developed by the PMO were presented and discussed within this group. Each ICD went through several iterations prior to approval and submission to the Leadership Development Executive Committee (LDEC).

- **The EXCOM (Executive Committee)** includes the directors of the agencies that make up the intelligence community. Policies with significant operational implications such as that relating to Joint Duty were discussed by the EXCOM.

- **The DEXCOM (Deputies Executive Committee, formerly the LDEC)** includes the deputy directors of the agencies. The DEXCOM had to ratify each of the ICDs subsequent to the CHCO Council's review. In some instances, issues that could not be resolved at the CHCO Council level were subject to discussion at the DEXCOM.

Human Resource Management-Related Intelligence Community Directives

- ICD 601 – Joint Intelligence Community Duty Assignments

- ICD 610 – Competency Directories for the Intelligence Community Workforce

- ICD 650 – National Intelligence Civilian Compensation Program: Guiding Principles and Framework

- ICD 651 – Performance Management System Requirements for the Intelligence Community Civilian Workforce

- ICD 652 – Occupational Structure for the Intelligence Community Civilian Workforce

- ICD 653 – Pay-Setting and Administration Policies for the Intelligence Community Civilian Workforce

- ICD 654 – Performance-Based Pay for the Intelligence Community Civilian Workforce

- ICD 655 – National Intelligence Awards Program

- ICD 656 – Performance Management System Requirements for Intelligence Community Senior Civilian Officers

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that individual needs and concerns were met. Second, according to Sanders and others, there is a strong disposition at the EXCOM level and among senior management generally in favor of intelligence reform and of improved collaboration of which the various directives are an important part. Agency leaders are loathe to violate the spirit of collaboration that IRTPA has generated by abrogating one or more of these agreements. Third, agencies will be reluctant to antagonize the DNI over personnel matters given the authority he exercises over budgetary matters. And fourth, Congress has made apparent its support for enhanced collaboration within the IC.

Finally, from a purely operational perspective, once policies become embedded in agency practice, change becomes disruptive as well as inconvenient. Cynthia Bower of the CIA observes, "I don't see us walking away from pay modernization. We have too much invested and the new employees are comfortable with the change." Notwithstanding such considerations, the CIA in particular has made apparent that it preserves the right to "opt out" of any of the directives. Bower comments, "We don't always work in the light of day so we can't always participate in things the community is sponsoring. We will adopt the common policies when we can. If not, we will inform the DNI accordingly."

A Common Workforce Planning Template

The governance lever also includes the creation of a common workforce planning template for the

community. ODNI, which has been a catalyst for enhanced rigor in workforce planning, has received support in these efforts from the House and Senate Intelligence Committees which have been frustrated in their attempts to get good information on the IC workforce in the past.

Chris White, formerly of the Senate Select Committee on Intelligence (SSCI), says that in 2003, committee staff had been asked to conduct a personnel audit of the IC. The audit was driven by President Bush's post-9/11 directive to grow human intelligence by 50 percent. According to White, SSCI sought assurance that the growth was well planned—for example, that adequate provision was made for support personnel. There was also concern that the agencies would engage in "binge" hiring in which large numbers of new people are brought in over a short period of time. In the past, periods of binge hiring have tended to be followed by periods with little or no hiring resulting in a skewed age distribution across the workforce. A long-term consequence of such a distribution is that over time, there are alternatively too few and too many candidates available for promotional opportunities.

White says that prior to the creation of the DNI, the committee had made little progress on the effort. In trying to obtain the information from the individual agencies, staff were told by each of the agency CHCOs, "Well, I'm different. I'm special." According to White, with the creation of ODNI and the appointment of Ron Sanders as ADNI/HC, "the

committee had a one-stop-shop to pound the table and talk about its dissatisfaction with HR policy and human resource policy."

The requests for information about the IC workforce from the Hill to ODNI resulted in subsequent requests from ODNI to the agencies. ODNI's requests were framed as part of a broad, IC-wide workforce planning initiative. That ODNI was acting to an extent as an agent of Congress in this matter gave extra impetus to the workforce planning efforts. Alex Manganaris, director of IC workforce plans and resources comments, "The questions from the Hill are positive at some level because they give us leverage."

Manganaris has structured the workforce planning efforts around the budget process. He says, "The Hill responds to budget requirements. I'm a believer that when you tie things to resource requirements, people pay attention and respond." Manganaris's office has developed a template that is used by each of the agencies in preparing a "civilian employment overview" that is included in the budget justification document that goes to Congress. The intent of the overview is to tie personnel levels to outcomes. Manganaris says that while some of the IC agencies do a good job in identifying future manpower requirements, others do not. He adds:

> The value we add is that we can defend our programs, Joint Duty, recruitment, centers of excellence, why we need to be hiring a lot, why we need to improve the experience of people with Joint Duty and why we need to accelerate experience via Joint Duty instead of waiting 15 years for people to get experience.

Several of the IC CHCOs acknowledge the value of ODNI's workforce planning efforts. Cynthia Bower of the CIA comments, "We have a workforce planning challenge. Traditionally we have not done that well. We used to just fill vacancies, not target specific skills. We hope some of the tools from the DNI will help us there." Ellen McCarthy of USDI adds:

> I don't think anybody does workforce planning very well right now.… We really need to start being far more strategic about where we want our organization to go and how we are going to get there and I think that is clearly something that the DNI should be doing.

Contract workers

One focus of the workforce planning activity has been the contract workforce. Congress has long had concerns about the growth of the size of the contract workforce within the IC. According to officials, the contract workforce grew rapidly subsequent to 9/11 as a result of pressures from Congress and the White House to quickly enhance the nation's intelligence capabilities. Agencies could bring contract workers in more quickly than government civilian employees who are subject to rigorous selection and evaluation procedures and who also need to receive security clearances.[14] It is also easier to terminate a contract employee if and when budgets tighten or when a discrete project comes to completion. In its *Five-Year Strategic Human Capital Plan*, the IC explicitly acknowledges contract workers as part of its "total force," along with civilians and members of the military. The challenge, as set forth in the plan, is to achieve an "optimal mix" of these three different groups.

Members of the House intelligence oversight committees in particular have had concerns that the number of contract workers in the IC is excessive. The committees have accordingly pressed the community for information on the number of contract employees and on the activities in which they are engaged. One concern has to do with cost. According to one official, contract workers cost approximately twice as much as government civilian employees. Another concern has to do with how the contract employees are used and whether they are performing inherently governmental functions. A third has to do with the fact that the availability of a large number of contract positions serves as enticement for IC employees to leave and go to work for a contractor. In that circumstance, the agencies in effect become training grounds for the contractors.

ODNI has taken the lead in obtaining information on the contract workforce for Congress. The results of an inventory of contract workers in the IC were released by ODNI in early 2007. Although most of the specifics were classified, some information has been forthcoming in the press. For example, according to press reports, contract workers made up about one third of the CIA's total workforce as of mid-2007.[15]

The very fact of the audit helped heighten the awareness about the size of the contract workforce. Alex Manganaris of ODNI says that the agencies

better understand their use of contractors as a result. The CIA, for example, has committed to decrease the size of its contract workforce by ten percent. Cynthia Bower of the CIA comments:

> There has been an initial effort to whittle down the number of contractors doing core mission work and have government workers replace them. We are also identifying what core enabling work now being done by government employees could better be done by contractors in support. We are in the process of reducing the number of contractors.

Manganeris says that ODNI is trying to "put boundaries" on the use of core contractor personnel and to "give the Hill a greater sense of confidence that contractors are being used for inherently governmental purposes." ODNI is drafting a policy which lists the purposes to which contract personnel can be put to use—for example, for purposes of a surge in response to a crisis and for discrete, nonrecurring projects.

Lever Two: Personnel

ODNI employed several personnel-related levers to foster community integration and performance, including a new Joint Duty program, a collaborative recruitment effort, a reserve corps for former members of the IC, and an inter-agency human resource information system.

Joint Duty

The 9/11 Commission recommended the creation of a Joint Duty program as a means of encouraging collaboration and of breaking down cultural barriers between agencies within the IC. Accordingly, IRTPA directed the DNI to create a program for civilian employees in the IC similar to that for members of the military created by the Goldwater-Nichols Act of 1986. Under Goldwater-Nichols, Joint Duty certification is required as a condition for promotion to the general or flag rank. Specifically, IRTPA states:

> The Director of National Intelligence shall prescribe mechanisms to facilitate the rotation of personnel of the intelligence community through various elements of the intelligence community in the course of their careers in order to facilitate the widest possible understanding by such personnel

of the variety of intelligence requirements, methods, users, and capabilities.[16]

History of Joint Duty in the IC

The practice of transferring personnel from one agency to another is not new to the IC. Intelligence officers have long been detailed from one agency to another and to joint operations such as the National Counterterrorism Center. The National Reconnaissance Office is staffed predominantly by detailees from the Air Force, the CIA, NGA, and NSA. Cynthia Bower of the CIA comments, "From our perspective we have always participated in Joint Duty. We have numbers that show that we have a lot of officers out. We have always done that … over the years."

While there have been transfers between agencies, in general, the numbers have been small. With the creation of a formal Joint Duty program and the establishment of Joint Duty service as a condition for promotion to the senior ranks, the numbers will increase. Upon full implementation, appointees to all executive positions within the IC will have to have Joint Duty experience unless there is a specific exemption.

