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HEARING BEFORE THE SUBCOMMITTEE ON THE FEDERAL WORKFORCE, POSTAL  
SERVICE, AND THE DISTRICT OF COLUMBIA  
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
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Good morning. Chairman Davis and Congressman Marchant, thank you for the invitation to testify at today's hearing on implementing modern pay practices in the federal government. Specifically, I understand that the Subcommittee is interested in learning more about our plans for designing, developing, and implementing a more modern compensation system for civilian employees in the US Intelligence Community (IC). Of interest to these proceedings, we do have a few IC elements that are covered by title 5, United States Code, to include analytic functions in the Departments of Energy, State, and the Treasury.

The new compensation system we are developing is intended to be far more performance-based and market-sensitive than the Federal Government's General Schedule system. We are undertaking this challenging initiative to reinforce and reward excellence; to create a "level playing field" across the Intelligence Community, in order to avoid harmful competition for talent; and to create and foster a common culture of collaboration and high performance.

Unfortunately I am unable to share any details of that proposed system with the Subcommittee at this time. We are still in a pre-decisional phase – similar to where the Departments of Defense and Homeland Security were prior to publishing their proposed implementing regulations in the *Federal Register* for public comment. In this regard, the most salient features (and likely those of most interest to the Subcommittee) remain under deliberation and discussion amongst the six cabinet departments and 17 agencies and elements that comprise the IC, with the various IC Directives that will enable and establish the system's framework still in formal interagency coordination.

As you may know, Section 308 of H.R. 2082, the proposed Intelligence Authorization Act for Fiscal Year 2008, would require the Office of the Director of National Intelligence (DNI) to submit a report on the IC's pay modernization initiative, and although that bill is not yet law, we fully intend to comply with the Congressional wishes. We would be glad to provide your Subcommittee a copy of that report as soon as it has been submitted to the intelligence oversight committees.

What I can discuss with the Subcommittee today is a related initiative, now approved, to establish common performance management requirements for the IC civilian workforce; those requirements are set by an IC Directive issued by Director of National Intelligence (DNI) McConnell last November, and I would be pleased to do so. Also, I can discuss one of our legislative proposals from last year that did not make it into H.R. 2082 but may be of some interest to the Subcommittee, given your focus today.

## **A Modern Performance Management System**

The DNI believes strongly that a common set of core performance management policies are an essential requirement for the IC...as a way of strengthening the *Community*. In the past, performance appraisal systems varied widely across the IC, and they did not reinforce the common behaviors and values which are critical to the intelligence profession, such as collaboration and critical thinking. To remedy this, the DNI's 100-Day Plan for Integration and Collaboration directed the completion of Intelligence Community Directive 651, *Performance Management System Requirements for the Intelligence Community Civilian Workforce*.

This Directive establishes common, core requirements and processes for managing the performance of IC employees that are to be incorporated into the performance management systems established and administered by the separate IC elements and/or their parent departments. Employees will be evaluated on results ("what" they achieved) and in the manner by which they achieved those results ("how" they were accomplished), with the latter focusing on six common performance elements – including such critical competencies as critical thinking, collaboration, personal leadership and integrity, technical expertise. – that are at the heart of intelligence reform. This performance management Directive does not cover those IC senior executive or equivalent senior-level positions, but they will be covered by a similar directive.

All departments and independent agencies with IC employees are to implement the Directive by not later than October 1, 2008, for application to the Fiscal Year (FY) 2009 performance cycle. I

would note here that implementation of ICD 651 does not require any special or unique statutory authority; it can be implemented “as is” by all IC elements, including those covered by title 5.

I would also note that while ICD 651 is a necessary antecedent of a modern, performance-based compensation system, the Directive was a separate strategic human capital initiative in its own right. For example, the ICD’s common performance management requirements are essential to the success of our Civilian Joint Duty Program; they also provide a mechanism to reward and reinforce our core IC values, as well as the several critical behaviors I mentioned previously.

### **FY 2008 Legislative Proposal**

Let me now turn to a related legislative proposal. As part of the Administration’s FY 2008 Intelligence Authorization request, we asked Congress to give the DNI the ability to extend already-authorized personnel flexibilities from one IC agency to another, this in order to maintain a “level playing field” across the IC. In the short term, we wanted to be able to “share” the myriad of special personnel flexibilities (for example, deployment incentives, foreign language incentive pay, various scholarship authorities, etc.) that have been authorized for one or more (but not all) agencies over years. And in the longer term we wanted to allow those smaller intelligence elements with employees covered by title 5 to be able to take advantage of our new pay system.

As you know, there is no direct legal authority for those IC elements with title 5 employees to be covered by our new pay system, and we are concerned that as the rest of the IC moves to a

system over the next several years that is more performance-based and market-sensitive, our smaller IC elements may be placed at a competitive disadvantage.

To remedy this, we proposed that the DNI, with the concurrence of the head of the department or independent agency, could authorize the “adoption” of an authority that had already been authorized for any other IC element. For those IC elements with employees covered by title 5, the Director of the Office of Personnel Management would also have a say. Although this was included in the Senate Intelligence Authorization, it was not included in the conference bill. The Administration continues to support inclusion of this flexibility in the final bill.

Thank you very much; I look forward to answering your questions.

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