



**INTELLIGENCE
AND SECURITY**

**UNDER SECRETARY OF DEFENSE
5000 DEFENSE PENTAGON
WASHINGTON, DC 20301-5000**

NOV 24 2020

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, DEFENSE COUNTERINTELLIGENCE AND
SECURITY AGENCY
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, DEFENSE POW/MIA ACCOUNTING AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, NATIONAL SECURITY AGENCY/CENTRAL
SECURITY SERVICE
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES**

SUBJECT: Fiscal Year 2021 Defense Civilian Intelligence Personnel System Guidance on Pay Pools, Awards, and Reporting of Results for Non-Defense Intelligence Senior Executive Service and Non-Defense Intelligence Senior Level Positions

This memorandum provides guidance on Fiscal Year (FY) 2021 funding levels for Defense Civilian Intelligence Personnel System (DCIPS) pay pools and awards as well as reporting of results for non-Defense Intelligence Senior Executive Service and non-Defense Intelligence Senior Level positions.

Components are permitted to spend up to 2.5 percent of aggregate non-executive salaries for individual monetary awards, which reflects the one percent increase in awards spending as required in section 32.1 of OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget." Components should ensure meaningful distinctions are reflected between rating levels. Higher relative performance within a rating level should result in higher total annual performance-based compensation.

On September 17, 2020, the Under Secretary of Defense for Personnel and Readiness approved an exception to policy to allow Components to suspend annual performance bonus payments for the FY 2020 performance period due to COVID-19 effects on performance management. This exception to policy authorizes Components to temporarily shift from end-of-year performance bonuses to individual and team lump-sum monetary awards that would be both timely and relevant. As a result, those Components who elected and have been approved to suspend their FY 2020 annual performance bonuses can utilize up to 100 percent of the 2.5 percent budget towards lump sum monetary awards during FY 2021. Other Components who elected not to suspend their FY 2020 annual performance bonus program may allocate up to 1.2

percent of aggregate non-executive salaries for performance-rating-based bonuses for the FY 2020 performance year. Components are encouraged to reexamine, and adjust as appropriate, the balance between rating-based awards and individual contribution awards (e.g., spot awards) as we continue to migrate toward future adoption of the lessons of the National Security Agency Talent, Evaluation, and Advancement pilot.

Please report your plans for allocation of your FY 2021 awards budget to the Director, Human Capital Management Office (HCMO), no later than 10 business days from the date of signature of this memorandum.

Additionally, base-pay salary increase (DCIPS Quality Increase and Sustained Quality Increase) monetary awards remain subject to annual reporting to the Director, HCMO, for oversight. A report on all monetary awards, including base-pay salary increase awards during FY 2020, must be forwarded by Friday, January 8, 2021.

This awards spending guidance is subject to any internal component-established budgetary limitations. The first attachment, "DCIPS Guidance on Awards for Fiscal Year 2021," and the second attachment, "Template for Publishing 2020-21 DCIPS Performance Evaluation and Payout Results to the Workforce," provide additional information for conducting DCIPS pay pools, and reporting your monetary awards to HCMO. Please note the Friday, January 8, 2021, suspense and ensure timely response. For further information, please contact Ms. Jing Deng, (703) 692-3709, jing.deng.civ@mail.mil.


Ezra A. Cohen
Acting

Attachments:
As stated

cc:
Under Secretary of Defense for Personnel and Readiness
Assistant Deputy Chief of Staff, G-2, Department of the Army
Director, Information Dominance (N2/N6), Department of the Navy
Deputy Chief of Staff, A2, Department of the Air Force
Director of Intelligence for Support, Headquarters, U.S. Marine Corps
Deputy Assistant Secretary of Defense for Civilian Personnel Policy
Chief of Staff, Office of the Under Secretary of Defense for Intelligence
Defense Intelligence Human Resources Board

Defense Civilian Intelligence Personnel System (DCIPS) Guidance on Awards for Fiscal Year 2021

This document provides specific guidance on awards spending for Fiscal Year 2021 (FY21). Heads of DoD Components with DCIPS positions (“Components”) will apply the guidance set out below, consistent with DoD Instruction 1400.25, Volume 2008, “DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Awards and Recognition,” (“DCIPS Volume 2008”) and DoD Instruction 1400.25, Volume 2012, “DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Performance Based Compensation” (“DCIPS Volume 2012”).

Compliance with Merit System Principles

- All decisions on awards (including base-pay increase monetary awards) will be conducted in accordance with the Merit System Principles in title 5, U.S. Code. Forced distributions and quotas are not permitted.

