



**Media Conference Call with Dr. Ronald P. Sanders  
Intelligence Community Chief Human Capital Officer**

**January 14, 2010**

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DR. RONALD P. SANDERS: Good morning, everybody. I guess the purpose of the call here is to announce my pending retirement from federal service. I'm flattered that that's garnered so much attention. I was going to say, it must be a slow news cycle, but it's not – so I appreciate you all being on the line.

I am stepping down after about 37 years of federal service – 20 years as a member of the senior executive service or its intelligence equivalent. And I do think it's time. Lots of folks have asked me, why now? I'm 3 years past retirement eligibility, and when Director Blair came on as DNI about a year ago, I told him I wanted to make sure that some of the things that had been started by his two predecessors were able to continue. I said I'll give you at least a year in the new administration. And just before the holidays, he and I talked and I said, I think it's time. I don't want to be carried off the field; I want to go on my own terms.

The events over the holidays did give me pause. The Khost and Flight 253 attacks were difficult to deal with and they do represent a new round of challenges for the Intelligence Community, but after some soul-searching, here's my two-cents worth. We've been at this about 5 years. Most of you, or all of you, will be invited to the fifth anniversary of the Office of the Director of National Intelligence come this April.

I'm one of the original plank owners. I literally joined the organization when the organizational chart was on a whiteboard and changing hourly. One of the first things we did 5 years ago was develop a strategic human capital plan for the Intelligence Community. That's the first time that [that] had ever been done. I know you've all seen it and memorized it – just kidding.

But there were three broad strategic goals and 17 objectives in that plan. They were very, very aggressive, particularly given the fact that this was the first time the Intelligence Community was really going to try to act like the community. In looking back over that plan this past fall and over the holidays, we've accomplished most of it. And those pieces that aren't done have enough traction that I feel comfortable in leaving.

The centerpiece has been our civilian joint duty program. That really is the key to connecting the dots. It is only, really, 2 years old. It began in earnest in the summer of 2007. But I hope you ask some questions about that because we've made progress that's far exceeded my expectations. And it is only a matter of time before we have a professional corps and a senior leadership corps that thinks and looks at the Intelligence Community as an integrated enterprise.

Performance management – I know we’ll end up talking about pay-for-performance. I’m happy to talk about that. Our strategy to reach out to first- and second-generation Americans, that’s been particularly gratifying because, as some of you know, I am one myself; my mother was Egyptian.

Our centers for academic excellence, our scholarship programs for university students, our proposal to create an intelligence officer training corps modeled after ROTC, our efforts to get a better handle on and manage our contractor workforce; some of the things we’ve done with benefits, including an IC employee-assistance fund that I’m hopeful we’ll be able to mobilize to provide support to the heroes of the Khost tragedy.

We’ve just finished an unprecedented interagency effort at leadership succession. Again, I don’t think anyone has ever done something like that on an interagency basis, and I’m happy to talk about that. But one of its benefits – to anticipate some of your questions – one of its benefits was to identify succession pools for the top 60 or so key leadership positions in the Intelligence Community.

We’ve been at this since last summer and so I can sit here on the phone today and say that there is a very, very strong succession pool for the IC [chief] human capital officer and, you know, I’ve got a very strong team in place. My able deputy, Dr. Elizabeth Kolmstetter is here in the room with us. We really do have an A-team that’s been forged and welded together over the past 4-and-a-half years. It’s a truly joint team; every single agency and element in the IC is represented on staff here. And we are at the point now where I think there’s the opportunity to move on.

There’s never a good time to leave, especially given the investment I’ve made personally in some of the things we’ve done. But it is time for a new 5-year plan; probably this summer or fall. There will be a new round of initiatives. They’ll need to be as aggressive as the last round. They’ll take two, three, four, 5 years themselves. That will be up to the director and my successor to articulate.

But given where I am in my career, I’m ready to go climb another mountain. I’ve done this in the past. I’ve worked in six different federal agencies. In the field, at a regional office, at an Air Force base, at a major command, at a military service headquarters, and a couple of Cabinet departments, at OPM, domestic and defense, and now here in the Intelligence Community. And, again, I’m getting ready for the next challenge.

