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 the 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 approved 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 and the provisions of ICD 650, "National Intelligence Civilian Compensation Program: Guiding Principles and Framework." 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.¹

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 the Office of the DNI and the national intelligence centers. In accordance with the provisions of ICD 650, this Directive establishes common, core policies and processes for determining and administering pay that are to be incorporated into the compensation systems established and administered by those executive departments and independent agencies that have the statutory authority to do so.

¹ 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 employees appointed on a time-limited basis, or certain other civilian 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. **Base Pay.** The rate of pay before any deductions and exclusive of additional pay of any kind. This is the regular and recurring payment authorized for the work performed, excluding supplemental or irregular payments and allowances, typically expressed as an hourly or annual amount.

2. **Executive Departments and Independent Agencies with IC Employees.** For purposes of this Directive, this includes the Departments of State, the Treasury, Defense, Justice, Energy, Homeland Security, the Office of the Director of National Intelligence, the Central Intelligence Agency, and any other agency or element designated by executive order or law as part of the Intelligence Community.

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

4. **IC Human Capital Board (IC HCB or Board).** As specified in ICD 650, an executive-level collaborative body, designated or separately established by the DNI 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 National Intelligence Civilian Compensation Program (NICCP). The Board may 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.

5. **National Intelligence Civilian Compensation Program (NICCP) (ICD 650).** The core policies and processes collectively established by this ICD, ICD 652, “Occupational Structure 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.”
6. **Pay Band.** The rate range that defines minimum and maximum base pay rates for work assigned within a particular work category and work level.

7. **Pay Band Market Point.** One or more points within a pay band that establish the relationship between the pay band and the external labor market. (Note: The midpoint of a pay band’s salary rate range is that point that marks the halfway point between the minimum and maximum salary rate for that pay band. Initially the midpoint will serve as the default market point, but may be adjusted by work category, work level, and/or occupation, as determined by the heads of the executive departments and independent agencies with IC employees based on recommendations from the IC HCB as appropriate.)

8. **Rate Range Adjustment.** An approved change to the minimum and/or maximum base pay rates associated with one or more pay bands and/or work categories.

**F. POLICY.**

1. This Directive establishes those core IC pay administration policies and criteria that are deemed necessary for ensuring equitable and competitive compensation practices across the IC.

2. These core IC policies and criteria do not (and are not intended to) establish a single, uniform pay administration system for all IC employees, nor are they designed to address every aspect of pay; rather, they serve to establish the common framework deemed essential to foster and sustain a strong, cohesive IC. Heads of executive departments and independent agencies with IC employees may supplement these core policies and processes at their discretion, so long as supplemental requirements do not conflict with this Directive.

3. The pay administration programs and practices of those executive departments and independent agencies with the requisite statutory authority will, at a minimum, provide for:

   a. Pay-setting and other pay administration processes, practices, and procedures that conform to this Directive.

   b. Training for employees, supervisors, and managers in the implementation and operation of pay administration requirements.

4. Heads of executive departments and independent agencies with IC employees have discretion to establish additional administrative controls within the pay band ranges to manage pay progression.

**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, establishes common, core policies and processes for determining and administering pay for those systems established and administered by those executive departments and independent agencies with IC
employees or their IC components; and ensures, through oversight, program evaluation, and other support as appropriate, that those pay systems effectively meet the requirements of this Directive.

2. Heads of the Executive Departments and Independent Agencies with IC Employees. These individuals are responsible for administering pay systems for their employees, setting the rates of pay for those employees, and, subject to DNI and other appropriate program evaluation and oversight, ensuring that those systems conform to the common, core policies and processes established by this Directive and other applicable authorities. They are also responsible for ensuring that their management officials and employees receive initial and ongoing training in the implementation and operation of performance-based pay systems.

3. Management Officials. Supervisors and managers at all organizational levels are responsible for executing pay administration policies and practices in a manner that reflects credible, objective, and equitable treatment of all employees, and links pay to performance. They are also responsible for communicating pay administration requirements and provisions to the employees under their supervision and management.

H. PAY ADMINISTRATION REQUIREMENTS AND CRITERIA.

1. Components of pay. Pay is composed of the following elements:
   a. Base pay.
   b. Applicable locality pay.
   c. Premium pay.
   d. Allowances.
   e. Other special purpose payments.
   f. For purposes of this Directive, benefits (such as health insurance, life insurance, leave, and retirement programs) are not included as a component of pay, but are considered in the conduct of market surveys as a factor in overall compensation practices.

2. Establishing, setting, and maintaining pay.
   a. Recommendations to the DNI and the heads of the executive departments and independent agencies with IC employees by the IC HCB regarding pay-related policies and practices will ensure that:

      (1) Compensation practices are merit-based and sufficiently consistent to reinforce the sense of community within the IC.
(2) Pay-setting strategies are informed by, and responsive to, relevant and current labor market data (to include analysis of comparable benefits) where applicable.

(3) Pay reflects existing conditions and practices found in relevant labor markets where IC activities are performed.

(4) Pay reviews are completed at least annually with adjustments as necessary using accepted compensation management practices to maintain internal and external pay equity insofar as possible.