The Implementation of Joint Duty

There were a number of issues that had to be resolved prior to implementation of the Joint Duty program including, 1) program design issues, 2) operational issues, 3) authority issues, and 4) cultural issues.

Program design issues.

Program design issues included:

- the definition of joint duty assignments, and

- the extent to which the absence of technical knowledge of another agency's business is an obstacle to program success.

As of October 1, 2010, Joint Duty certification will be a condition for promotion to all senior positions in the IC which are defined as those above the GS-15 level or its equivalent. The requirement is being phased in over a three-year period starting with those reporting directly to the head of an IC component and working down by level. A pilot program with about 40 participants entitled Leadership

Exchange Assignment Program (LEAP) began in October 2007.

In the military, the only assignments that qualify for Joint Duty credit are those to "all-services" units such as the unified commands, the defense agencies, and the Office of the Secretary of Defense. In other words, simply serving a tour of duty in another military department would not qualify an officer for Joint Duty credit. Were the IC to use the same criterion, the only positions that would qualify as joint would be those either within ODNI itself or those within one of the ODNI centers. However, there are relatively few such positions within the IC and limiting the pool in that way would have created a "throughput" issue, that is, there would not have been enough positions to accommodate the size of the population. Instead, the definition of Joint Duty was broadened to include service in any element other than the individual's home element. It can also include an internal assignment to a liaison position or to a multi-agency task force or project team. Pursuant to ICD 601, a Joint Duty assignment must be for a period of not less than 12 months.

A second program design issue has to do whether, in switching agencies, a lack of technical knowledge will impede the ability of a Joint Duty assignee to perform effectively. John Taflan, CHCO at the NSA, comments, "Our missions are dramatically different. At NSA, 70 percent of the workforce is technical; computer scientists, engineers, language skills, mathematicians. I don't think these same people can go to the CIA and do human intelligence." On the other hand, Don Packham of the FBI says the problem can be addressed:

> We went through a series of postings in the late fall, and that was a little bit of a problem, but we worked it out that most of these people could learn if they didn't have exactly the right skills. So you can work it out, but you have to have some trust and faith that people will develop what they need. So it's not exactly a good match in all cases.

Laura Snow of the NGA goes even further. She cites real advantages that have accrued at NGA by mixing people with different specialties:

> They bring richness to the operating environment. When a cryptologist from NSA or a signal analyst gets working together with my scientists—you have magic happen. They are all so smart. When you combine their disciplines into an intelligence product that reflects all their thinking, you get brilliant insights that could not have happened without collaboration.

Operational Issues

One operational issue has been who would pay the salary of an individual on a Joint Duty assignment. The agreement within the community was to leave this for the employing and gaining agencies to work out. Cynthia Bower of the CIA says that, "If two agencies are making an even trade, it is not an issue. If you are getting 20 and giving three, you may have to negotiate reimbursement with the other agency." However, the situation is not always straightforward and in some instances, agencies end up paying twice. Don Packham of the FBI says that he ended up paying the salaries for employees sent to NGA and also to backfill the positions they left. ADNI/HC Sanders says that the FBI's situation is an exception and that a study performed by his office shows that agencies are generally, "giving as much as they are getting."

Another set of issues had to do with the performance evaluation process. ICD 601 provides that the evaluation of the performance of an individual on Joint Duty will be performed by, "a management official in the *gaining* element who has been designated as the individual's immediate supervisor …" However, the evaluation is to be performed "in accordance with the appropriate performance management system of the individual's *employing* agency." Thus an individual from Agency A on a Joint Duty assignment to Agency B would be evaluated by his/her (temporary) supervisor in Agency B using the procedures and form from Agency A. The gaining agency decides whether or not an individual on Joint Duty receives a *performance bonus* but *base pay increases* are decided by the employing agency. Sanders says that with all IC units employing the same core performance elements, ODNI plans to eliminate the requirement that the gaining element follow the employing element's performance evaluation procedures.

A third operational issue has to do with the question of who does the work of a person who is on a Joint

Duty assignment in another agency. When ODNI hosted town hall meetings at the different agencies, one of things they heard according to Hughes Turner of ODNI, was "My boss won't let me go." Turner adds, "That is part of the challenge. You can't be a half person deep. When you give up somebody, it has a mission impact. Many workforces are already lean and might not get somebody to backfill that position." The answer, says Turner, is "When somebody goes out on rotation, there needs to be someone to fill in. You build in a personnel float; people who are in transit that are considered in staffing levels." ADNI/HC Sanders says that Congress has expressed a willingness to provide the IC some relief from FTE ceilings to accommodate the Joint Duty program. With the change, agencies would be able to accommodate a "personnel float" as described by Turner.

Authority issues

Some of the most difficult Joint Duty implementation issues had to do with the relative authority of the secretary of defense vis-à-vis the DNI. One had to do with waivers. Pursuant to the ICD 601, Joint Duty certification was mandatory for "promotion or assignment to any civilian position classified above the General Schedule (GS) grade of 15, or equivalent." However, there was concern that in some instances, there might be only one individual qualified to perform the requisite duties. A proposal was made to allow the Joint Duty requirement to be waived if, in such an instance, that individual was not Joint Duty certified. However, the question then arose of who would have waiver authority; the DNI, or the secretary of defense (or his designee). At issue for the secretary of defense was control over the promotion process, at issue for the DNI was control over the Joint Duty program; were the secretary to institute a lax policy for instituting waivers, it could potentially undermine the effectiveness of the program. The final agreement was that DNI and the undersecretary of defense for intelligence would jointly issue waivers.

Cultural issues

Some of the most intractable problems with regard to Joint Duty are cultural rather than operational in nature. For example, one concern is that those who go out on Joint Duty assignments will be disadvantaged with regard to promotions on their return.

Deputy IC CHCO Elizabeth Kolmstetter articulates the problem as follows:

> "If I leave will I be out-of-sight, out-of-mind? Will they just take somebody else?" There is a lot of fear that if you go out they are going to forget you, replace you and then the next person just might be better than you. "Will I ever come back?"

Hughes Turner, director of the office of IC senior officer management says, "A lot of people do feel a need to be close to the flagpole."

Cynthia Bower of the CIA is aware of the issue. She comments; "We do think there is credibility to the idea that for employees on Joint Duty, it is out-of-sight, out-of-mind for promotions. A lot depends on the individual and the assignment. That clearly is a problem that we need to address." On the other hand, Joe Ford, former associate deputy director of the FBI says, "I don't think employees see Joint Duty negatively as we have people volunteer for it. Historically it might have been a problem, but I have not seen it now."

The implementing instructions associated with ICD 601 provide a means by which ODNI can monitor whether those on Joint Duty assignments lose ground relative to their peers. The instructions state that "employees who are on joint IC duty rotational assignments, or who have completed such assignments, will be appointed or promoted at an overall rate comparable to the aggregate population of their peers in the employing element." Accordingly, the instructions require each agency to annually submit a listing of all employees "appointed or promoted" above GS-15 (or equivalent) to ODNI.

Another important cultural issue has to do with whether participants have a genuine commitment to the concept of interagency collaboration—that is, whether they go on Joint Duty only because it is a requirement for promotion. The concern is that it not be regarded as simply a "box-checking" exercise. One close observer of the IC comments:

> Each agency has a functional mission. For example, the CIA is involved in analysis and collection, the NSA in collection, the DIA in military intelligence, and the NGA in mapping. They think there are enough

developmental opportunities within their agencies. Their attitude is that Joint Duty is going to make only a "marginal contribution." They will go outside, "just to check the box."

However, Hughes Turner of the ODNI states that "it is more than box-checking." Turner points out that there will be competition for the Joint Duty slots and that participants will have to be nominated by their component. He adds, "The intent is that only highly qualified individuals will participate."

ADNI/HC Sanders says it is not necessarily bad to have a "check the box" mentality for Joint Duty because even if people go into it with that attitude, it still accomplishes the mission of "getting people out there making connections in other agencies, which they are not doing now." He adds, "There are only so many SES positions available. Not everyone who participates in Joint Duty will be promoted to the Senior Executive Service (SES) or the Senior Intelligence Service (SIS). Hopefully it is the ones who use it as an opportunity to build networks across organizational lines who are actually promoted." Cynthia Bower of the CIA agrees with Sanders, adding, "I think during the initial stages you will see some people saying they just need to do JD to get promoted. It is not necessarily bad to have them … get out and … learn about other agencies."

Collaborative Recruitment

The creation of ODNI has served as catalyst for a number of joint recruitment initiatives within the IC. One initiative involves the recruitment of individuals who are fluent in languages spoken in areas on which intelligence efforts are currently focused, such as Iraq and Afghanistan. Although individuals with family roots in the target areas would be an obvious source of such expertise, in the past, the intelligence agencies have had limited success recruiting this population. Many are not eligible for security clearances because they still have family members abroad. Also, according to officials, there has been an historic mistrust of the intelligence community on the part of individuals from that region.

To address the issue, the IC has developed a "heritage" recruitment strategy, one element of which is a "Heritage Summit" at which top officials within the

IC have met with representatives of Arab- and Asian-American groups. According to Brigette Class, director, office of IC staffing and career development:

> The summit was to go after how to best recruit and hire these people: What are the roadblocks we all face hiring them? For example, the security process is so stringent. If they have relatives overseas, they won't be hired, or if they travel overseas a lot. Our normal security process takes six months, with them, it can take 1-2 years.

