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## INTELLIGENCE COMMUNITY DIRECTIVE NUMBER 650



### NATIONAL INTELLIGENCE CIVILIAN COMPENSATION PROGRAM: GUIDING PRINCIPLES AND FRAMEWORK (EFFECTIVE: 28 APRIL 2008)

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**A. AUTHORITY.** The National Security Act of 1947, as amended; the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), and other applicable provisions of law.

**B. IMPLEMENTATION AND ADMINISTRATION.** The Director of National Intelligence (DNI) and the heads of the executive departments and independent agencies with Intelligence Community (IC) employees have agreed upon and approve this IC Directive (ICD or "Directive"). The DNI and the executive departments and independent agencies with the requisite statutory authority 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 with IC employees to carry out their respective missions and functions.<sup>1</sup>

**C. PURPOSE.** The IRTPA authorizes the DNI to prescribe, in consultation with the heads of IC agencies and elements, and the heads of their respective departments, personnel policies and programs that, among other things, enable the IC to recruit, motivate, and retain highly qualified individuals for the effective conduct of intelligence activities, and facilitate the rotation of IC employees between IC components and to the DNI and the national intelligence centers. This ICD establishes the National Intelligence Civilian Compensation Program (NICCP) and promulgates an IC-wide framework and guiding principles that will be incorporated into the compensation systems established and administered by those executive departments and independent agencies that have the requisite statutory authority to do so.

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<sup>1</sup> A legal determination as to whether the language in this paragraph is necessary under the IRTPA, in order for the DNI to execute this ICD, has not been made. However, in order to advance the policies established and agreed upon herein, and in accordance with the spirit and intent of the IRTPA, this language has been included in this ICD.

**D. APPLICABILITY.** This Directive applies to the executive departments and independent agencies as defined by the National Security Act of 1947, as amended, that have IC employees and the requisite statutory authority to implement its provisions; and to civilian employees of other departments or agencies with such authority that may be designated by the President, or designated jointly by the DNI and the head of the executive department or agency concerned, as an IC component, regardless of funding source. This Directive also applies to compensation programs for employees appointed on a time-limited basis, or certain other employees of an executive department, as designated by the head of that department, to the extent permitted by law. This Directive does not apply to senior executives or equivalent senior-level positions or personnel (that is, positions classified above the General Schedule grade of 15, or employees of equivalent personal rank), members of the Foreign Service, Federal Wage System employees, military personnel, or contract personnel.

**E. DEFINITIONS.**

**1. IC Components.** For the purposes of this Directive, the intelligence agencies and elements that belong to the executive departments or that constitute independent agencies.

**2. National Intelligence Civilian Compensation Program.** The core principles and processes collectively established by this ICD and ICD 652, "Occupational Structure for the Intelligence Community Civilian Workforce," ICD 653, "Pay-Setting and Administration Policies for the Intelligence Community Civilian Workforce," and ICD 654, "Performance-Based Pay for the Intelligence Community Civilian Workforce." The NICCP will be implemented and administered in conjunction with civilian performance management system policies separately established by ICD 651, "Performance Management System Requirements for the Intelligence Community Civilian Workforce."

**F. POLICY.** The NICCP establishes a common, IC-wide framework of core principles and processes for the compensation of IC civilian employees that are to be incorporated into the compensation systems established and administered by those executive departments and independent agencies that have the requisite statutory authority to do so. This framework is not, nor is it intended to be, a single system, but rather a "system of systems." The specific challenges these ICDs collectively address, and the benefits that will result, are as follows:

**1.** Establish common, IC-wide pay-setting and administration policies and practices that take into account the labor markets for IC occupations.

**2.** Facilitate the temporary or permanent reassignment of civilian personnel between and among IC components as part of the IC's Civilian Joint Duty Program (established by ICD 601), a transformational program that will break down barriers to collaboration and information sharing in the IC.

**3.** Unify and integrate the compensation policies covering IC civilian employees in a way that strengthens the IC, and also respects and accommodates the authorities and policies of the separate agencies and elements that comprise the IC.

**4.** Ensure that those departments and independent agencies with IC employees adopt effective and responsive compensation practices according to a common set of agreed-upon, IC-wide pay and performance management policies and practices.



## **G. RESPONSIBILITIES.**

**1. Director of National Intelligence.** The DNI, in collaboration and coordination with the heads of the executive departments and independent agencies with IC employees, is responsible for establishing a set of unifying, IC-wide principles, policies, and procedures governing the compensation of IC civilian employees; programming, budgeting, and overseeing the execution of funds for the NICCP under the National Intelligence Program (NIP); and overseeing the implementation and administration of the NICCP by executive departments and independent agencies with IC employees, or their IC components.

