



INTELLIGENCE

UNDER SECRETARY OF DEFENSE

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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DIRECTOR, DEPARTMENT OF DEFENSE CONSOLIDATED
ADJUDICATION FACILITY

SUBJECT: FY 2017 Defense Civilian Intelligence Personnel System Guidance on Pay Pools, Awards, and Reporting of Results for Non-DISES and Non-DISL Positions

This memorandum provides follow-up guidance to my memorandum "Fiscal Year 2017 Funding Levels for Defense Civilian Intelligence Personnel System Pay Pools and Awards," dated October 24, 2016. The new guidance incorporates recently-released Office of Personnel Management (OPM) guidance governing FY 2017 awards funding limitations for non-SES, non-SL/ST, non-DISES, and non-DISL positions. The revised OPM guidance increases awards funding for FY 2017 from the previous limitation of .96 percent of aggregate non-executive salaries to 1.5 percent of aggregate non-executive salaries. It also eliminates the OPM's spending limitations in place since 2010 on "other" awards, including group awards; referral bonuses; suggestion/invention awards; recruitment, relocation and retention incentives; and salary increase (Defense Civilian Intelligence Personnel System (DCIPS) Quality Increase (DQI) and Sustained Quality Increase (SQI)) awards.

The new awards spending guidance is available for immediate implementation within the Defense Intelligence Enterprise, subject to any internal component-established budgetary limitations.

My previous guidance required that at least 80 percent of a component's award budget be allocated to end-of-year DCIPS performance bonuses, with the remaining amount available for cash awards during the FY 2017 performance year. This guidance was based on the assumption that not more than .96% of salaries would be available for awards in FY 2017. Earlier this year,



I approved a Defense Intelligence Human Resource Board recommendation that will allow Heads of Components with DCIPS positions to allocate up to 50 percent of their future DCIPS awards budgets to cash awards. Based on the proximity of the decision to scheduled FY 2016 bonus payments, we were unable to implement that decision for the FY 2017 budget year because we had been unable to adequately communicate the potential changes to DCIPS employees. Now, however, with the new unplanned increase in the awards funding for FY 2017, the additional .54 percent of non-executive salaries is available to increase the allocation to DCIPS cash awards. In this manner, we will be able to provide more timely recognition of key employee accomplishments in FY 2017 without breaking trust with our employees regarding recognition of FY 2016 accomplishments.

Accordingly, I am authorizing Heads of Components with DCIPS positions the option to allocate some or all of the additional awards funding authorized by the new OPM guidance to fund additional cash awards during the performance year, subject to guidance provided in my earlier memorandum of October 24, 2016. Please report your plans for the allocation of your FY 2017 awards budget to Director, Human Capital Management Office (HCMO), OUSD(I), not later than close of business December 22, 2016.

As noted above, the new OPM guidance eliminated the spending limitation on DQIs and SQIs awards. Accordingly, components with DCIPS positions also may make increased use of salary increase awards during FY 2017, subject to adherence to applicable regulatory requirements. Use of salary increase awards will remain subject to annual reporting to the OUSD(I) HCMO for oversight. Additional guidance regarding other types of awards will be provided at a later date in accordance to Departmental guidance.

The first attachment, "DCIPS Guidance on Pay Pools and Reporting of Results for Fiscal Year 2016 with Additional Guidance on Fiscal Year 2017," and the second attachment, "Template for Publishing 2016-17 DCIPS Performance Evaluation and Payout Results to the Workforce" provide additional information for conducting DCIPS pay pools, communicating results, and effecting payments. My point of contact is Ms. Cathaleen Owens at (571) 256-0797 or cathaleen.owens.civ@mail.mil.



Marcel Lettre

Attachments:
As stated

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DCIPS Guidance on Pay Pools and Reporting of Results for Fiscal Year 2016 with Additional Guidance on Awards for Fiscal Year 2017

This document provides guidance on DCIPS pay pools and reporting of performance management and pay pool results based on fiscal year (FY) 2016, and awards spending for FY 2017. All Defense Intelligence Components and other organizations with DCIPS positions will comply with this guidance, and with DCIPS Volume 2012, “Defense Civilian Intelligence Personnel System (DCIPS) Performance-Based Compensation” and DCIPS Volume 2008, “Defense Civilian Intelligence Personnel System (DCIPS) Awards and Recognition.”