The purpose of the summit was to generate a dialogue between the two communities and to identify ways to overcome traditional barriers to the hiring of individuals from these groups. Among the initiatives undertaken in this regard have been the following:

- The establishment of a Heritage Community Liaison Council "comprised of key heritage community organizations to provide insight to the IC on outreach challenges and opportunities"[17]

- A campaign to promote positive perceptions of the IC within heritage communities

- The development of partnerships with universities/colleges with significant Heritage Community populations

- Scholarship/grant programs for Heritage Americans

In October 2008, DNI McConnell issued a directive removing a requirement "restricting access to … the highest level of classified information to employees whose family members or close associates were U.S. citizens."[18] With this directive, McConnell eliminated one of the most significant barriers to the employment of greater numbers of Heritage Americans in the IC.

Members of the IC have collaborated in the creation of a common web site, Intelligence.gov, which lists current job vacancies within the IC as well as student employment, internship, and scholarship opportunities. According to Class, the community is also developing a resume-sharing capability. Class comments:

> We go to recruiting events to capture resumes. We put them into the database.

All recruiters from across the IC will have access. They will be able to pull resumes and go after the students. For example, the FBI may have an immediate need for an Urdo speaker. This will help them find people with that language capability.

Officials from the different agencies also collaborate by distributing each others' recruitment materials at job fairs and by sharing best practices.

The community-wide performance management and compensation policies that have been developed will greatly facilitate the development of career paths that cross agency lines. Traditionally, IC employees have tended to stay with a single agency for their entire careers. However, members of Generation Y reputedly prefer more diverse job experiences than their predecessors. That the new HRM structure facilitates such movement will provide a recruitment advantage in hiring younger job market entrants.

The National Intelligence Reserve Corps

As an additional means of addressing the persistent demand for employees with relevant skill sets, ODNI has created a National Intelligence Reserve Corps (NIRC). Through the NIRC, individuals who have retired or otherwise left their agencies on good terms can be reemployed on a temporary basis during a "period of emergency" as declared by the DNI. All employees are queried upon their departure about participation in the NIRC. Background and contact information on those interested in participating is collected and stored in an electronic database. When the need for a specific type of expertise arises, individuals with the appropriate skill sets can be identified and invited back for a limited period. Brigette Class of ODNI comments:

> If there is a significant event, we can immediately activate people with the skill sets we need and put them back to work. We had some skill gaps after 9/11. We were scrambling to hire people but we didn't get people with the right skill sets. We were just trying to get people in the door. If there is another significant event and we need certain skills sets, we can contact these people and bring them on board.

The IC was able to get waivers from policies that limit the amount that returning annuitants can be paid. The annuitants are therefore able to receive their full pensions as well as a salary for the additional work. An advantage of the NIRC is that it provides an option for those who want to retire from the government but remain in the workforce on either a full or part-time basis.

The Development of a Inter-Agency Human Resource Information System

Closely related to the workforce planning initiative is the development of a community-wide Human Resource Information System (HRIS). Such a system would enable the ODNI to pull together the workforce information needed for planning purposes without going through the lengthy and cumbersome process of issuing "data calls" to the individual agencies.

Two HRIS options have been identified. One is to have a single system for which ODNI would have primary responsibility, the other is to have a "federated" system that would involve acquiring an enterprise-wide license for a single commercial off-the-shelf (COTS) HR system to meet common IC requirements, and then allowing each of the major agencies to tailor that system to meet their specific needs. While that proposal is being coordinated, the ODNI has moved ahead to develop an IC Personnel Data Repository that would periodically extract workforce data from all of the various IC agencies and elements to facilitate strategic workforce planning and policy/program evaluation.

ODNI has more leverage with the agencies on the HRIS than on other issues because of the DNI's control over the National Intelligence Program budget. ADNI/HC Sanders comments that "we can limit their spending on old systems and force them to spend money on new ones." Sanders' view is that the new system will save the community money in the long term. He says, "Even with the cost of acquisition and implementation, [new systems] are more efficient. You'll save money over 10 years."

ODNI has had support from Congress in developing a common HRIS because of congressional interest in accessing information about the IC workforce. Chris White of the SSCI says, "The committee's

number one position on fixing HR policies is to get everyone onto a single system."

Lever Three: Compensation

The third "lever" used to promote collaboration within the IC is the National Intelligence Civilian Compensation Program (NICCP). The decision to pursue a common compensation framework was based on a series of considerations:

- The success of the Joint Duty program required that the transfer of personnel between agencies be as seamless as possible. With the NICCP, participants can be assured that their performance will be assessed and their pay increase will be determined according to the same basic criteria regardless of where they go within the community.

- Subsequent to 9/11, the IC has done a lot of hiring, and as a result, a substantial proportion of the IC workforce is relatively young. A number of the officials interviewed commented that, in general, these workers are more comfortable with the concept of pay-for-performance than are their more senior colleagues. Paybanding, which is part of the NICCP, gives performance more weight in setting pay than is the case under the General Schedule (GS).

- There is a general awareness within the federal HR community that the GS is obsolete. OPM, which has primary responsibility for administering the GS, has acknowledged that the GS no longer meets modern needs.[19] The IC has determined to employ the HR flexibilities that are afforded under IRTPA as well as under other statutes[20] to follow the precedent set by a number of other agencies and to implement a performance-oriented paybanding system.

- ODNI has concluded that compensation policies and practices are an important repository of organizational values. A strategic decision was made to put in place a common compensation framework that could serve to strengthen the IC as an institution and to reinforce the values that the DNI is seeking to promote, including those of "engagement and collaboration," and "accountability for results," which are now included in the performance appraisals of all IC employees.

Performance Management

The new, IC-wide framework for assessing the performance of IC civilian employees is presented in two Intelligence Community Directives (ICDs) (see box "Human Resource Management-Related Intelligence Community Directives" on page 14), one for senior officers and one for civilians below the senior ranks. Employees in both categories are to be evaluated on the basis of both performance "objectives" and performance "elements." Performance objectives relate to each individual and are supposed to be specific and measurable. They are expected to link upward to the National Intelligence Strategy as well as to the strategies and plans of each component. Performance elements on the other hand, are generic. The core elements to be included in the appraisals of all IC employees below the senior ranks are listed in the box "Intelligence Community Core Performance Elements" on page 22.

A report from ODNI to Congress about NICCP describes the performance management system as the "foundation" of the new civilian compensation system.[21] That all employees are assessed according to a common set of elements contributes to a sense on the part of employees that they are being treated fairly compared to their brethren in other components. Each performance element also represents specific values and behaviors and as such, reinforces the culture that the DNI is attempting to promote.

The core performance elements represent a consolidation of those previously in place across the community and as such, are already familiar to many IC employees. According to ICD 651, each component can supplement the six core elements. Thus for example, the CIA will add "continuous learning" as a seventh performance element. The directive makes clear that the summary assessment is to place greater weight on results (objectives) than on behaviors (elements).

The transition to the new performance management requirements is fairly straightforward for agencies such as the CIA, NSA, and DIA, the missions of which are related to the collection and analysis of intelligence. However, other of the IC elements are embedded in agencies or departments whose missions extend beyond just intelligence. Included in this category are the FBI, Drug Enforcement Administration, and the Office of Intelligence and Analysis in the Treasury Department. Integrating the

Intelligence Community Core Performance Elements

All Employees GS-15 and Below

Accountability for Results
IC employees are expected to take responsibility for their work, setting and/or meeting priorities, and organizing and utilizing time and resources efficiently and effectively to achieve the desired results, consistent with their organization's goals and objectives. In addition, IC supervisors are expected to use these same skills to accept responsibility for and achieve results through the actions and contributions of their subordinates and their organization as a whole.

Communication
IC employees are expected to effectively comprehend and convey information with and from others in writing, reading, listening, and verbal and non-verbal action. Employees are also expected to use a variety of media in communicating and making presentations appropriate to the audience. In addition, IC supervisors are expected to use effective communication skills to build cohesive work teams, develop individual skills, and improve performance.

Critical Thinking
IC employees are expected to use logic, analysis, synthesis, creativity, judgment, and systematic approaches to gather, evaluate and use multiple sources of information to effectively inform decisions and outcomes. In addition, IC supervisors are expected to establish a work environment where employees feel free to engage in open, candid exchanges of information and diverse points of view.

Engagement and Collaboration
IC employees have a responsibility to provide information and knowledge to achieve results, and in that regard are expected to recognize, value, build and leverage diverse collaborative networks of coworkers, peers, customers, stakeholders, and teams, within an organization and/or across the IC. In addition, IC supervisors are expected to create an environment that promotes engagement, collaboration, integration, and the sharing of information and knowledge.

Non-Supervisors only

Personal Leadership and Integrity
IC employees are expected to demonstrate personal initiative and innovation, as well as integrity, honesty, openness, and respect for diversity in their dealings with coworkers, peers, customers, stakeholders, teams, and collaborative networks across the IC. IC employees are also expected to demonstrate core organizational and IC values, including selfless service, a commitment to excellence, and the courage and conviction to express their professional views.

Technical Expertise
IC employees are expected to acquire and apply knowledge, subject matter expertise, tradecraft, and/or technical competency necessary to achieve results.