**2. Heads of Executive Departments and Independent Agencies with IC Employees.** These individuals and the heads of their subordinate IC components that have the requisite statutory authority are responsible for adhering to the principles, policies, and procedures established under the NICCP as they develop, implement, and administer their respective compensation systems, as applicable.

**3. IC Human Capital Board (IC HCB or Board).** The DNI will designate or establish an executive-level collaborative body to serve as an IC human capital board (HCB), with responsibility for making recommendations to the DNI and the heads of the executive departments and independent agencies that have the requisite statutory pay-setting authority, on the implementation and administration of the NICCP, to include setting and adjusting basic rates of pay of IC employees. The Board will also perform such other functions as may be specified in the NICCP's various enabling directives, and may address and make recommendations on other IC-wide human capital and related matters as it sees fit. To the extent necessary, the Board's charter, leadership, membership, responsibilities, administrative structure, and operating procedures may be issued as a separate document.

**H. GUIDING PRINCIPLES.** In the design, development, implementation, and administration of the NICCP, and the departmental and/or agency compensation and performance management systems that will implement the NICCP, the DNI, the heads of those executive departments and independent agencies with the requisite statutory authority, and their subordinate elements and organizations, as applicable, will take all appropriate steps to ensure that:

**1.** They and their subordinate executives assume personal accountability for complying with the principles and policies of the NICCP, as set forth below and in its enabling ICDs; for integrating and implementing those principles and policies in the design, development, implementation, and administration of their respective compensation and performance management systems; and for holding their subordinate executives and managers accountable for implementing and administering those systems in a way that is transparent, merit-based, and free from improper considerations.

**2.** Milestones are established to certify readiness, track the effectiveness of implementation, and make necessary course corrections. These milestones will include benchmarks to be met and periodic reviews, which will be documented. Each IC component will share their implementation plans and lessons learned with the IC HCB.

**3.** Employees are informed and educated on the details of the NICCP, as well as their department or agency's compensation and performance management systems. They are given the opportunity to provide feedback on the content of those systems and their implementation,



and their feedback is considered when those systems are developed, implemented, and administered.

4. Adequate aggregate funding is requested, budgeted, and/or allocated, as appropriate, to:

a. Design, develop, implement, and administer departmental and/or agency compensation and performance management systems, to include funding for the training of executives, managers, supervisors, human resources specialists, and employees, and other necessary administrative infrastructure (to include information systems support).

b. Convert employees from the General Schedule or equivalent system to the NICCP, and in so doing increase the salaries of eligible employees to account for the amount of time accrued toward their next within-grade step increase.

c. Ensure, to the maximum extent practicable, that the overall amount allocated for the compensation of IC employees is not less than the relative amount that would otherwise have been allocated for the compensation of such employees if they had remained under the General Schedule.

5. Senior executives, managers, supervisors, human resources specialists, and employees are trained on the technical skills and competencies necessary to manage department or agency compensation and performance management systems.

6. The applicable performance management system complies with ICD 651, "Performance Management System Requirements for the IC Civilian Workforce," involves employees in developing their performance expectations, and requires that those expectations be communicated to employees in writing before holding them accountable.

7. Senior executives, managers, and supervisors are evaluated on how effectively they manage the performance and compensation of their employees.

8. There is a clear and transparent link between an employee's annual performance evaluation and that employee's compensation, including pay, bonuses, and other monetary incentives and rewards.

9. Employee rights are protected and appropriate avenues are provided for reconsideration and redress without reprisal. Employees will be able to request reconsideration of their rating (and any resulting compensation actions) and/or file a formal grievance concerning the rating process. Employees will also be provided due process in any adverse action, as defined by applicable law and regulation, involving performance, as established by their respective departments or agencies, including an objective and transparent appeals process.

10. The department or agency provides rigorous oversight of the administration of its compensation and performance management systems, including internal review mechanisms to guard against unlawful discrimination and partisan pressures, and other non-merit factors such as cronyism and favoritism. It also provides transparency of merit-based pay and performance management decisions for employees.

**I. IMPLEMENTATION PLANNING AND EXECUTION.** The heads of those executive departments and independent agencies with IC employees that have the requisite statutory authority, and/or the heads of their subordinate IC components, as applicable, will:

1. Establish a Program Management Office or equivalent coordinating unit, headed by a designated Program Manager, or other accountable official, to oversee the department, agency, and/or component's NICCP implementation efforts.