DCIPS pay pools provide a basis for linking employee performance-based bonuses and performance-based salary increases to individual accomplishments and contributions to organizational mission and results as measured by the DCIPS performance evaluation process. Therefore, each Component with DCIPS positions is expected to complete the annual DCIPS pay pool process by considering eligible employees for performance-based bonuses, and performance-based salary increases for organizations operating under the DCIPS banded structure.

Compliance with Merit System Principles and Prohibition of Pre-decisional Demographic Analysis

- Pay pool deliberations for salary increases and bonuses and all decisions on awards (including base-pay increase monetary awards) will be conducted in accordance with Merit System Principles (5 USC, section 2301).
- Analyses of performance evaluations or pay pool results by demographic characteristics that identify protected classes of individuals are prohibited prior to conclusion of both the performance management and pay pool processes. Analyses by organizational and/or position-related characteristics are permitted.

Performance-based Salary Increases, Bonuses, and Base-Pay Increase Monetary Awards

- The National Geospatial-Intelligence Agency (NGA) will conduct pay pools for the purpose of determining performance-based salary increases and bonuses based on FY 2016 performance evaluations of record. All other Components will conduct pay pools for their DCIPS employees to grant performance bonuses based on FY 2016 performance evaluations. See DCIPS Volume 2012 governing the DCIPS pay pool processes.
- Components other than the NGA may, at the discretion of the Component Head, award DCIPS Quality Increases (DQIs) and/or Sustained Quality Increases (SQIs)

during the pay pool process. Components are advised to consult DCIPS Volume 2008, "Awards and Recognition," for complete rules related to these awards.

- Components choosing to award DQIs and/or SQIs during the pay pool process are not prohibited from awarding them at other times throughout the year, subject to budget constraints and other award limitations contained in this guidance and applicable DCIPS award policy. Under DCIPS Volume 2008, employees who receive a DQI or SQI are not excluded from consideration for a performance bonus or other awards, and vice versa. However, Components may apply Component-specific caps or restrictions pertaining to these awards.
- DQIs may only be awarded to employees whose base pay is at least one full step below the maximum of the pay grade, and SQIs may only be awarded to employees whose base pay is at least two full steps below the maximum of the pay grade. The pay grade maximum includes the extended pay range and is equivalent to the virtual step 12 rate of the grade. No partial SQIs or DQIs may be granted.
- Under no circumstances may an employee's basic pay (base pay plus local market supplement, targeted local market supplement, or special salary rate supplement) be increased above the rate of pay equal to Level IV of the Executive Schedule.

Funding Levels for DCIPS Pay Pools and Awards

- In accordance with guidance received from the Office of Personnel Management (OPM) FY 2017 spending on performance bonuses for non-executive employees, and other cash awards for non-executive employees shall be capped at 1.5% of the sum of the Component's aggregate salaries (base pay plus local market supplement, targeted local market supplement, and/or special salary rate supplement/field adjustment) for all employees.
- For FY 2017, employee bonuses will be funded not less than 80% of the previously planned 0.96% of aggregate salaries; the remaining 20% and some or all of the additional 0.54% of salaries may be allocated to cash awards.
- NGA may set the funding for performance-based salary increases within the range of 2.0% and 2.4%, unless alternate guidance is received from Department of Defense (DoD), OPM, or the Office of Management and Budget.
- Base-pay increase monetary awards (DQIs and SQIs) do not count against the bonus funding percentage and are excluded from the 1.5% cap on bonuses and awards.

- Monetary caps for other awards (i.e., group awards, referral bonuses, and suggestion/invention awards; recruitment, retention, and relocation incentives; DQIs and SQIs) that have been frozen at FY 2010 spending levels are removed.

