

Grade Banding in the Central Intelligence Agency



History and Lessons

The Beginnings

- CIA historically had strong centralized position classification program
- Relationships between classifiers and management often rocky
- Internal interest in China Lake and NOSC San Diego Navy banding experiments as alternative

An experiment is proposed

- 1984 by mutual agreement between CIA Office of Personnel and our Office of Communications to pursue banding
- Visited China Lake and NOSC and met with line managers
- Developed a banded system that would apply only to our telecommunications occupation as an experiment

Implementation



- Joint group of managers and HR professionals designed system, and implementation plan
- Proposal was briefed to our Congressional oversight committees in mid-1984
- Implementation in January 1985

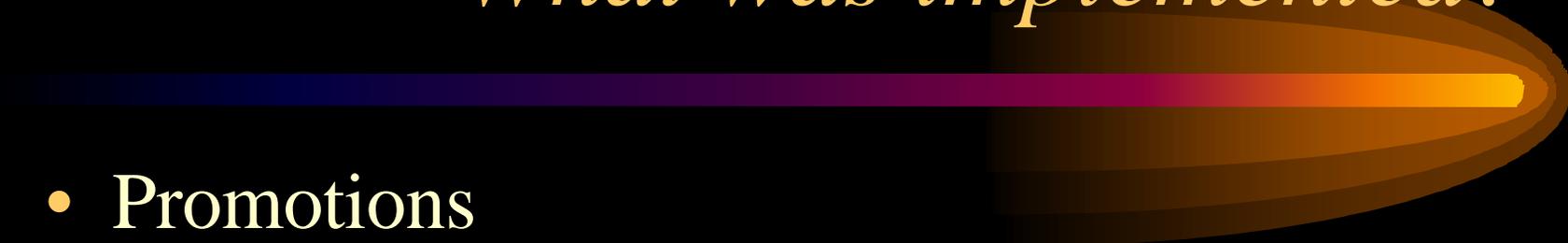
What was implemented?

- Five pay bands linked to General Schedule
 - TCO-1 GS 6-8
 - TCO-2 GS 9-11
 - TCO-3 GS 11-12
 - TCM-3 GS 12-13
 - TCM-4 GS 14-15

What was implemented?

- Each pay band divided into increments (equivalent to 1/2 GS step)
- Based on annual evaluation, individuals
 - Received 0-4 increments for performance, or
 - Cash bonus of 0-4 increments

What was implemented?

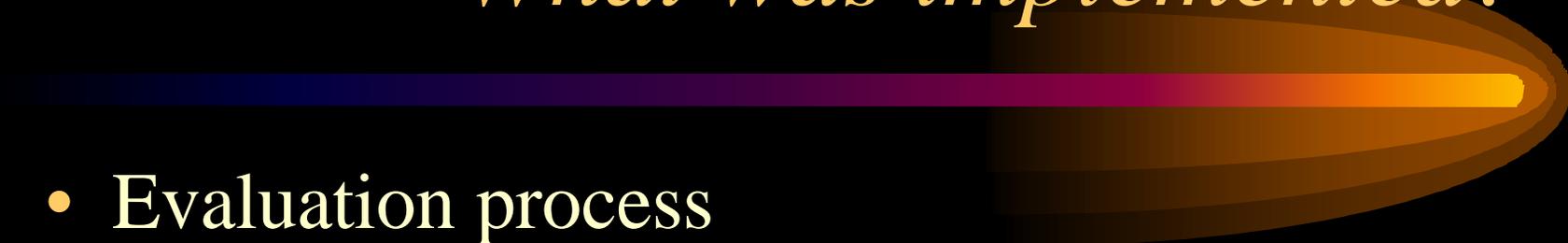


- Promotions
 - Competitive, based on skills and performance
 - Could not result in pay increase greater than four increments in a pay year

What was implemented?

- Pay pools
 - Pay pools consisted of money used for promotions, steps and awards
 - Annual comparability not included - employees received comparability with other GS employees

What was implemented?



- Evaluation process
 - Performance evaluations completed by supervisors
 - Evaluations for promotion and performance awards conducted by internal review boards

What was our experience?

- First five years
 - Costs significantly exceeded expectations
 - Employee satisfaction with pay in the banded system was high
 - Some dissatisfaction with loss of GS status
 - Upward shift in distribution among grades under decentralized classification process associated with banded system

What was our experience?

- Next 10 years
 - Financial controls over costs of banded system significantly strengthened as budgets became tighter, and downsizing began
 - Satisfaction with banded system, as perceived by employees, dropped as controls were implemented

What was our experience?

- Next 10 years (continued)
 - Dramatic shift in technology associated with telecommunications led to restructuring of skills base within the occupation
 - Performance-based banded system provided reward structure for acquiring new skills, and separation incentives were available to those who did not have skills for future

What was our experience?

- Next 10 years (continued)
 - Recent market survey of telecommunications occupation found that responsibilities and pay were aligned favorably with external market
 - For this group, banding has become part of the culture

What about the rest of the CIA?

- Two major studies of CIA compensation conducted: 1986-87 and 1995-1998
 - First study considered a banded system for the entire CIA
 - Concerns over costs of TCO system
 - Resistance to pay for performance
 - TCO system retained, but action for other occupations deferred

What about the rest of the CIA?

- Second study, directed by DCI Deutch and EXDIR Slatkin, proposed a banded pay-for-performance system for the CIA
 - Resistance to pay for performance
 - Deutch did not remain long enough to implement
 - Action again deferred

What's next?

- Action continues on CIA HR system under Tenet
 - Actions across the CIA to strengthen performance evaluation system, and implement performance standards based on job analysis
 - Zero-base market review is being conducted on CIA occupations to assess internal and external equity

What's next?

- Actions under Tenet (continued)
 - TCO system is being modified to test new concepts
 - Open pay bands being established to allow greater flexibility on increase size
 - Additional controls being imposed to assess relationship of individual pay to skills and market
 - Pay pool administration being delegated to line managers from evaluation panels

What's next?

- Actions under Tenet (continued)
 - Concept of pay for performance still very much alive
 - Realization that preliminary work needs to be done before introducing pfp
 - Improved technology support being implemented that will support new directions
 - Future of banding remains a question