Supervisors only

Leadership and Integrity
IC supervisors and managers are expected to exhibit the same individual personal leadership behaviors as all IC employees. In their supervisory or managerial role, they also are expected to achieve organizational goals and objectives by creating shared vision and mission within their organization; establishing a work environment that promotes equal opportunity, diversity (of both persons and points of view), critical thinking, collaboration, and information sharing; mobilizing employees, stakeholders, and networks in support of their objectives; and recognizing and rewarding individual and team excellence, enterprise focus, innovation, and collaboration.

Management Proficiency
IC supervisors and managers are expected to possess the technical proficiency in their mission area appropriate to their role as supervisor or manager. They are also expected to leverage that proficiency to plan for, acquire, organize, integrate, develop, and prioritize human, financial, material, information, and other resources to accomplish their organization's mission and objectives. In so doing, all supervisors and managers are also expected to focus on the development and productivity of their subordinates by setting clear performance expectations, providing ongoing coaching and feedback, evaluating the contributions of individual employees to organizational results, and linking performance ratings and rewards to the accomplishment of those results.

requirements imposed by ICD 651 with the systems already in place within each organization has posed a separate challenge.

For example, the Office of Intelligence and Analysis (OIA) in the Treasury Department represents a very small proportion of all Treasury employees. Rick Hastings, deputy chief human capital officer, said that what Treasury calls its "Headquarters Departmental Offices" (DO) (which includes OIA) had developed its own appraisal instrument that accommodated most but not all the requirements set forth in ICD 651. For example, whereas the ICD identifies six core competencies, DO had only four. Treasury entered into a memorandum of understanding (MOUs) with ODNI agreeing that OIA employees would be appraised by three DO competencies that correspond to IC competencies supplemented by the other three IC competencies. There were similar MOUs between ODNI and the other title 5 agencies such as Energy and State. Joyce Grignon, senior human capital policy Advisor to the ADNI/HC, says that these agencies modified their forms to include a "collaboration" competency, consistent with the IC requirements.

The performance management ICD defined five ratings levels as follows:

1. Unacceptable

2. Minimally successful

3. Successful

4. Excellent

5. Outstanding

Rating level #2, "minimally successful" is optional. Generic ratings standards are included in the directive and agencies are allowed to supplement the definition of what constitutes "outstanding," "excellent," "successful," etc. behavior for each element.

The directive stipulates that managers and supervisors are to make "meaningful distinctions" among employees based on their performance. The phrase "meaningful distinctions" is intended to warn against an excessive number of high ("outstanding" and/or "excellent") ratings. However, the directive also prohibits "fixed numeric or percentage limitations on the assignment of any rating level or levels."

As an inducement towards rigor in the evaluation process, the directive specifies that the rating of managers and supervisors is to be based in part on how well they manage the entire process. There is also a requirement that additional justification accompany any summary rating of "outstanding," "minimally successful," or "unacceptable" and/or a summary rating of "excellent" on performance objectives.

Paybanding/Pay-for-Performance

The centerpiece of the NICCP is a paybanding system modeled after one that has been in place at NGA since 1999. The decision to go to paybanding is consistent with that of other agencies and departments that have been allowed by Congress to depart from the GS.[22] A primary advantage of paybanding is that it allows pay to be linked with performance to a greater extent than is possible under the GS. Of importance to the IC, which has been doing a lot of hiring, paybanding also provides recruitment advantages. Within the GS, new employees usually start at the first step of the grade to which their position is assigned. With paybanding, new employees can enter at a level above the band minimum, thereby providing the organization an advantage in competing for highly-skilled recruits.

In making the case for paybanding, ODNI has cited studies that have found that members of Generation Y[23] prefer work environments in which pay is linked to performance. According to these studies, members of this group do not generally seek a long-term employment relationship with a single organization. Instead, their preference is to switch jobs and employers multiple times over the course of a career. Accordingly, they don't perceive themselves to be beneficiaries of tenure-based system such as the GS.

Also in support of a performance-oriented pay system, ODNI cites data for the IC from the 2006 Federal Human Capital Survey showing that:

• Only 28% of respondents feel that pay raises are a result of superior work

• Only 38% of respondents say differences in performance are recognized in a meaningful way

• Only 28% of respondents feel that steps are taken to deal with underperformers.[24]

In proposing the new pay system, ODNI had to address concerns within the CIA about that agency's failed attempt at paybanding in 2004. The plan developed at that time was aborted, according to interviewees, when CIA employees took their concerns about the plan to members of Congress. Among those concerns was that the plan was complex and difficult for employees to understand. According to CIA CHCO Cynthia Bower, employees are more receptive this time around. She comments:

> I think the generational change has resulted in a workforce that is more receptive to a change in how pay is allocated. They are receptive to getting paid for performance. I speak to the new employees classes and they prefer the new method.

The IC's new paybanding structure is depicted in Figure 2. The band structure is based on a new "occupational taxonomy" that was developed to ensure consistency and comparability across the IC. The taxonomy includes seven mission categories and three work categories as well as six work "levels."[25] ICD 652 (see box "Human Resource Management-Related Intelligence Community Directives" on page 14) sets forth definitions of the various work categories and work levels.

Although the IC's payband structure is generally similar to others within the federal government, there are some departures. One is that the IC has added the equivalent of two GS steps to each band. As shown in Figure 2, the professional/expert Band 5 ranges from the equivalent of GS grade 15, step 1 to the equivalent of grade 15, step 12, notwithstanding the fact that in the GS system, grade 15 goes only to step 10. According to Joyce Grignon of ODNI, there was a lot of discussion over "where do you break the band?" For example, "How high does the entry/developmental band go? Where does the full performance level end?" The two additional steps were added to each band to accommodate the concerns of several agencies that employees at the top of their grade should have to compete for performance-based pay increases. The compromise was that each agency could determine the alternate starting and end points of its own bands as long as those bands fell within the overall ranges depicted in Figure 2.

Agencies also have discretion on where the "control point" falls within each band. The control point represents the mean salary of positions with similar duties and responsibilities in the private sector. In general, the salaries of employees below the control point rise more rapidly to the mid point than those

Figure 2: The Intelligence Community's Payband Structure
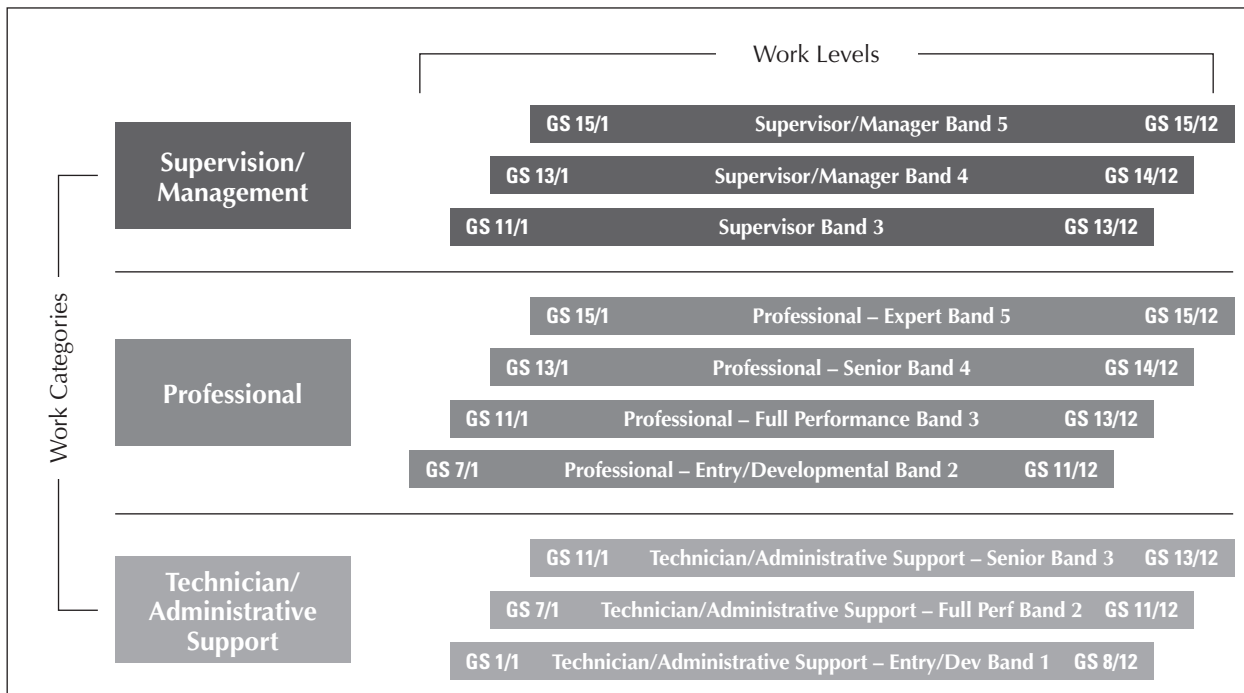
Source: Office of the Director of National Intelligence.

of employees that are above the control or mid-point. In other words, pay progression slows the higher one is in the band.