And it’s been an honor and a privilege throughout that career, but particularly in the last 5 years. The things that our people do that you’ll never know about, all of the times they do connect the dots, all of the things that have gotten so much better since 9/11 and the passage of the [Intelligence Reform and Terrorism Prevention Act] in 2004. It’s been personally gratifying to watch this institution grow. And so even though I know I’ll miss the people and I’ll certainly miss the mission, we’re at a place where it’s as good a time as any to transition and move on. So with that, Vane, I’m happy to answer questions.

QUESTION: Hi, Dr. Sanders. Can you tell me – I hate to ask this question, but how old are you? And the second part, what are going to be your plans after you leave the IC?

DR. SANDERS: I'm 58. Actually, I'm closer to 59 than 58 –

QUESTION: Okay.

DR. SANDERS: I'm really only 29. I've been looking at some alternatives and I'll leave it to the right time for those organizations to announce that. I can tell you what I want to focus on, though, as I move on. I think there are three big challenges – well, at least from my narrow vantage, I see three big challenges that intrigue me and that I'd like to work on.

I think I've learned some lessons myself in dealing with those challenges. I've made a lot of mistakes and some successes, and I do think I have something to contribute in each of those three areas.

First, civil service reform: John Berry is going to take that on. I think very, very highly of him. I think he's got the right approach. But it's going to be very, very difficult. You know, huge change-efforts like that are tough. I've been through a bunch of them. And anything I can do to help both on the substance of it and on the process of it, I want to be in a position to contribute there.

Secondly, there's been a lot of discussion lately about managing the multi-sector work force. OMB Director Orszag issued a memo last summer that I think got it right on target. It's not about outsourcing or insourcing. It's about finding the right balance.

And as some of you know because you've written on it, we took on that challenge in the Intelligence Community 4 years ago and, again, made lots of mistakes but have also made some progress and achieved some success in developing a doctrine and an approach to finding that right mix between our civilian personnel, our military members and our contractors.

And just, look, the tragedy at Khost is an example of our total force. The victims included folks from two IC agencies, as well as contract personnel. They all gave their lives. And that's the nature of the IC. Frankly, I think that's – again, that's a challenge that the entire federal government is going to confront. I've got some bruises and scars, and how I got them, I think, will help others avoid them.

And then last but not least, Paul Light alluded to this in an op-ed in the Post I think last week. If you look at all of the really big challenges facing government, they all start with the prefix “inter” – interagency, intergovernmental, international. And I do think that the deficit here is that we don't have leaders who are equipped with the competencies to manage in that “inter” kind of environment – that multiagency, joint environment.

The military has been at this for two decades. I think they've got it right with their version of joint duty. We've taken that on in the Intelligence Community. I think it's been one of our great successes even though it still hasn't fully taken root. But as the government has – and, frankly,

most organizations have – traditionally developed leaders, they’ve done so within their organizational environments, in the stovepipe.

And then when they’re confronted with interagency challenges, like Hurricane Katrina, 9/11, and just look at what’s on the horizon: H1N1, health-care reform, Iraq reconstruction, et cetera, et cetera – all of those involve multiple agencies and we need to have leaders who are equipped to succeed in that environment who can manage in a net-centric world. And that’s a passion of mine. I think we’ve taken a decent run at it in the Intelligence Community.

There are lessons we’ve learned here, including some very specific identification of the competencies needed. And that, too, is something I’d like to work on because I do think it’s one of the potential solutions to all of the challenges that government faces: having a leadership corps, particularly a career leadership corps, that can operate effectively in that multi-agency, multi-sector environment.

So those are the three things I want to take on, and the options I’m looking at, I think, will allow me from various vantages to do that.

QUESTION: Is it safe to say that you’re looking at options in the private sector?

DR. SANDERS: Yes, and in the academic world.

QUESTION: I see.

MODERATOR: Okay, next question?

QUESTION: Hi, how are you? Based on your experience and lessons learned, what do you think it’s going to take to make civil service reform efforts a success?

DR. SANDERS: I think this is largely – not exclusively, but largely – about process. And believe it or not, while I hope you keep my age classified, there are a few of us around today who were in our relative youth in the early days of the Clinton administration, when the first National (labor-management) Partnership Council was established.

And the first thing that Vice President Gore at the time commissioned the council to do was try to come up with a blueprint for civil service reform. And we did that in a multi-agency, bilateral way. I was one of the agency representatives that worked that. The undersecretary of defense that I worked for at the time was a principal on the council. We got to know and work very closely with senior union officials from all of the big federal unions, some of which are still around.