(5) IC pay adjustment effective dates occur on or about the date of the annual General Schedule pay adjustment authorized by 5 U.S.C. 5303 unless extenuating circumstances necessitate a different schedule.

b. In developing consensus recommendations for establishing and adjusting IC pay, the IC HCB will consider current labor market conditions, pay adjustments made under other Federal pay systems, and any other relevant factors.

3. Eligibility for pay increase associated with a rate range adjustment.

a. When a rate range is adjusted under section H.2., an employee whose annual Evaluation of Record is Successful or higher will receive an increase in pay of not less than the full amount of the applicable rate range and locality adjustment. Such an employee will also be eligible for a performance-based payout and a performance bonus.

b. If an employee has not been in a covered position long enough\(^2\) to have an Evaluation of Record for the most recently completed performance evaluation period, he or she will receive the full amount of the applicable rate range and locality pay adjustment.

c. An employee who receives an Unacceptable Evaluation of Record will not be eligible for a performance-based payout, a performance bonus, an annual rate range adjustment, or an annual locality pay adjustment, so long as the employee maintains an Unacceptable rating.

d. An employee who receives a Minimally Successful Evaluation of Record will not be eligible for a performance-based payout or performance bonus, so long as the employee maintains a Minimally Successful evaluation; however, that employee’s eligibility for some or all of the annual rate range or locality pay adjustment will be determined by the head of the executive department or independent agency based on guidelines recommended by the IC HCB.

4. Other pay.

a. The IC HCB may recommend establishment of higher pay levels for certain occupations based upon mission requirements, labor market conditions, and any other relevant

\(^2\) ICD 651, section G.3.g. requires a minimum period of no less than 90 calendar days in a system covered by ICD 651 before an employee can receive an Evaluation of Record — and thus be eligible for a performance-based payout and/or performance bonus covered by the NICCP.
factors based on requirements derived from relevant market, recruitment, and/or retention data. Such payments may be subject to a performance or service agreement and may be reduced or terminated at any time.

b. The IC HCB may recommend extending mission-related compensation practices approved under the authorities of one of the IC components but not elsewhere addressed, to other IC components having comparable mission imperatives, subject to applicable statutory limitations.

5. General pay administration provisions.

a. An employee’s base pay may not be set or increased such that it would exceed the maximum rate of the employee’s pay band rate range.

b. An employee’s rate of base pay may not be less than the minimum rate of the employee’s pay band except in the case of an employee who is not eligible for a pay increase because of an evaluation below Successful.


a. Conversion of existing IC employees. Heads of the executive departments and independent agencies with IC employees will convert their employees into the system without a reduction in their rate of base pay.

   (1) At conversion, all employees eligible for a within-grade increase will receive an increase in base pay equivalent to the pro rata share completed toward the next scheduled within-grade increase.

   (2) Employees will be placed into the banded structure in a uniform fashion in accordance with criteria established by the head of an executive department or independent agency with IC employees.

b. Setting an employee’s starting base pay. IC components may set the starting rate of base pay for employees newly appointed or reappointed to the federal service, or employees transferring to the IC from another Federal agency, at any point within a pay band based on the individual’s relevant competencies, qualifications, experience, and IC component hiring guidelines.

c. Setting base pay upon promotion. Upon promotion to the next higher pay band, IC components may provide up to an eight percent increase in the employee’s rate of base pay. An increase may be more than eight percent if necessary to set base pay equal to the minimum rate of the next higher band.

d. Conversion out procedures. IC components within executive departments may establish procedures to determine a General Service equivalent grade and step for employees
leaving the IC pay banded system for Federal employment in the General Schedule (consistent with 5 CFR 531.217).

7. Comparability with current compensation systems.

a. To the maximum extent practicable, the overall amount allocated for compensation of IC employees will not be less than the relative amount that would have otherwise been allocated for compensation of such employees if they had remained under the General Schedule or equivalent system. This includes amounts equivalent to the funds that would have been expended for periodic within-grade increases and additional quality or equivalent step increases, as well as the estimated average amount that otherwise would have been spent on promotions, had such employees remained in their previous pay schedule.

b. The DNI, in consultation with the executive departments and independent agencies with IC employees, will provide the method for calculating the overall amount to be budgeted for the compensation of IC employees funded by the National Intelligence Program. The method shall ensure that, in the aggregate, those IC employees are not disadvantaged in terms of the overall amount of pay available as a result of conversion, while providing flexibility to accommodate changes in the functions of the IC components, changes in the mix of employees performing those functions, and other changed circumstances that might impact pay levels.

I. OVERSIGHT. The DNI and the heads of the executive departments and independent agencies with IC employees will conduct oversight of the pay administration policies and processes established in accordance with this Directive.

1. Program Coordination. Pay administration procedures established or modified to effect the policies of this Directive that impact multiple employees will be coordinated with the DNI (or the ADNI for Human Capital as the senior ODNI 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 purposes of conducting oversight of IC pay administration procedures.

a. At a minimum, IC components will conduct annual independent and impartial reviews of their pay administration practices and maintain trend data to determine if any protected class of employees has been adversely impacted.

b. The results of this review will be published and provided to the IC component’s workforce, as appropriate, and any remediation required will be described and documented.

J. 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 or element establishes a written policy or practice impacting multiple employees that deviates from the ICD. Notification is not required for deviations in individual cases.

K. 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, set forth 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

14 MAY 08
Date