Many of the rules that will govern paysetting in the IC are similar to those that have been applied in other agencies. For example, similar to the practices of the National Institute for Standards and Technology (NIST), and the Departments of Commerce and Defense, each employee will be assigned to a "pay pool." Each pay pool manager will be allocated a specific amount for performance-based pay increases annually. That amount will be based on how much was spent historically on pay increases under the GS including, for example, the amounts for:

- Within-grade increases
- Quality step performance awards
- Promotions (grade promotions that would have occurred between grades now combined into bands, e.g., GS-11 to GS-12 promotions)

In several agencies surveyed, the pay pool allocation including only items listed above, has totaled approximately 2.4% of payroll.[26]

A distinctive feature of NGA's paybanding system, after which the IC system is modeled, is the use of a standard mathematical formula to translate each individual's summary performance rating into a pay increase. According to ICD 654 on performance-based pay, performance-based payouts will be calculated according to a formula that takes account of:

- Individual performance ratings for employees in the pay pool
- The overall ratings distribution in the pay pool
- Base pay levels of employees in the pay pool
- The overall pay pool budget

The relationship of each employee's salary to the market- or mid-point of the band to which s/he is assigned also figures into the calculation. Tom Coghlan, who previously worked at NGA but who is now at ODNI, argues that "employees distrust management" and that the "math model" has the appearance of objectivity. Coghlan also points out that the system is considered a success at NGA.

A problem with the new system from the standpoint of community integration is that those IC components located in agencies with personnel procedures that are governed by title 5 such as the Office of Intelligence and Analysis in the Department of Treasury, the Office of Intelligence and Counterintelligence at the Department of Energy, and the Bureau of Intelligence and Research at the Department of State have not yet received legislative authority to implement paybanding and hence will continue to operate under the GS rules.

Lever Four: Training

Within ODNI, training issues are the responsibility of the chancellor of the National Intelligence University. The challenge facing the chancellor is similar to that facing the ADNI/HC, which is to utilize HRM to leverage collaboration across the community. Whereas the ADNI/HC works primarily with the CHCOs from the different IC elements, the NIU chancellor is attempting to coordinate the activities of 40+ hitherto largely autonomous training units within the IC. As has been the case with the other HR functions, there has been relatively little collaboration among these units in the past. The challenge, therefore, has been to overcome the natural tendency on the part of the units to resist any loss of autonomy in the interest of inter-agency collaboration, as well as of improved effectiveness and efficiency. A PowerPoint presentation prepared by former NIU Chancellor Jill Rhodes' office includes the following statement: "Education and training for the IC remains disjointed, stovepiped, and mission centric."

The strategy for the creation of a National Intelligence University system includes several parts. One, done in cooperation with the ADNI/HC is the Joint Leadership Development Program (JLDP). The JLDP includes a leadership course for each of the following groups:

- GS-13s and 14s
- GS-15s
- New members of the Senior Executive Service (SES) or the Senior Intelligence Service (SIS)
- Experienced members of the SES and SIS

The courses are designed to enable participants to acquire the three IC-specific competencies;

collaboration and integration, enterprise focus, and values-centered leadership. The JLDP courses are delivered through ODNI with an agency sponsor for each of the courses. For example, the CIA will serve as sponsor of the course for new seniors.

Another piece of the training initiative is to allow and encourage training to occur across agency lines. According to former chancellor Rhodes, the 16 agencies collectively identified over 4000 courses currently being offered by one of the agencies that could be opened to employees of other agencies. Eventually, there will be a single web-based portal through which members of the IC will be able to review all the offerings and register for a specific course. A common learning management system will be developed for this purpose. Courses relating to agency-specific "tradecraft," such as human intelligence at the CIA, would not be open to individuals from other agencies.

A priority, according to Rhodes, is to identify gaps in the training curriculum and to reduce overlap

and duplication among the course offerings. An inventory has been conducted of 4000 courses toward that end. Leadership-related courses will be linked to the senior leadership competency model developed by the CHCO (see Figure 3). Each course will be identified as suitable for acquiring one or more of the competencies at one of four specific levels corresponding to the work levels defined in the occupational structure, i.e. entry and developmental, full performance, senior and expert. Pursuant to an agreement that has been reached among the agencies, an ICD will be issued stipulating that 25 percent of the slots in these common courses will be reserved for members of outside agencies. There has also been agreement that if the cost to deliver a course is less than $500 per student, there will be no charge to outside attendees. The policy on charging for courses that cost more than $500 per student is still under development.

A key issue in structuring the IC-wide training efforts has been whether the NIU should include actual "bricks and mortar" or whether it should be

Figure 3: The Intelligence Community's Senior Leadership Competency Model
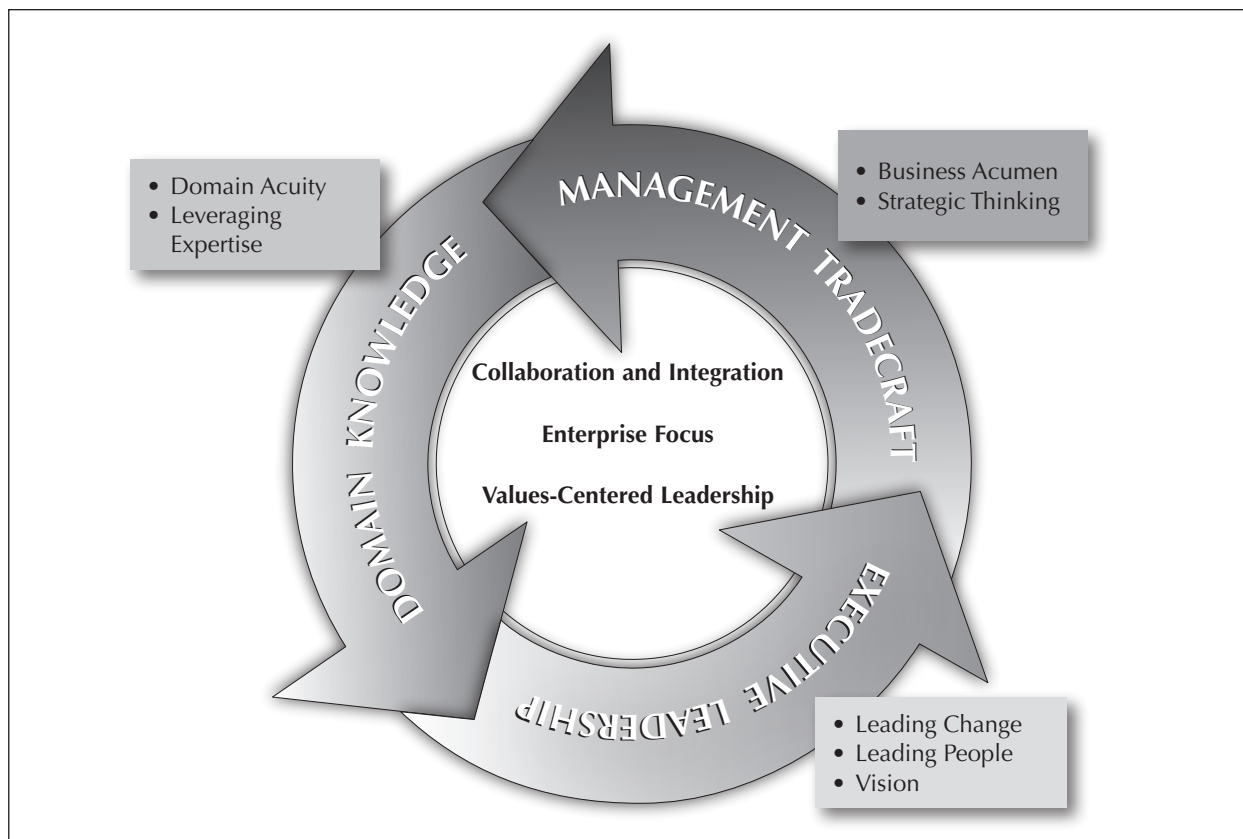
Source: Office of the Director of National Intelligence.

more of a virtual entity that brokers training across agencies with course delivery controlled by the agencies. According to officials, DNI McConnell determined that NIU should have a physical presence in the form of a training facility, which is now in development. One consideration in having such a facility and in having courses such as the JLDP courses delivered directly by ODNI is to reinforce the identification of the trainees with the community as a whole rather than only with their particular agency.

Leadership Training

One of the objectives included in the IC's *Five Year Strategic Human Capital Plan* was to develop a new "Leadership Blueprint," one element of which was to "identify critical leadership qualities." Accordingly, ODNI has proceeded to develop a common "leadership competency model" which identifies "those critical qualities that characterize how our most effective leaders lead." The competency model is intended to serve as a basis both for the selection of individuals to leadership positions within the IC and for training those leaders.

To create the model, a consultant retained by ODNI conducted interviews with senior leaders throughout the IC. The four competency "clusters" listed in Figure 3 were identified. The cluster entitled "Intelligence Community Focus," includes three competencies that are particularly relevant to the new IC; collaboration and integration, enterprise focus, and "values-centered leadership." The intent is that in the long-term all leadership training within the IC will be structured around these competencies.

Recommendations

The IC represents only a small proportion of the total number of employees in the executive branch. It is also unique with regard to the nature of its business, the fact that it has no unions, and that much HR-related information is classified. Nevertheless, useful conclusions for the rest of the government can be drawn from the IC's experience in developing a common HRM framework.

Recommendations for Policy Makers

Recommendation One: Pursue a Federated Approach to Civil Service Reform

Over the past 15 years, the civil service system has splintered, as a series of departments and agencies have obtained waivers from portions of the civil service law (title 5 of the U.S. Code) or have been given the authority to create their own personnel systems. A justification is that the traditional title 5 personnel rules are too inflexible and that the "one size fits all" philosophy that they embody is not appropriate to the heterogeneous set of organizations and missions of which the executive branch is comprised.