Computations for Establishing Individual Pay Pool Budgets

- For NGA, the preliminary DCIPS pay pool budget for performance-based salary increases will be calculated by summing the total base salaries of all eligible employees in the pay pool and multiplying by the performance-based salary increase funding level.
- For all Components with DCIPS positions, the DCIPS Compensation Workbench (CWB) will provide two computations for the preliminary budget for performance bonuses: 1) by summing the total base salaries of all eligible employees in the pay pool and multiplying by the performance bonus funding level, and 2) by summing the total aggregate salaries (including base pay plus local market supplements and targeted local market supplement) of all eligible employees in the pay pool and multiplying by the performance bonus funding level. Components have the option of funding based on base salaries or aggregate salaries, but must ensure that, when all DCIPS pay pools are combined, the final sum of all bonus allocations and other lump-sum monetary awards outside the bonus process across the Component does not exceed 1.5% of aggregate DCIPS employee salaries.
- Employees without a DCIPS performance evaluation of record for FY 2016 are ineligible for participation in 2016 pay pools, and their salaries are not used for budget calculations in the CWB.

Automated Tools for Facilitating Pay Pool Decisions

- Unless a documented exception exists, Components with DCIPS positions must use the DCIPS CWB, and may use the optional DCIPS Payout Analysis Tool, for facilitating the DCIPS pay pool decision-making process and capturing pay decisions. No other tools are authorized for use in the DCIPS pay pool process.

Limitation on Awarding Performance Bonuses

- As noted in DCIPS Volume 2012, the number of employees who receive bonuses generally shall not exceed fifty percent of the eligible population within the Component. Components may determine a lesser percentage is appropriate. Base-pay increase monetary awards (i.e., DQI, SQI) do not count against the fifty percent nor do they count against bonus pool funds.
- Components with DCIPS positions may apply Component-specific caps or limitations on the numbers of base-pay increase monetary awards that may be granted within the previously prescribed funding limitations.

Relationship of Performance Evaluations of Record to Performance-based Salary Increases and Bonuses

- All DCIPS employees with a 2016 DCIPS Performance Evaluation of Record of “Successful” or higher are eligible for consideration for performance bonuses through their Component pay pool process. Employees with a Performance Evaluation of Record of “Minimally Successful” or “Unacceptable” are ineligible for any performance bonuses.
- NGA employees with a 2016 DCIPS Performance Evaluation of Record of “Successful” or higher are eligible for performance-based salary increases through the NGA pay pool process. Employees with an evaluation of record of “Minimally Successful” will receive any applicable general pay increase, known as the “DCIPS floor” increase, but are ineligible for any further performance-based increase. NGA Employees with a Performance Evaluation of Record of “Unacceptable” are ineligible for any salary increase, including the DCIPS “floor” increase.
- All DCIPS employees, except those assigned to NGA, who meet the stated performance criteria, are eligible to be considered for DCIPS Quality Increases and Sustained Quality Increases base-pay increase monetary awards in accordance with policies provided in Volume 2008.

Consideration of Employees Transferring Between DCIPS Pay Pools

- DCIPS employees who transfer to a new pay pool including transfers where there are less than 90 days remaining in the annual performance evaluation period, or after the end of the evaluation period, will be considered for awards and bonuses

with the new pay pool to which they are assigned, unless the transfer was due to a joint duty rotation. The gaining organization will use the employee's 2016 DCIPS performance evaluation of record for its pay pool process.

Consideration of Employees Serving on Joint Duty Rotations (JDRs)

- Employees detailed under a JDR Memorandum of Understanding (MOU) with less than 90 days remaining in the annual evaluation period will be considered for bonuses by their home organizations.
- Employees detailed under a JDR MOU with 90 days or more remaining in the performance period will be considered for bonuses with the pay pool of the organization to which they are detailed.
- If the organization to which the employee is detailed does not have a monetary performance recognition program for awards or bonuses, the home organization may request an exception to policy to allow the employee to be considered in the home organization pay pool for work completed while detailed under the JDR.