Funding Levels for DCIPS Awards

- In accordance with section 32.1 of OMB Circular No. A-11, “Preparation, Submission, and Execution of the Budget,” DoD Components’ monetary civilian awards spending for non-executive employees for FY21 must reflect an increase of no less than one percent over their spending for FY20. Therefore, FY21 spending on performance bonuses for non-executive employees and other cash awards for non-executive employees shall be capped at **2.5%** of the sum of the Component’s non-Defense Intelligence Senior Executive Service and non-Defense Intelligence Senior Level aggregate salaries (base pay plus local market supplement, targeted local market supplement, and/or special salary rate supplement/field adjustment) at the end of FY20.
- On September 17, 2020, the Under Secretary of Defense for Personnel and Readiness approved an exception to policy to allow Components to suspend annual performance bonus payments for the FY20 performance period due to COVID-19 effects on performance management. Those Component Heads who elected and have been approved to suspend FY20 annual performance bonuses may use up to 100 percent of the Component’s 2.5 percent budget towards lump sum monetary awards during FY21.
- Component Heads who elected not to suspend their FY20 annual performance bonus program may allocate up to 1.2 percent of aggregate non-executive salaries for performance-rating-based bonuses for the FY20 performance year. Component Heads are encouraged to re-examine, and adjust as appropriate, the balance between rating-based awards and individual contribution awards (*e.g.*, spot awards) as we continue to migrate toward future adoption of the lessons of the National Security Agency Talent, Evaluation, and Advancement pilot.
- Base-pay increase monetary awards, such as DCIPS Quality Increases (DQIs) and Sustained Quality Increases (SQIs), do not count against the bonus funding percentage and are excluded from the **2.5%** cap on bonuses and awards.

Base-Pay Increase Monetary Awards

- Components other than the National Geospatial-Intelligence Agency may, at the discretion of the Component Head, award DQIs and SQIs during the pay pool process.

Components are advised to consult DCIPS Volume 2008 for complete rules related to these awards.

- Components that elect to award DQIs and/or SQIs during the pay pool process are not precluded from making such awards at other times throughout the year, subject to budget constraints and other award limitations contained in this guidance.
- Receipt of a DQI or SQI does not preclude an employee from receiving other forms of recognition provided for in DCIPS Volume 2008 or DCIPS Volume 2012, including but not limited to, non-monetary awards, lump-sum monetary awards, time-off awards, and performance bonuses through the pay pool process. However, Components may apply Component-specific caps or restrictions pertaining to these awards.
- DQIs and SQIs are the only means by which an employee covered by DCIPS may move into the extended pay range (steps 11 to 12). In cases in which the award of a full DQI or SQI would result in a salary not aligned to the Step 11, 12, or in excess of the range maximum, a partial award may be given to set the employee's salary up to the range maximum. Component Heads, at their discretion, may elect to award the difference as a cash bonus payment through the annual pay pool process.
- 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 to exceed the statutory limitation of the Level IV rate of the Executive Schedule.

Reporting Monetary Awards and Incentives

- Components will report spending on monetary awards granted outside of the pay pool process to the Office of the Under Secretary of Defense for Intelligence and Security (OUSD(I&S)) Human Capital Management Office (HCMO) to support tracking of Component spending against previous years' spending and DoD budgetary guidance. Data for Components using the Defense Civilian Personal Data System (DCPDS) will be extracted from that system by OUSD(I&S)/HCMO. Components that do not utilize DCPDS will be provided a worksheet, via JWICS, to complete and return to HCMO no later than Friday, January 8, 2021.
- All Components will utilize attachment 2 to provide an aggregate report for their performance evaluation results. This report is also due to HCMO no later than Friday, January 8, 2021, and must contain records for all DCIPS employees through the last day of FY20.

Consideration of Employees Transferring Between DCIPS Components or Between Pay Pools within a DCIPS Component

- 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 FY20 DCIPS performance evaluation of record for its pay pool process.