2. Develop a plan to implement the NICCP and the compensation and performance management systems that are intended to meet its policies, and provide that plan to the DNI and the IC HCB within 120 days of the effective date of this ICD. This plan will include the starting and completion dates and planned tasks for the major activities set forth below. Each such plan will outline how the department or agency will address the following:

**a. Outreach.** Employee communications and engagement, to include strategies and plans for the use of such media as newsletters and Web-based communications, town hall meetings, focus groups, employee and/or managerial advisory councils, and Web and satellite broadcasts.

**b. Training.** The content, estimated cost, and timing of training for executives, managers, supervisors, employees, and human resource specialists to implement and administer the NICCP; the component's compensation and performance management systems; and associated interpersonal and managerial skills that are critical to their success.

**c. Safeguards.** The establishment or application of component-level internal review, oversight, and redress mechanisms (including component-specific processes and procedures) to guard against unlawful discrimination, partisan pressure, reprisal, and other non-merit factors such as cronyism and favoritism; and that provide transparency of merit-based pay and performance management decisions for employees.

**d. Cost.** A comprehensive estimate of the funding required for implementing and administering the NICCP and the corresponding department or agency's compensation and performance management system, including the infrastructure and information technology support required to perform those activities, as well as a means of accounting for actual costs of implementation and administration.

**e. Mock Pay-out.** A "mock" performance payout (an exercise conducted by components initiating performance pay for the first time to test the use of pay pools and related deliberations) will follow the performance pay procedures outlined in ICD 654 and will be conducted at least 180 days before the first official performance payout.

3. Provide progress reports to the IC HCB quarterly, as well as at each of the following major implementation milestones, in a format and manner to be determined by the DNI in coordination with the heads of those executive departments and independent agencies with IC employees, and/or the heads of their subordinate IC components, as applicable. At each milestone, the head of the department or independent agency will certify that the milestone has been met, and that the component is ready to proceed with the implementation of the NICCP.

**a. Milestone One: Conversion.** Report no later than 90 days before the implementation of (that is, conversion to) pay bands, as well as an after-action report on the employee conversion results.

**b. Milestone Two: Mock Payout.** Report no later than 90 days after completing a "mock" performance payout.



**c. Milestone Three: First Official Payout.** Report no later than 90 days before the first official performance payout on the readiness to proceed with pay pool deliberations, as well as an after-action report on the payout results.

**J. OVERSIGHT.** The DNI and the heads of the executive departments and independent agencies with the requisite statutory authority will conduct oversight of the policies established in accordance with this Directive.

**1. Program Coordination.** Compensation policies established or modified to effect the policies of this Directive will be coordinated with the DNI (or the Associate DNI for Human Capital as the ODNI senior designee) and the IC HCB.

**2. Reporting and Program Evaluation.** The DNI will, in coordination with the heads of the executive departments and independent agencies with IC employees, establish reporting requirements for the purpose of conducting oversight of IC compensation policies and processes.

**3. Annual Review.** The heads of the executive departments and independent agencies with IC employees will evaluate their respective compensation policies and processes annually to ensure that they are in compliance with the NICCP.

**K. REVIEW AND REVISIONS.**

**1.** The DNI, in conjunction with the heads of the executive departments and independent agencies with IC employees, will review those IC Directives that comprise the NICCP biennially (from the date of issuance) to determine whether their requirements should be retained or modified.

**2.** The DNI, and/or the head of an executive department or independent agency with IC employees, may request revisions to this ICD at any time.

**3.** Where applicable, the heads of executive departments and independent agencies with IC employees may use their respective authorities to deviate from this ICD when necessary to carry out their independent missions and functions. Prior notification will be provided to the DNI when an agency establishes a written policy or practice impacting multiple employees that deviates from the ICD. Notification is not required for deviations in individual cases.

**L. EFFECTIVE DATE.** This ICD is effective upon signature. All executive departments and independent agencies with the requisite statutory authority will, consistent with that authority, implement the provisions of this Directive in conformance with their required implementation plans and timelines. For those executive departments without such statutory authority, implementation will be deferred unless and until such authority is granted. At that time, the DNI (or the Associate DNI for Human Capital as the ODNI senior designee) and the heads of those departments (or their senior designees) will, through separate Memoranda of Understanding, develop a mutually acceptable implementation plan with respect to both integration and timing that meets the legal, policy, and program requirements of both parties.

J. M. McConnell  
Director of National Intelligence

28 APR 08

Date