And believe it or not, we came up with a blueprint. It would have moved the ball forward. And, remember, this was 15 years ago. And if you were to dust off that blueprint today – and don’t ask me to because I’ve looked in my boxes and I can’t find the darn thing – but I do recall that it was as innovative as the proposals you’re hearing today; but the substance of it is less relevant

than the process of it. We were able to find a way to get agencies, then unions and ultimately other stakeholders onboard.

Unfortunately, the '94 congressional elections sort of derailed that effort – and I won't get partisan here – it just did. But I've talked to John Berry about a similar process. And, again, I think if you get committed, creative people in the room from labor, from management, from the academic community, the policy community, the Hill, et cetera, we'll find a way.

It's going to be hard but one of the things that I think – one of the real accomplishments we've achieved here in the Intelligence Community when we began this effort, now, almost 5 years ago, we were a microcosm of that federal government. While we didn't have unions at the table – we don't have them in the Intelligence Community – we still had to forge a consensus amongst 17 agencies and elements and six Cabinet departments, as well as OMB and OPM, where they played in the mix.

And it took a long time to do but the product was ultimately one that I think we're all very proud of. And I've touched on some of its features, particularly that human capital strategy that we've largely executed. So I do think there's a process way ahead – not an easy one, but I certainly think it's worth the time and trouble to move forward.

QUESTION: Do you see moving forward a big part of that pay-for-performance government-wide?

DR. SANDERS: Well, it certainly has to be on the table. You know, pay-for-performance has almost become pejorative, so maybe we need to think about calling it something else. I do think John Berry has it right when he says, we need to look at performance management first.

For what it's worth, folks, in one of my previous lives when I was at IRS and we were challenged with restructuring that agency in a very fundamental way, we had the flexibility to create a pay-for-performance system. We did, and it's still in place. But we started with a performance-management system. And with the National Treasury Employees Union, developed a performance-management system that articulated, assessed and reinforced the kinds of behaviors we needed – what literally the public demanded out of IRS employees at the time: a greater focus on customer service and things like that.

For what it's worth, although this has been largely unheralded, that's exactly what we've done in the Intelligence Community. Beginning in 2008, we've done something that I think is unprecedented, and that is to create an interagency, IC-wide, performance-management system that cuts across six Cabinet departments and two independent agencies – CIA and ODNI are both independent agencies by law, not by demeanor.

But CIA was an early adopter of that in 2008. And in 2009, the rest of the community implemented it. And last fall for the first time, every IC employee was evaluated on the kinds of behaviors the public expects of us in a post-9/11 world: collaboration, information-sharing, critical thinking, the courage to speak truth to power.

Now, it's only been in place a year or so across the IC, but, look, I have to tell you, adding pay to it is sort of the icing on the cake; the key is the performance-management system. It's the behaviors, it's the performance standards and elements that send the cues to employees, this is what we expect of you. And so I think that's the right focus. Let's begin with that just as I and others have done in other circumstances, and then see where the journey takes us.

QUESTION: Thank you.

MODERATOR: Next question.

QUESTION: Good morning, and good luck on your new life, whatever that turns out to be. I'd like to ask about the recent intelligence lapses, or, not connecting the dots, or however you might want to phrase that.

And I'm wondering if there's anything – and I certainly also appreciate, as you said, that we don't know about the many times the dots were connected and maybe certain things were prevented, fortunately. But for those intelligence lapses that do get the attention, is that due in any way to staffing or personnel issues?

DR. SANDERS: From my vantage, I don't believe so. You know, we've managed over the last 5 years to renew and recover the Intelligence Community workforce. We were decimated in the '90s; in some agencies we lost as much as 40 percent of our capability.

But post-9/11 – and this is an effort that's been sustained from the Bush administration to the Obama administration, there's been no let-up – we have replenished and renewed that workforce. As some of you know, almost half of our workforce has been hired since 9/11; they are scary smart; they are IT-adept. We have many, many of them that speak multiple languages.

So I think there are certainly some technological challenges that you've read about; there remain some cultural challenges, but at the end of the day, the commitment is there. I'll let others speak to the circumstances. As you know, there are going to be multiple after-action reviews here – but the gist from my humble perspective, the amount of information, the amount of dots that need to be connected, the needles in the haystack, it's just mind-numbing, and our folks, they do it every day and they're unsung heroes in that regard.