Yet, as the number of departments and agencies opting to waive portions of the civil service law has increased, there is greater awareness of how the resulting diversity can undermine the advantages of a homogenous system for millions of federal employees. Practical problems include:

- That transfers between departments and agencies become more complicated due to heterogeneous hiring standards and pay systems

- Oversight is more difficult in a system with multiple sets of rules

- The government ends up paying more than it

otherwise would for employees with scarce skill sets due to competition between departments and agencies.

A governance-related concern is that the principle of internal equity is compromised as employees with similar qualifications, experience, and performance, receive different levels of compensation. Another is that the government is increasingly divided into "have" and "have-not" organizations. Those departments and agencies with their own personnel systems gain a competitive advantage over those left in title 5 by virtue of policies that allow them to hire more quickly and to offer more money to high performers.

Concerns about fragmentation prompted two important actors in the area of human resource management policy—the Government Accountability Office (GAO) and the Office of Personnel Management (OPM)—to call for a federated approach to human resource management reform.[27] Such an approach would be characterized by a government wide HRM framework that would ensure some consistency in the treatment of employees across agencies. It also would allow a greater degree of customization of HRM policies at the agency level than is possible under title 5. The IC provides the first actual example of how a federated HRM system might work. Appendix II shows how HRM policies within the IC are divided between those that are common across the community and those over which individual components have discretion.

The IC model suggests a two-tiered system comprised of 1) OPM, and 2) the departments and agencies. OPM would be responsible for those policies that are common across the entire executive branch. Examples

of the types of policies that would apply government wide include those identified by GAO, such as adherence to merit principles, prohibited personnel practices, and guaranteed due process, as well as retirement and health benefits, workforce planning and the management of data on the federal workforce. OPM could also expand its training mission. Although each agency is responsible for conducting its own technical training, OPM could expand the managerial training provided to agencies and thereby gain economies of scale and insure that federal employees receive the up-to-date knowledge needed.

The area of compensation provides an example of how authorities could be divided between the two levels. The core federal compensation rules are embodied in the General Schedule. Agencies authorized to create their own personnel rules have shifted away from the GS and towards paybanding. However, in the absence of any government-wide framework, agencies have devised highly diverse sets of paybanding rules and standards that compromise the objective of internal equity.[28] Needed is a set of government-wide rules that would provide for common definitions of career groups, determine a range as to the number of bands allowed per career group, and set parameters for how paybands get adjusted. Individual departments, in conjunction with their component bureaus, would then work within the OPM framework to tailor the general rules to each department's needs.

A federated structure would acknowledge the importance of customization of HRM practices at the bureau level. Traditionally in the federal structure, bureaus have limited discretion in designing HRM policies. Strategic human management principles dictate that personnel processes and systems should be tailored to organizational mission, culture, and strategy which, in the federal structure, implies bureau. Matters of strategic importance over which bureaus would be allowed some control in a federated structure include performance management, compensation, hiring, and workforce restructuring.

Recommendation Two: Require a Collaborative Approach to HRM Policy Design

The role of the departmental offices in a federated structure would be similar to that of ODNI within the IC. Each department would convene component bureaus in a collaborative process to develop a

department-specific set of rules within the parameters set by OPM. That the process be collaborative is the key to achieving an effective balance between community and agency requirements. If traditional hierarchical approaches are employed, the balance will inevitably tip in favor of departmental considerations. In this model, agencies are full participants in the development of departmental rules.

The advantages of a more participatory approach to HRM reform are many. The first is that participation tends to engender buy-in on the part of those charged with implementation and implementation is more likely to be successful as a result. Second, participation ensures that those charged with implementation have a chance to shape the policy in ways to make it work for them, enhancing the chances of implementation success. Third, where collaboration is an objective in itself, the very process of developing common policies can foster an atmosphere of trust and cooperation. Fourth, involving additional players in policy development can improve the result. In the IC's case those players, the CHCOs, and the deputies are knowledgeable and experienced made valuable contributions to the outcome.

Participants in the IC's HRM development process testify as to the value of working in a collaborative manner. Ellen McCarthy, Director of the Human Resource Management Office for the Undersecretary of Defense for Intelligence stated, "I think that process is important and we had to go through that head banging and very heated emails. I will say to you right now that I think there is incredible buy in." Elizabeth Kolmstetter, the deputy CHCO for the IC comments:

> The director … has to get consent through getting people together, negotiating the pros and cons…. He has to get people to come to an agreement, to get buy-in because they feel it is a win-win for them. And I think that is a much more powerful way in the end to get long-term agreement instead of enforcing it.

A case can be made that the resulting policy framework will be more durable by virtue of the process through which it evolved. As a consequence of the structure that Congress imposed and the shared nature of the personnel authorities at issue, the framework had to be agreed to by all the parties.

During the process of negotiation and compromise that ensued, each party had the opportunity to shape the final product and as a result, the framework has achieved wide acceptance across the community.

That achievement is particularly impressive when contrasted with the efforts of the Department of Homeland Security (DHS). Unlike the DNI, the secretary of DHS had line authority over the units within DHS. The process employed to develop a department-wide HRM framework was substantially top-down in nature with a dominant role played by department-level officials. The resulting policies often encountered resistance from the individual DHS agencies.

Deputy IC CHCO Kolmstetter previously worked for DHS, which employed a different reform model. The secretary of DHS has hierarchical authority over the various units in the department and hence was able to direct the adoption of new, department-wide HRM policies. Kolmstetter says the initiative to create "one DHS" whereby each agency was asked to relinquish its unique identity in favor of a departmental identity, "was not a successful way to acculturate people into a new mindset that there is a different way that we have to approach things." In the IC, says Kolmstetter, "what we want to say is that we are a team made of unique entities; CIA, FBI, DIA, NSA, all of whom have unique offerings to us that we will capitalize upon because we will share them and we will use them to improve all of our end results in terms of our mission."

Rick Hastings, deputy CHCO at Treasury and a member of the IC CHCO Council, was also involved in personnel reform at DHS. Hastings says, "I think the IC has worked well because Ron [Sanders] has tried to be collaborative. I think part of the mistake at DHS was people hid behind the fact that statutorily this had to happen. And so if there was resistance or push back, the business case was, 'Well, the statute says …'."

Recommendation Three: Ensure Accountability

Despite the advantages of a collaborative approach to HRM reform, it is essential that there be a single point of accountability within each department. In a federated structure as is proposed here, that role would be served by the departmental offices.

Within the IC, ODNI served as a point of accountability and in that role drove the process. ODNI initiated the reforms, developed the structure and convened the meetings, and helped staff the Program Executive Office where the detailed drafting of the ICDs took place. It was the ADNI/HC who worked with the DNI to formulate an HRM reform agenda, who chaired the meetings of the CHCO Council and who took unresolved issues to the DEXCOM and EXCOM.

The IC experience reveals the necessity for a single point of accountability within an otherwise collaborative process. ODNI has provided an effective point of accountability within the IC partly because, in spite of the ambiguities of IRTPA, it exerts some hierarchical authority over the individual components, primarily with regard to the budget, and could therefore drive the process. ODNI also wields influence by virtue of its central role in the intelligence network and of the implicit backing it has received from Congress in fostering interagency collaboration. In a federated system as is proposed here, departmental offices would serve as convenors and drivers of processes for the design of department-specific HRM rules.

Recommendation Four: Allow Policy Customization by Interagency Clusters

In some instances, as with the IC, it may be appropriate to allow a cluster of agencies that are sharing a common mission but organizationally located in multiple departments to share a common HRM framework. Agencies responsible for regulating the financial sector provide an example of such a cluster outside the IC. Under the Emergency Economic Stabilization Act of 2008, Congress created the Office of Financial Stability within Treasury to oversee the bail-out of banks and other financial institutions. Also involved are the Federal Deposit Insurance Corp., the Comptroller of the Currency, the Office of Thrift Supervision, and the Department of Housing and Urban Development. Under the proposed model, these agencies would constitute a financial regulatory cluster that, with congressional approval could devise its own HRM policies.

In the area of food safety, the Food and Drug Administration could serve as a point of accountability in an interagency cluster that would include parts of the Departments of Health and Human

Services and Agriculture. Each grouping of agencies could engage in an exercise similar to that undertaken by the IC to develop a common set of HRM policies that would facilitate interagency collaboration as well as modernize HRM practices.

The Bush administration's HR "Line of Business" model serves as an example of the interagency clusters at work. Under this model, agencies are allowed to outsource HRM functions to the private sector or other agencies. Certain items, such as payroll, have been successfully consolidated with only a handful of agencies now providing this service.

Recommendation Five: Extend Joint Duty to the Entire SES

The SES was created as part of the Civil Service Reform Act of 1978, with the intent that it serves as a corps of generalist executives whose careers would traverse agency lines and who would thereby promote interagency collaboration and cooperation. Instead, the vast majority of SES members spend their entire careers in a single agency. An SES-wide Joint Duty program along the lines of what the IC has created holds promise for a return to CSRA's original vision. The purpose would be to broaden the perspective of those who reach the top levels of the career service and to foster collaboration among agencies in addressing issues that cross agency lines. Consistent with the IC's model outlined here, aspirants to the SES would be required to take assignments in other agencies within the same department or cluster as a condition of promotion.