Communicating Pay Pool Payouts

- As soon as possible after payout decisions have been finalized through Component processes and by each Component's Pay Pool Performance Review Authority, Rating Officials will communicate payout decisions to their employees. (Performance management decisions are communicated at the close of the performance management process).
- All employees must receive communication about the pay pool process. Employees receiving performance-based payouts must receive personal communication regarding their salary increase and/or bonus and/or base-pay increases monetary award, as applicable.
- Components are responsible for ensuring Rating Officials are provided information and guidance on sharing results of the pay pool process.
- Rating Officials must document how and when such feedback was provided to employees.

Reporting Monetary Awards and Incentives

- The following requirements apply only to Components that do not use the Defense Civilian Personal Data System (DCPDS). Data for Components using DCPDS will be extracted from that system by the USD(I) Human Capital Management Office (HCMO).
- Components will report spending on monetary awards granted outside of the pay pool process to the HCMO to support tracking of Component spending against previous years' spending and against DoD budget guidance.
- Components were required to provide the following data to HCMO no later than **December 22, 2016** :
 - A raw data file of monetary awards allocated outside of the pay pool process during FY 2016. The file will include the dates of awards, employee grade and step or band, employee basic pay (including LMS, TLMS, or special salary rate supplement), occupational series/group.
 - A raw data file containing records for all DCIPS employees as of the last day of FY 2016.
- Components will provide the following data to HCMO no later than **January 13, 2017**:
 - A report on Component spending on recruitment, retention and relocation incentives for all civilian employees (including DISES and DISLs) during calendar year 2016. This report must include spending by occupational series/group, geographic location, and by pay band or grade separated by the type of incentive.

Reporting Requirements for Performance Evaluations of Record and Pay Pool Results

- All Components with DCIPS positions are required to provide aggregate DCIPS performance evaluation of record and payout results to their workforces as soon as practical after the conclusion of the pay pool process using the USD(I) template provided for this purpose (See Attachment 2).
- Aggregate performance evaluation of record and payout results should be displayed in an easily accessible location or through a convenient medium such as an internal website to ensure common messaging to all employees.

- Components may choose to provide additional high-level information that supports DCIPS policy and philosophy of transparency. However, such information must be consistent with DCIPS reporting conventions (e.g., no reported information may identify a specific individual, reporting of performance management results must align to DCIPS rating descriptors vice numeric scores with decimals).
- Components must provide HCMO with an advance copy of the information to be provided to the workforce for review. The information provided to HCMO may be in the form of PowerPoint slides, screen shots from the Component website, or other appropriate method.
- As soon as is practical, but no later than **January 19, 2017**, Components other than those using DCPDS will provide HCMO with a raw data file, including employee demographics, on performance evaluation and payout results by employee. HCMO will conduct an analysis which will be shared with each Component's leadership. HCMO will also provide Component data to the Office of the Director of National Intelligence in accordance with oversight requirements

Payout Effective Date

- Components are generally expected to make performance-based salary increases, bonus payments, and base pay increase awards effective on the first day of the first pay period of the new calendar year, which is **January 8, 2017**. Exceptions to this date may be requested in writing with a supporting business case for the requested exception.

Further Information

- For questions related to this guidance please contact Cathaleen Owens at (571) 256-0797 or cathaleen.owens.civ@mail.mil.



***Template for Publishing DCIPS Performance Evaluation
and Pay Pool Results to the Workforce***

2016-2017

Sample Aggregate Report for Employees

Overall Summary – FY16 Performance Cycle/ FY17 Payouts

Modal Performance Evaluation of Record*	Successful (3)
Mean Performance-based Salary Increase (NGA only)	2.4%
Mean Bonus Amount	\$2,100
Percent of Workforce Receiving a Bonus	39%
Percent of Workforce Receiving a DQI or SQI (if applicable)*	1%

* DCIPS Quality Increase or Sustained Quality Increase.