QUESTION: May I follow up, please, on the pay-for-performance issues? You mentioned – you're known as definitely a proponent of it – yet both the National Intelligence Civilian Compensation Program and the Defense Civilian Intelligence Personnel System really have been criticized, at least in the mail I get, by employees.

And I know that both have come under fire from Congress, and I believe that Blair and Gates are, if I recall correctly, that the defense program is being suspended while it's being reviewed, or no new people will go to it, and the IC program is also under review by Blair and Gates. So I'm wondering, given all the attention and negative attention from employees toward these programs, if you think that they are kind of worth the cost, you know, worth the cost in terms of the negative reaction from the people they are supposed to serve?

DR. SANDERS: Yes, I do, and that's my personal view. I'm a proponent of it, as you indicated. It's certainly been part of my professional life. But Joe, I think – a couple of issues here. First and foremost, I think the pause is going to be healthy because one of the unfortunate things – again, from my humble vantage – is that while the system we've developed for the Intelligence Community is very, very different from the National Security Personnel System, we have been painted by that same broad brush.

And a couple of you have written about the significant distinctions between the Intelligence Community effort and NSPS, and I know one of the things that I've found frustrating is that when people criticize our effort. Literally they've criticized NSPS and just assume that it's been imported whole-cloth into the Intelligence Community.

As I know many of you know, frankly, the legacy of our system is in the National Geospatial-Intelligence Agency; they're now in their 11<sup>th</sup> or maybe 12<sup>th</sup> pay-for-performance cycle. Their employee satisfaction ratings and employee climate survey results are extraordinarily high, particularly on questions that deal with the linkage between performance and pay and performance and promotions and accountability for poor performers. So I think part of this has been an education problem and part of our challenge has been to make those distinctions without throwing NSPS under the bus because that was the DOD proposal; it just wasn't ours.

I think that the pause will be helpful. I believe it's official that the National Academy of Public Administration is going to be conducting the review for – there are actually three organizations overseeing the review: It's OPM, DNI and DOD. Personally, I'm pretty confident that NAPA is going to find what GAO found, and I haven't seen any of you write about this, but the GAO just finished a study of the Defense Civilian Intelligence Personnel System, and as a general proposition, they gave it pretty good marks.

Out of 10 standards that they articulated – that is, the Government Accountability Office – as key to a successful effort, they said the IC got it right on eight of them. And while two of them need work, we are absolutely positively committed to filling in any gaps there. So that was the Government Accountability Office. NAPA [National Academy of Public Administration] will now be brought in.

But I do think having those independent reviews, so that everyone can read it and you don't have to take Ron Sanders' word for it, you can take the GAO or NAPA's word for it, I think they will ultimately hold us in good stead. I will say this: Some employees are always going to resist it; some have resisted it out of ignorance. The people on the Hill that have been concerned about it – look, those concerns are entirely legitimate. I acknowledge that. They've been made in good faith.

So I do think the pause is in good faith and will stand us in good stead. I leave here confident that the review will validate that we've got a great system. Now, it is a system built for the Intelligence Community's workforce. It is a system tailored to our unique demographic. Our average age is many years lower than the rest of the federal government's, and that post-9/11 workforce is largely excited about the idea of pay based on something other than tenure.

We do have a very flexible, agile workforce. We have personnel flexibilities that our intelligence agencies have been employing for years. For the most part, we are in the excepted service. All of those things are part and parcel of our design. So I'm not going to suggest that what we did in the IC is good for the rest of government, but I do believe it's good for the IC.

And for what it's worth – and again I'm not sure this has been widely reported – the administration, at the request of Congress, Congress did ask that the administration suspend all pay-for-performance efforts; the administration agreed to suspend NSPS but specifically said we'd take a look at what's going on in the Intelligence Community and we want that to continue.

Now, ultimately, Congress thought differently, and that is certainly their prerogative, but I think the fact that the Obama administration came in, took a fresh look at what we were doing, and gave it a thumbs-up, is a good sign; the GAO report is a good sign; I have confidence in NAPA, so ultimately I think the folks on the Hill that have raised legitimate concerns on behalf of our employees and on behalf of themselves, they'll be able to read the report and make an independent judgment on how we proceed.