An executive order (EO) issued by President Bush in May 2007 provides an additional precedent for such an approach. EO #13434 entitled "National Security Professional Development" would extend the joint duty concept to senior civilians within the national security community. The executive order directs the development of a "National Strategy for the Development of Security Professionals," and specifies that the plan provide for "interagency and intergovernmental assignments." In November 2008, OPM issued policy guidance encouraging agencies to implement a "qualification requirement" for national security professionals in SES positions relating to "inter-agency" experience.[29]

OPM has also agreed to allow agencies temporary additional allotments of SES positions as needed to backfill where an executive has been detailed to another organization. OPM could go even further by forcing agency Executive Resource Boards to require external, joint duty assignments.

Recommendations for Department Heads

Recommendation Six: Use Human Resource Management Tools to Foster Interagency Collaboration

This report identifies a set of HRM levers used to encourage interagency collaboration within the IC. These same levers can be employed elsewhere within the government in policy areas where interagency collaboration is critical to mission accomplishment.

The Joint Duty program which, pursuant to the recommendation above, would extend generally throughout the government serves as one example in this regard. Another is the National Intelligence Civilian Compensation Plan (NICCP) through which the IC was able to standardize performance, management, and compensation policies. Thus for example, ICD 651 establishes a common set of performance elements for all IC personnel. One such element is, "engagement and collaboration," defined as follows:

> IC employees have a responsibility to provide information and knowledge to achieve results, and in that regard are expected to recognize, value, build and leverage diverse collaborative networks of coworkers, peers, customers, stakeholders, and teams, within an organization and/or across the IC. In addition, IC supervisors are expected to create an environment that promotes engagement, collaboration, integration, and the sharing of information and knowledge.

The NICCP serves to align the mechanics of the compensation systems within the IC so that all employees are assessed according to the same basic criteria and are governed by the same basic pay-setting criteria. This will facilitate the transfer of personnel across agency lines for Joint Duty purposes as well as for general career development purposes and thereby enhance interagency communication. As a consequence of the general

Assessment to Date: The Intelligence Community
Human Resource Management Initiative

An important question relating to the IC's HRM initiative is on what basis and according to what criteria should the success of the program be assessed. Interviewees offered a variety of different assessment criteria. At a very high level, several agency CHCOs cited as a possible success indicator the absence of any future terrorist attacks. Others, in noting that the changes are ultimately directed at inducing a greater degree of collaboration within the community, stated that they would look to the annual employee survey as a source of data on progress achieved. For example, Cynthia Bower of the CIA says that one question on the CIA's survey has to do with the value of collaboration. Bower says it would be important to ask "Do CIA employees rate collaboration more highly?"

Some of the most compelling testimony as to the relative success of the process comes from the participants themselves, even those who have reservations about some elements. For example, John Taflan of NSA says, "In the past two years, we have tried to take on too much and lost our direction," but nevertheless concludes by stating that, "When all is said and done, it took us two years to develop a personnel system that took DoD 11 years." Don Packham of the FBI has also takes issue with some of what has transpired but nevertheless concludes by stating,

> I would say to you given the numbers, the size, and the politics of the players, I would have to characterize it as a success. Given the politics, the varying legal authorities that have to be overcome as to who can tell who to do what in government, I actually think it's amazing that we actually have a performance management plan, we have Joint Duty programs, we've agreed on some common benefits approaches.

Others are even more positive. Ellen McCarthy of USDI comments, "I think there has been amazing progress made," and, "I believe that we are far more collaborative than we were two years ago. I hear people agreeing to do things that I couldn't imagine them agreeing to do two years ago, I include myself." She adds,

> I think that the Joint Duty program is a great initiative.… I think that it will be monumental change for the intelligence community in how they do business. I think definitely there have been some very positive changes in the last couple of years.

That attitudes within the IC toward the HRM initiative are so positive holds important implications for the rest of the government. One implication is that collaboration works: allowing agencies a say in critical aspects of HRM functioning creates a sense of buy-in and presumably, in the long run to improved operational performance. Another is that achieving buy-in requires that department and agencies be allowed a say in the structuring of HRM policy elements critical to the accomplishment of their missions. A federated structure with a framework of government-wide policies that departments and agencies are allowed to customize to individual needs would serve such a purpose.

atmosphere of trust that has arisen from the development effort, IC components have extended their cooperation to the area of recruitment and hiring, of which the Heritage Recruitment Strategy is an example.

The design of a common compensation system consistent with the federated approach endorsed here would provide the opportunity for departments and/or clusters to foster higher levels of inter-agency collaboration and thereby contribute to mission accomplishment.

Recommendation Seven: Provide Effective Leadership for Collaborative Processes

Recommendation Two above, under "Recommendations for Policy Makers," endorses a collaborative approach to HRM system design. In this approach, agency consent would be a condition of the development of departmental specific HRM systems. However, the success of collaborative processes is highly contingent on leadership quality.

Within the IC, ADNI/HC Sanders is given a lot of the credit for the progress that has been achieved. Don Packham of the FBI says, "The fact that we've

actually been able to do some things is a tribute to the leadership of Ron Sanders to coordinate these different components that belong to the ODNI." Ellen McCarthy of USDI calls Sanders a "visionary," and a "force for change," adding that "there is now dialogue across the community that never happened before and that has to be a good thing."

Of Sanders' approach, Cynthia Bower of the CIA comments, "Ron Sanders has had a clear vision from the beginning of what he wanted to see. He has been active and engaged." Joe Ford of the FBI says of Sanders, "Ron had been facilitator, nudger, pusher, leader, manager. He is the guy who gets the money. He sells the vision and helps us to define the mission. He is not the type of guy who says take it or leave it. He tries to come to a balance and consensus." John Taflan of NSA adds, "I'm a big Ron Sanders fan. He has phenomenal vision. He has a vision of what goals he wants to achieve in the near and long-term." Rick Hastings, deputy CHCO at Treasury says, "I think you'd have to have someone with Ron's MO, so to speak. You know, because I mean he keeps coming back—he's sort of like the Energizer Bunny. He keeps coming back."

The IC's experience highlights the need for leadership skills on the part of the individual leading the design process within each department or cluster. The manner in which that individual conducts the process will have important implications for outcomes. The challenge will be even greater in a departmental context where a hierarchical dynamic predominates than in the IC where the DNI's authority over the other units is more ambiguous.

Recommendation Eight: Address the Cultural Dimension of HRM Reform

The IC's HRM exercise is ultimately directed at changing organizational morés that have been in place for decades. The history and the operational reality within the IC has long been one of independence and isolation. There is a natural reluctance on the part of the agencies to relinquish the autonomy that accompanies that isolation, especially when such isolation can serve security objectives. The programmatic changes that have been negotiated will succeed only if the values that they embody become part of the accepted way of operating. ADNI/HC Sanders comments:

> You can talk it all you want, and you can train it all you want. But unless employees are encouraged to do it by managers and rewarded when they do and unless their managers are rewarded when they promote it, then the inertia of the old agency-centric, insular culture, will take over.

Key to successful culture change is the trust that is generated when the process of designing a new HRM framework is genuinely collaborative in nature. The very act of putting individuals from different agencies in a room together and generating conversation over the development of a common policy framework itself fosters communication, trust, and understanding that serve as a foundation for the new culture. Joe Ford, associate deputy director of the FBI, comments on the IC:

> The monthly LDEC meetings force us together, which is not a bad thing. It also forces follow up throughout the month with our staffs. I do more collaboration with CIA than I ever have, more with NSA too. It takes us out of the operational realm such as HR training and facilities and puts us more into the strategic realm more than we have ever been. It has been very helpful in creating a more collaborative environment.

A lesson for departments is that the design process itself is critical to the creation of a culture of collaboration. An approach in which agencies feel a genuine sense of partnership is likely to contribute to an attitude of ongoing collaboration.

Appendix I: Interview Participants

Name	Agency/Title
Office of the Director of National Intelligence	
Ronald Sanders	Associate Director of National Intelligence/Human Capital
Karen Alexandre	Human Resources Policy Specialist
Brigette Class	Director, Office of IC Staffing and Career Development
Carol Conlan	Director, IC Leadership Development Program
Thomas Coghlan	Program Executive Officer, NICCP
Joyce Grignon	Senior Human Capital Policy Advisor to the ADNI/HC
Elizabeth Kolmsetter	Deputy IC Chief Human Capital Officer
Rafael Landrau	Director, IC Human Resources Information Systems and Requirements
Belinda LaValle	Program Manager, IC Workforce Plans and Resources
Alex Manganeris	Director, IC Workforce Plans and Resources
Steve Ramp	Senior Human Capital Policy Analyst to the ADNI/HC
Jill Rhodes	Director, National Intelligence University
Andrew Richardson	Director, IC Human Capital Policy and Programs
Hughes Turner	Director, Office of IC Senior Officer Management
Agency/Component Chief Human Capital Officers and Deputies	
Cynthia Bauer	Central Intelligence Agency
Mary Kay Byers	National Reconnaissance Agency
Rick Hastings	Deputy CHCO, Department of the Treasury
Ellen McCarthy	Undersecretary of Defense, Intelligence
Donald Packham	Federal Bureau of Investigation
Jeff Pons	Department of Energy
John Taflan	National Security Agency
Laura Snow	National Geospatial, Intelligence Agency
Other	
Joe Ford	Associate Deputy Director, FBI
Margaret Haack	Office of Personnel Management
John Smith	Deputy General Counsel, Under Secretary of Defense, Intelligence
Chris White	Senate Select Committee on Intelligence

Appendix II: Key IC-wide HRM Policies Showing Areas of Agency Responsibility

Joint Duty (JD)				
Policy question	What positions require JD experience?	Who conducts the performance evaluations of those on JD assignment?	Who decides whether an individual on JD assignment receives a performance bonus?	Who decides the amount of the base pay increase for an individual on JD assignment?
Policy	Agencies and ODNI jointly determine which position require JD experience.	The gaining element conducts the performance evaluations of those on JD assignment.	The gaining element decides whether an individual on JD assignment receives a performance bonus.	The employing element decides the amount of the performance-based pay increase.
Areas of agency discretion	Assignments require agency approval.	Agencies do the performance evaluations for JD participants detailed to their agencies.	Agencies decide whether JD participants detailed to their agencies will receive a performance bonus and the amount of the bonus.	Agencies decide whether their employees who are on JD detail outside the agencies will receive a base pay increase and the amount of the increase.