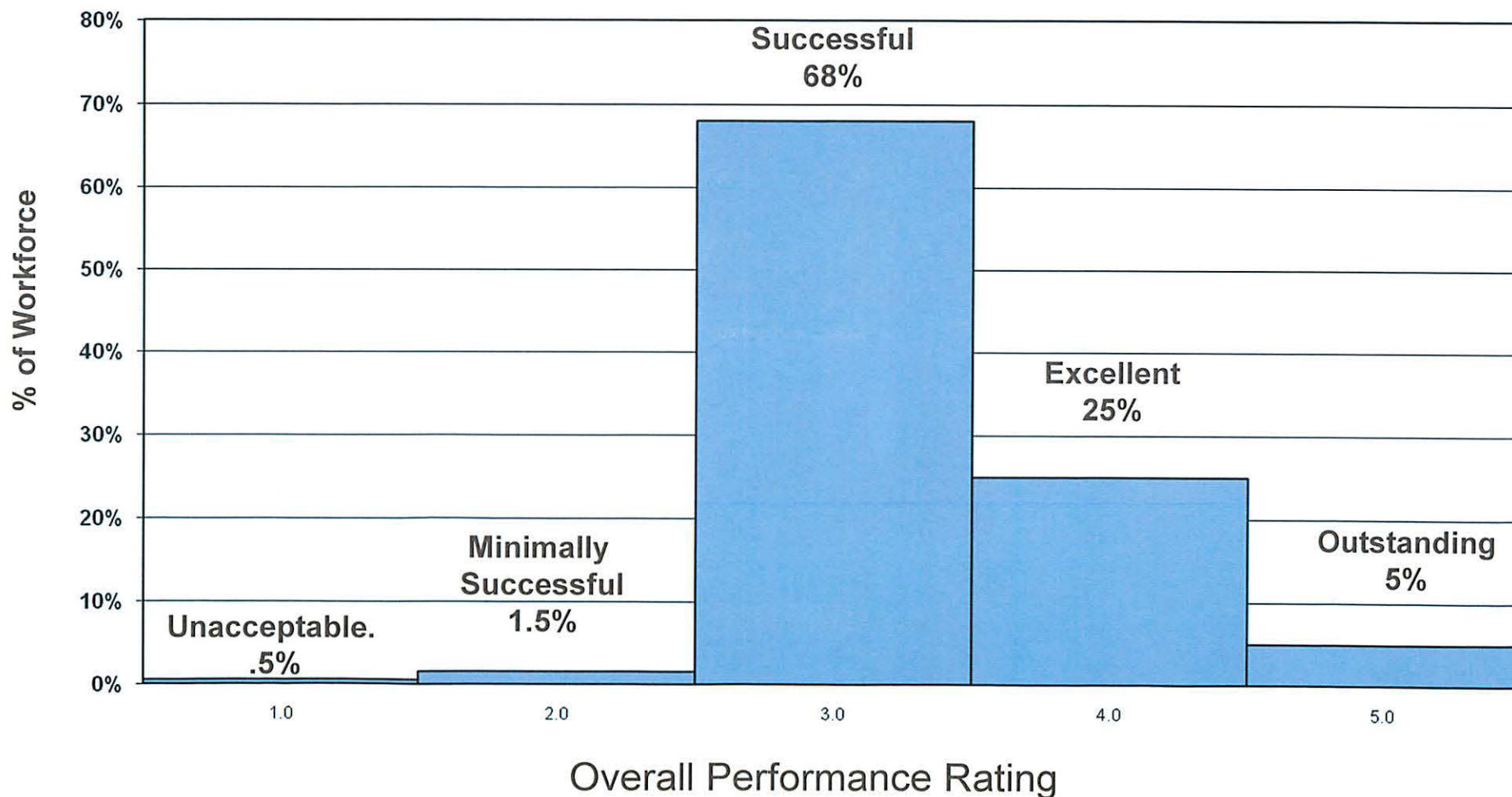
Sample Aggregate Report for Employees

Overall Results by Special Characteristics – FY16 Performance Cycle

	Number of Employees	Average Bonus Amount
Overall Workforce	3,000	\$2,100
Employees in Developmental Programs	120	\$2,100
Employees on Deployment	75	\$2,100
Employees Away on Joint Duty Assignments	50	\$2,100
Employees Hosted on Joint Duty Assignments	36	\$2,100