QUESTION: Thank you.

MODERATOR: Next question.

QUESTION: Hey, Ron, how are you? Thanks for taking the time to talk with us, and good luck with your next endeavor. I just want to ask you a quick question on cyber security, which obviously is going to be a huge – already is and will continue to be – a big focus for the Intelligence Community.

Can you talk about any special demands that that's placing on the workforce, and particularly with an eye towards what kinds of employees agencies will be looking to hire in that area going forward?

DR. SANDERS: Here is another place where I think the Intelligence Community is very, very fortunate. You all know about NSA and what it does, so I won't bore you with that. I can tell you that the kinds of personnel flexibilities that we've had in place in the case of NSA and the other elements, you know, particularly the fact that they're in the excepted service, we, years ago, were able to develop competency models and classification and qualification standards that have allowed us to go out and hire the best and brightest cyber talent.

Unfortunately, that's not been the case in the rest of government. So while we are, we've got lots and lots of eye-watering candidates for our jobs, we're still, I think, behind the curve with the rest of government. So we've been working very closely with OPM to share what we've done.

Elizabeth Kolmstetter has been our point person on that. As you may know, because others have pointed this out, OPM's classification standards for some of these jobs – occupational series – are 10 or 15 years old and they don't even use the word "cyber," so they need to be updated.



The good news here is that we've got the models, we're able to hire the skills, I'd hate to give Joe any – and I don't know if Walter's on the line – I hate to give the Post any added advertisement here, but in Sunday's Classifieds section – that is the Classifieds want-ad section – in the "Mega Jobs" section was, in all of its full purple glory, with our new IC seal, we're advertising an IC virtual job fair. And it's going to be really state-of-the-art, with 3D roaming, and avatars, and live chats. And my avatar is going to look like George Clooney, and I can't tell you the computer skills we needed to make that happen. But that's one of the – you'll see in the list of jobs we're recruiting for, the cyber skills. So, again, we've largely – not largely, we have met our cyber security hiring needs and we do have world-class training.

We're working very closely with DOD and DHS as part of the larger government-wide cyber strategy to begin exporting that now across [the] government. And there is a sense of urgency. I can tell you we're especially gratified that the new cyber coordinator will be in place. And in fact, by all appearances he'll hit the ground running.

So we're here to – I think this is the case we're not just in cyber security in general but from a human capital standpoint – we can serve as a government-wide resource and help others get up to speed.

QUESTION: Thanks, Ron.

MODERATOR: Next question.

QUESTION: Thank you. Ron, good luck in your future endeavors as the rest of [us] stay back on the pier and wave goodbye to you. (Laughter.)

You know, the questions have been raised about the Khost event and the December 25<sup>th</sup> bombing attempt centered around analytical or operational tradecraft. But you said that these events gave you pause about your decision to leave the IC. And I'm wondering what issues these raised for you in terms of personnel? Was it a question of experienced personnel? I mean, in personnel terms, what troubled you about this?

DR. SANDERS: Well, the pause was not about personnel, although everyone asks could we have done it better or quicker. No, this is quite simply, I hate to walk away from a fight. And, unfortunately, this is a long war. And so, you know, that's always going to be the case. But that was a bit of soul-searching that I went through over the holidays, just that I don't want to walk away from a fight.

QUESTION: I just want to ask a follow-up, because I have had some people in the community say that there is still a gap in terms of the mid-level experience people. You have a lot of young people hired after 9/11 and then the older generation – I guess you might call them intelligence boomers who are getting near retirement. But that mid-level of experience is where there is still a major gap. Is that a correct assumption?

DR. SANDERS: As a general proposition, there is still a trough between those with now eight to 10 years of service and those with 20 or more years of service. So you know, it's bimodal in that regard. But the good news here is that trough has begun to be filled in.

As some of you may know, we've filled it in three ways. One, the hiring surge that occurred immediately after 9/11 has borne fruit. And while that's now only 9 years ago, the fact of the matter is that the career paths are accelerated and the bright people that we attracted to the community are now reaching the point where they are seasoned and can be used to meet our requirements in that particular career group.

And we've done a pretty decent job of what's so-called mid-career hiring in that regard. You know, some of you have written stories about the fact that, for example, CIA was off recruiting from Wall Street. That's not an isolated incident. We recruit a lot of mid-career professionals who bring just the skills we need. They happen to be new to the Intelligence Community and new to federal service. But they're not newbies. They're not wet behind the ears in that regard. So we've done a pretty good job with mid-career recruiting.