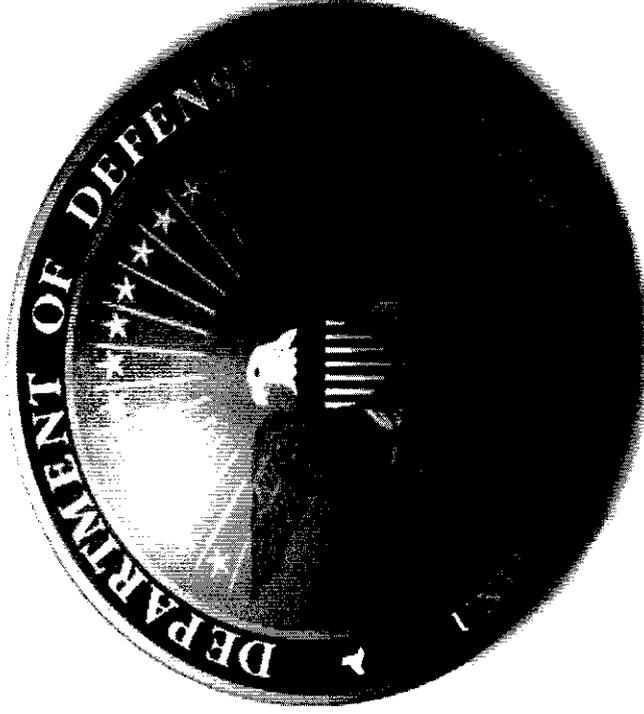
Consistent with DCIPS Volume 2012, Enclosure 3, Paragraph 5.h., DCIPS employees detailed on a joint duty assignment (JDA) to another IC Component:

- With 90 days or less remaining in the performance cycle will be considered for a bonus by the employee's home element.
- With more than 90 days remaining in the performance cycle will be considered for a bonus (or similar monetary award in accordance with Component practices) by the gaining element. The home element may consider the employee for an award according to DCIPS Volume 2008 for performance during the performance cycle prior to commencement of the JDA.

Upon receipt of the approval of a performance-based monetary award from the gaining element, the award should be paid by the home element in timely manner.

Further Information

- For questions related to this guidance, please contact Jing Deng at (703) 692-3591 or jing.deng.civ@mail.mil



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

2020-2021



Sample Aggregate Report for Employees

Overall Summary – FY20 Performance Cycle/ FY21 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

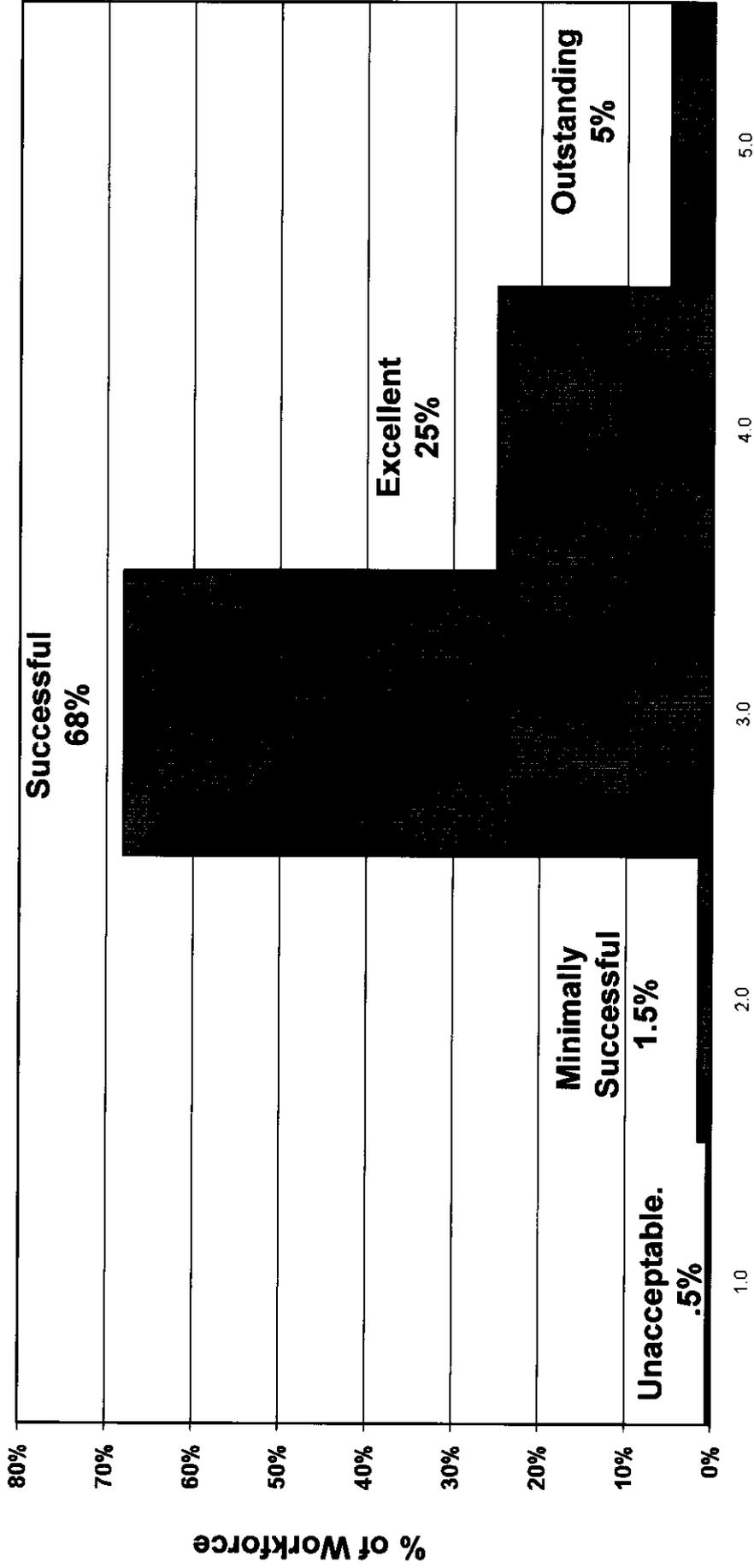
Overall Results by Special Characteristics - FY20 Performance Cycle