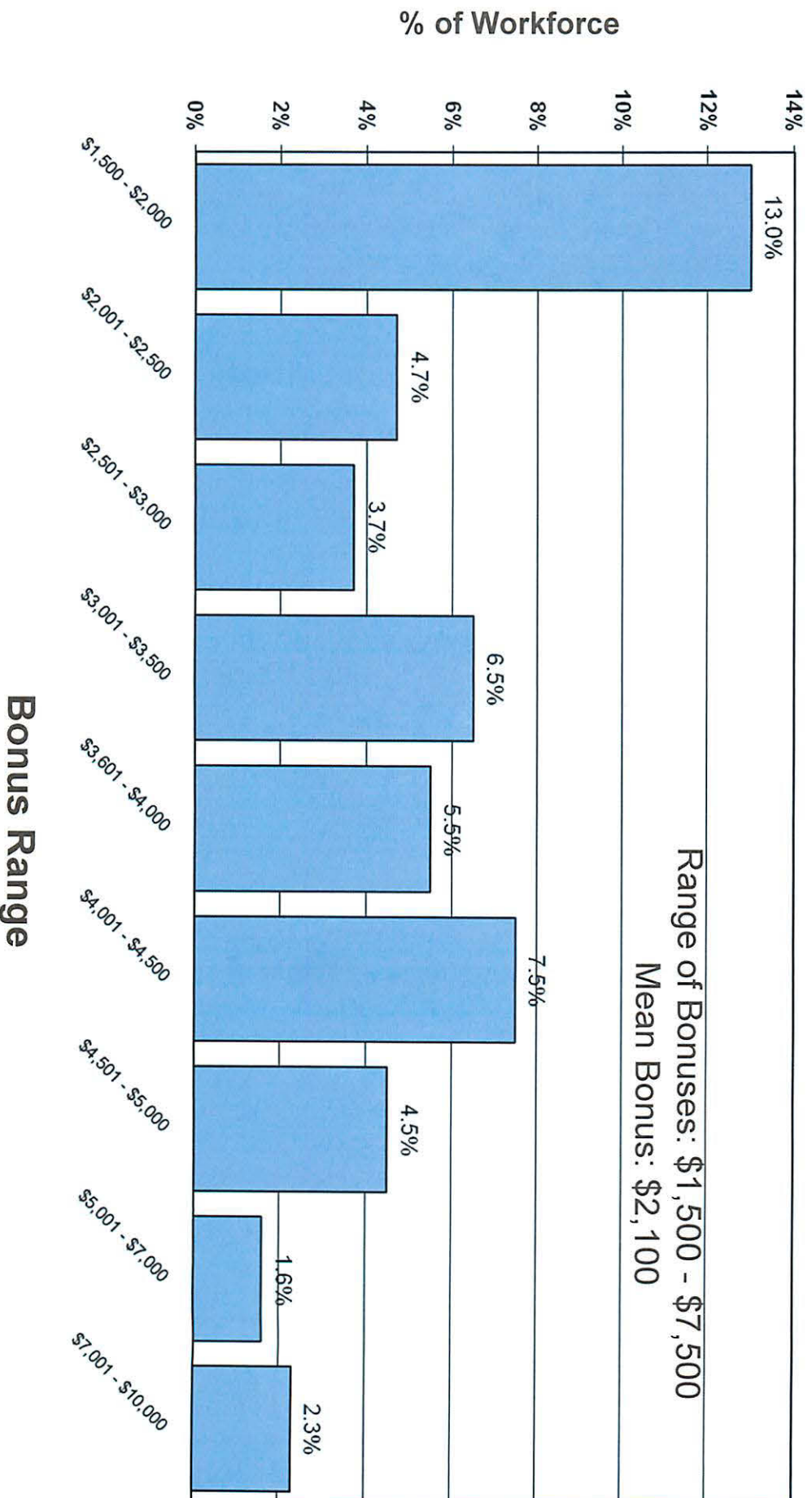
Sample Aggregate Report for Employees

Overall Performance Ratings – FY16 Performance Cycle



Sample Aggregate Report for Employees

Bonus Amounts Awarded – FY16 Performance Cycle



Sample Aggregate Report for Employees

Average Bonus Amount by Bonus Factor – FY16 Performance Cycle

