



INTELLIGENCE

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

MAR 13 2006

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DEPUTY DIRECTOR, NATIONAL SECURITY
AGENCY
DEPUTY DIRECTOR, DEFENSE INTELLIGENCE
AGENCY
DEPUTY DIRECTOR, NATIONAL GEOSPATIAL-
INTELLIGENCE AGENCY
DEPUTY DIRECTOR, COUNTER INTELLIGENCE
FIELD ACTIVITY

SUBJECT: Cover Memo to PDDNI Memo, "Modernizing Civilian Compensation
Systems in the Intelligence Community", dated 07 February 2006
(attached)

Please release attached to all civilian employees within your organizations.

For more information, please contact Ms. Ellen McCarthy, (703) 602-9973.


Stephen A. Cambone

Attachment:
As stated

cc:
USD (P&R)





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

MAR 13 2006

MEMORANDUM FOR All Defense Intelligence Civilian Employees

SUBJECT: Update on Modernizing Civilian Compensation Systems within the Intelligence Community

Attached is a memorandum announcing the establishment of the Intelligence Community Pay Systems Modernization Project Office within the Office of the Director of National Intelligence (ODNI). This new office is charged with the design of a common civilian compensation architecture for the Intelligence Community (IC) workforce.

To support this community effort and to develop human capital policies for DoD civilian intelligence employees, I established in November 2005 the Personnel Development and Readiness office (PD&R) within USD(I) led by Ellen McCarthy. PD&R is participating fully in the design of the common civilian compensation effort described in the attached document, as well as in the implementation of the Defense Civilian Intelligence Personnel System (DCIPS).

I support fully the concept of pay for performance and intend to completely implement DCIPS by the end of 2006. PD&R recently hosted the Defense Civilian Intelligence Board, co-chaired by DUSD (PRR) and DUSD (CPP), where we announced the kick off of a re-energized DCIPS working group. This group, composed of experts from within the Department and the ODNI, is chartered with completing the remaining subsections of DCIPS by the end of this summer. It is my intent to incorporate recommendations into DCIPS, from this ODNI initiative, which reflect a competitive and contemporary compensation and benefits structure for our Defense Intelligence employees.

A handwritten signature in black ink, appearing to read "S. Cambone".

Stephen A. Cambone

Attachment



UNCLASSIFIED
PRINCIPAL DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE
WASHINGTON, DC 20511

E/S 00638

MEMORANDUM FOR: All Intelligence Community Employees

SUBJECT: Modernizing Civilian Compensation Systems within the
Intelligence Community

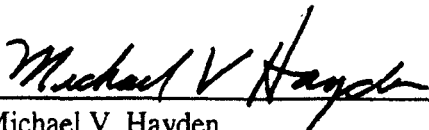
Many of you have been reading about changes to the way our fellow Federal employees are paid, and I want to tell you where the Intelligence Community (IC) is headed in this regard.

Beginning later this year, parts of the IC will begin experiencing these changes first hand. The Department of Homeland Security (DHS) and the Department of Defense (DoD) are both implementing new, more modern performance-based pay systems for their civilian employees, and these efforts will impact us. Congress and the President have also given the Federal Bureau of Investigation (FBI) a similar mandate, in part to support its new National Security Branch.

Thus, there can be no doubt that pay modernization is coming to the IC, and generally, I believe that is a good thing. You should all receive competitive compensation based on your competence and contribution to mission, not just on longevity. However, if we don't carefully manage the introduction of these changes, we could see untenable pay disparities within the IC, potentially destructive inter-agency competition, and a negative impact on employee morale. To avoid this and realize the full promise of pay reform, we must begin now, *as a Community*, to craft a new, more modern civilian compensation "architecture" for our workforce—one that meets our unique needs as well as the broader interests of the departments involved, and ensures a level playing field across the IC *without* taking a one-size-fits-all approach.

So, with the agreement of your agency and departmental leadership, I have established an IC Pay Systems Modernization Project Office to provide us with recommendations on the way ahead. This office will be led and staffed by representatives from all IC elements and their respective departments. It will review past and present pay reform experiments, learn from those efforts, and engage stakeholders and experts from within and outside the Community to make sure that we get it right. Rest assured that any new IC civilian compensation system will be implemented and administered in a way that is fair, credible, transparent, and based solely on merit and performance. I also promise that as we move forward, we will reach out to you to share our thoughts and proposals, understand and address your concerns, and incorporate your ideas.

The Director and I will approach this effort with great care. We cannot let it divert you from accomplishing our most vital mission. At the same time, we have a responsibility to prepare for our future. I am confident that we can devise an approach that respects and reflects your interests, as well as those of your agencies and departments, while transforming our Nation's intelligence enterprise as a whole. The President and the American people expect no less of us, and I look forward to working with you to achieve that end.



Michael V. Hayden
General, USAF

6 Feb '06

Date