	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 - FY20 Performance Cycle

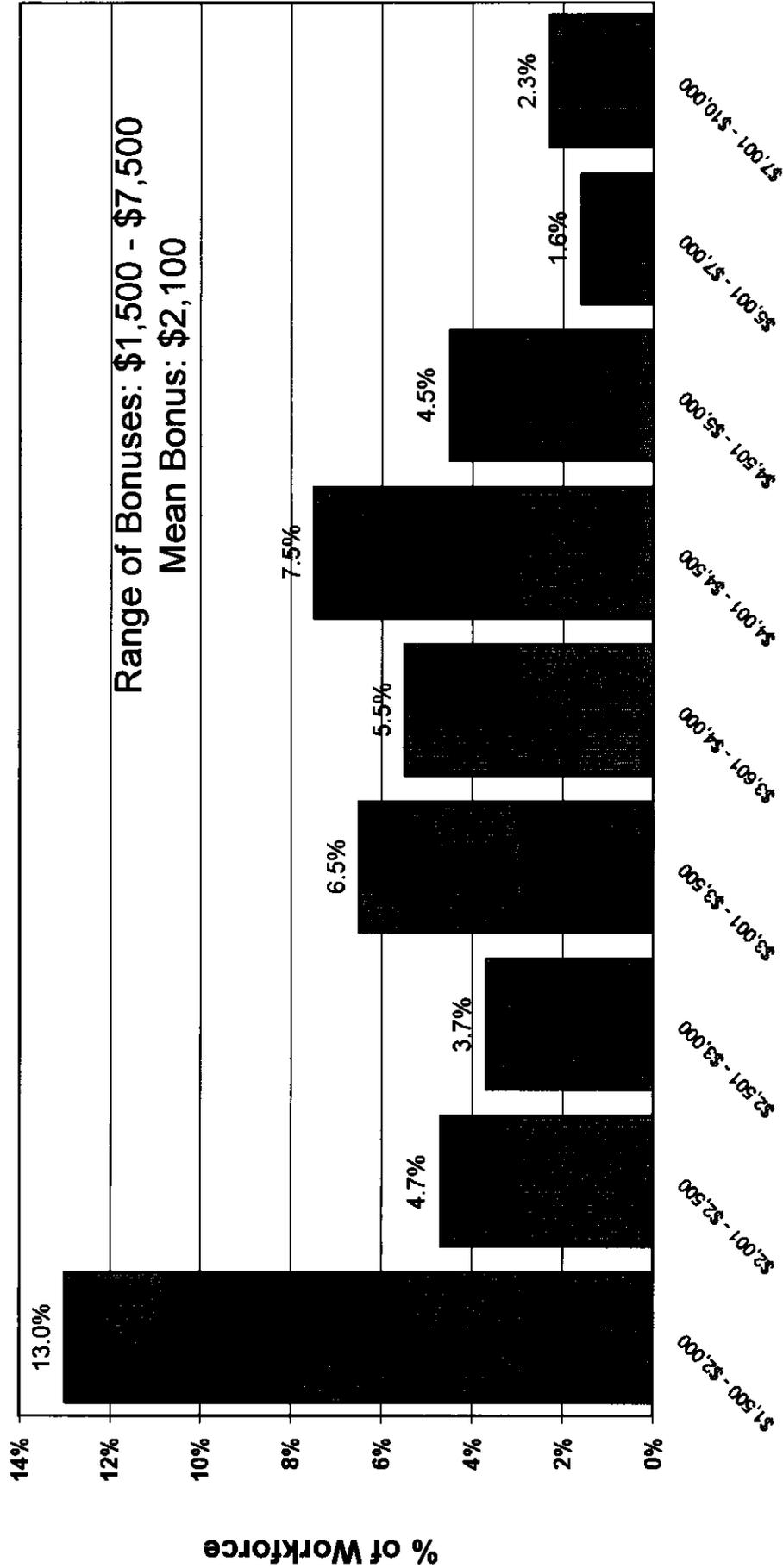


Overall Performance Rating



Sample Aggregate Report for Employees

Bonus Amounts Awarded - FY20 Performance Cycle