Performance Management				
Policy question	What proportion of the employee appraisal is based on "results" vs. "behaviors"?	How many performance evaluation rating levels are there?	According to what performance elements will employees be evaluated?	What mechanism will be used to deter supervisors from granting too many high ratings?
Policy	The evaluations of all employees are based 50% on results and 50% on behaviors.	There are five rating levels.	All employees are assessed according to six common performance elements.	Supervisors and managers to be rated on how well they manage the performance of their employees.
Areas of agency discretion	Agencies decide the results measures.	Agencies decide whether to use the "minimally successful" rating level."	Elements may establish additional performance elements.	Agencies do the actual ratings of the supervisors.

Payband Structure				
Policy question	How many career groups will there be?	How many paybands are there for each career group?	How wide are the paybands?	How does an employee get promoted from one band to the next?
Policy	There will be three career groups (see Figure 2 on page 24). Each agency maps its employees to the bands.	There will be three paybands for the supervision/ management and technician/ administrative support groups and four paybands for the profession group.	The paybands will extend from the equivalent GS steps shown in Figure 2.	No policy
Areas of agency discretion	None	None	Agencies determine their own band widths as long as they fall within the community-wide parameters.	This is an agency determination.

Pay-setting				
Policy question	What guarantees are there that employees will receive at least the amount of the annual comparability increase?	Do low-performing employees still receive the annual comparability increase?	What is the minimum pay increase for an employee being promoted from one band to another?	How big are the performance pay pools?
Policy	Employees with annual rating of "successful" or higher receive pay increases not less than the adjustment to the rate range.	Employees with a rating of "unacceptable" receive no pay increase.	Employees promoted to the next highest pay band may receive a pay increase of up to 8%, or the bottom of the new pay band range, whichever is greater.	At the agency level, the performance pay pool must include at least the equivalent of the amount spent under the GS on within-grade pay increases, quality step increases, promotions and the annual comparability increase.
Areas of agency discretion	Agencies decide pay increase policy within this parameter.	None	Agencies decide pay increase policy within this parameter.	Agencies can increase the overall pay pool with permission from ODNI; the size of the pay pool for each unit can vary.

Peformance-based Pay				
Policy question	How is the annual pay increase affected by an employee's position in the band?	How will ratings be translated into pay increases?	Are there constraints on the number of high ratings that can be assigned?	
Policy	The relationship of employee's salary to midpoint impacts performance-based payout .	Agencies must use the IC-wide mathematical formula as the basis on which to determine performance-based pay increase.	No quotas are permitted. However, the mathematical formula is constrained by the available pay budget, so higher aggregate ratings do not overspend the available budget.	
Areas of agency discretion	Each agency can establish alternative control points within each band, based upon market data or occupation requirements.	Pay pool managers are allowed to adjust formula-based payout estimate, provided the adjustment is justified and documented.	The agency leadership is encouraged to communicate expectations about the performance standards that apply to elements and objectives.	

Endnotes

1.   Office of Management and Budget. 2001. *The President's Management Agenda*. Government Printing Office. p. 12.

2.   Agencies authorized to waiver portions of title 5 include the Internal Revenue Service, the Federal Aviation Administration, the Department of Homeland Security and the Department of Defense.

3.   National Commission on Terrorist Attacks Upon the United States. 2004. *The 9/11 Commission Report*, p. 400.

4.   First introduced in the Senate on September 23, 2004, IRPTA passed 96-2 on October 6; the House approved it on October 16. The House voted 336-75 on the conference report December 7 with Senate voting 89-2 the following day. President Bush signed the legislation, Public Law Number 108-458, on December 17, 2004. This massive document, 236 pages long, focused on all aspects of the intelligence operations from international partnerships to the 9/11 Commission recommendations.

5.   Additional personnel-related authorities referred to in IRTPA include those relating to the transfer of personnel between elements, choosing senior leaders, the National Intelligence Reserve Corps, and scholarship authority.

6.   Office of the Director of National Intelligence. 2005. *The National Intelligence Strategy of the United States of America: Transformation Through Integration and Innovation*, p. 3.

7.   Office of the Director of National Intelligence. 2006. *The US Intelligence Community's Five Year Strategic Human Capital Plan: An Annex to the U.S. National Intelligence Strategy*, p. 7

8.   Ibid. p. 7

9.   Section 1011(a)

10.   Section 1018

11.   The CHCO Council included the chief human capital officers and/or their representatives from each of the 16 components (see box "Human Resource Management-Related Intelligence Community Directives " on page 14).

12.   Section 1011(a)

13.   Formerly the Leadership Development Executive Committee or LDEC

14.   A high proportion of contract workers are former IC employees who already have security clearances.

15.   Pincus, Walter and Stephen Barr. *CIA Plans Cutbacks, Limits on Contractor Staffing*. June 11, 2007. Washington Post, p. A2

16.   Section 1011(a)

17.   Office of the Director of National Intelligence, Heritage Recruitment and Retention Strategy, p. 4

18.   Pincus, Walter. *Change Expands Eligibility for Intelligence Hires*, Washington Post, October 29, 2008 p. A15.

19.   Office of Personnel Management. 2002. *A Fresh Start for Federal Pay: The Case for Modernization*. Government Printing Office.

20.   Titles 10 and 50 already provided much of the statutory flexibility required to implement the NICCP to the majority of the IC

21.   Office of the Director of National Intelligence. 2008. *U.S. Intelligence Community Report on IC Pay Modernization: Proposed Plans, Polices and Procedures*.

22.   See Thompson, J. 2007. *Designing and Implementing Performance-Oriented Payband Systems*. Washington, DC: IBM Center for the Business of Government.

23.   Defined as those born between 1977 and 1994

24.   *U.S. Intelligence Community Report on IC Pay Modernization: Proposed Plans, Polices and Procedures*

25.   The mission categories are: collection and operations, processing and exploitation, analysis and production, research and technology, enterprise information technology, enterprise management and support, and mission management. The three work categories are technician/administrative support, professional and supervision/management. The six work levels are, entry/developmental, full performance, senior, expert, supervisor, and manager.

26.   See Thompson, J. 2007. *Designing and Implementing Performance-Oriented Payband Systems*. Washington, DC: IBM Center for the Business of Government.

27.   In 2004, the GAO convened a forum of high-ranking experts to review the consequences of fragmentation and to identify the outline of a solution. An ensuing report (GAO 2004, 2) summarized the outcome as follows:

> There was widespread recognition that a "one size fits all" approach to human capital management is not appropriate for the challenges and demands government faces. However, there was equally broad agreement that there should be a government-wide framework to guide human capital reform built on a set of beliefs that entail fundamental principles and boundaries that include criteria and processes that establish the checks and limitations when agencies seek and implement their authorities.

> OPM also weighed in on this issue in a 2004 publication entitled, OPM's Guiding Principles for Civil Service Transformation. In that document, OPM (1) describes civil service rules as "outdated and obsolete," and "clearly in need of substantial modernization." The report identifies four "principles" that, according to OPM, should guide the search for an alternative;

> - "Preserve the ideal." OPM comments that traditional values; merit, equal employment opportunity, whistle-blower protection, veterans' preference due process, etc. must be retained under any new framework.

> - "Maximize flexibility." OPM (3) promotes, "a system that is flexible and elastic, one that can be molded and shaped to fit the unique missions, functions, and work forces of the agencies and departments that comprise the Federal Government …"

> - "Leverage economies of scale." OPM recommends that policies be standardized in areas where substantial economies of scale are available, for example with regard to health benefits and human resource information systems.

> "Ensure collaboration and coordination." OPM (5) promotes a collaborative approach to civil service modernization stating that agency-specific HR systems "must be designed in a way that is as open and transparent, as inclusive and collaborative as possible."

28. See Thompson, J. 2007. *Designing and Implementing Performance-Oriented Payband Systems*. Washington, DC: IBM Center for the Business of Government.

29. Office of Personnel Management. 2008. Memorandum for Chief Human Capital Officers from Michael W. Hager, Acting Director. Recommended National Security Professional Qualification for SES. November 13, 2008.

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K E Y   C O N T A C T   I N F O R M A T I O N

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