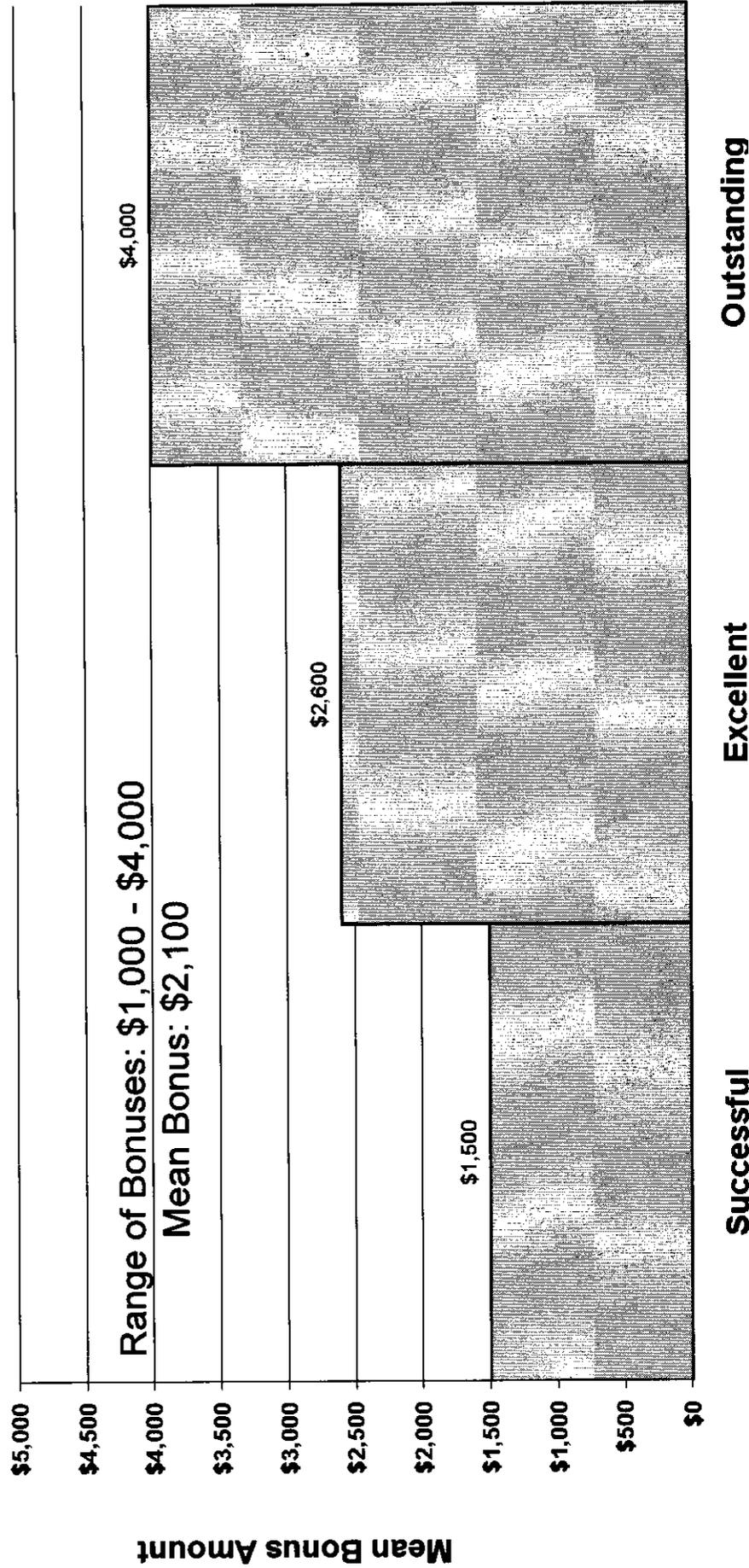


Bonus Range



Sample Aggregate Report for Employees

Average Bonus Amount by Bonus Factor - FY20 Performance Cycle



Performance Evaluation of Record