Lastly, we have been able to fill that trough through contractors. We've made no bones about that. Contractors, frankly, saved our bacon immediately after 9/11 as we began to staff up our government workforce and with the long lead time that some of our skill sets take. But you know, so while they helped us meet that exigency over the last 6, 8, 10 years, we are in the position now to begin scaling back, to begin shifting and shedding some of that contract workforce. Again, some of you have written about how we've done that. And those numbers will continue to shift and decline as we convert some of those positions to U.S. government civilian or as we cut them altogether.

That said – and that's a very longwinded answer – but that said, there is still a trough. I would be less than candid if I suggested otherwise. But you can rest assured that we have lots of volunteers of our very best, brightest, experienced and brave who want to go to the front lines. So we're not lacking for talent on the front lines.

QUESTION: Thank you, Ron.

DR. SANDERS: And that's been very gratifying.

MODERATOR: Next question.

QUESTION: Okay, thank you. So Ron, you've said a couple times that when you look back on your career, there's some times you've made mistakes or things didn't work out. I was wondering if you could tell me one or two of those examples, and also what lessons you learned.

DR. SANDERS: Let me just focus on one because I think this is a case where I've learned a lesson a couple of times. Maybe I'm a slow learner. With the Internal Revenue Service, when we – I was part of the team that went in and worked very closely with longtime IRS employees to restructure and transform that agency. And a key part of that was engaging our workforce and our other stakeholders. And as I suggested earlier, that takes a lot of time.

It's ultimately worth the price. The partnership we established with the National Treasury Employees Union at the time, I think, was – I'll use the word historic. And you know, maybe people like Bob Tobias and Colleen Kelly will support that. I can tell you that without their help and without that partnership, we would not have been able to ultimately transform that agency, to reskill it and to change its culture, to add customer service to its ethos, et cetera.

When I was at OPM, I was intimately involved in the standup of the Department of Homeland Security and the effort there to create a new personnel system. And in part because of the sense of urgency, in part for other reasons that I won't bore you with, the fact of the matter is we didn't have or take the time to engage in that deep, months-, and in some cases, years-long engagement to ensure that there was a consensus way ahead. Ultimately, it foundered.

That was a painful lesson, so let me fast forward. In the Intelligence Community, as I suggested earlier, this has been my hardest job. Trying to bring 17 agencies and six departments together, a common way ahead – not uniformity but unity. But it's been well documented. It took us a long time. Even with the sense of urgency that everybody at the table had, it took us a long time to engage all of the stakeholders. And that included employees. We didn't do it through unions because we don't have them.

But we did do our due diligence in engaging our workforce as well as agency leaders and managers and departmental officials. But there again, I think our successes underscore the fact that it was worth the time and effort. It was frustrating at the time. Everybody involved, including me, will attest to the fact that if each agency had been allowed to do it on their own, they probably would have been able to do it quicker. But that wasn't the point. This was about an integrated effort. And it did take the time.

And ultimately, when you look at, for example, our joint duty program, two years of very, very intense discussions because we were talking about what are traditional agency equities – the right to select senior officers. Two years in gestation, but I'm here to tell you, we have over 5,000 people on joint duty earning joint duty credit as we speak. That's a huge number. We've had over 7,000 – I just did a run on the numbers yesterday – we have over 7,000 who have already received joint duty credit.

Again, we can talk later about how important joint duty is to the transformation of the community. But I think the lesson I learned, forgot, and had to – I think – re-learn was that in big change efforts – in government or otherwise but my experience has been exclusively government – in big change efforts, if you don't take the time to engage and collaborate and, to the extent you can, find a consensus, then you're probably asking for trouble. And those are experiences I've shared with John Berry already and others who are about to take on the whole prospect of civil service reform.

MODERATOR: Next question.

QUESTION: I wanted to follow up on the contracting element that you mentioned. Can you talk to me a little bit about the status of that insourcing and the status – you were hoping last year

to get the caps on staffing completely lifted to make it easier for intelligence agencies to insource. Can you kind of give us a status update on where that stands and where you'd like to see it go?

DR. SANDERS: Sure. First of all, I think we have a pretty good handle now on the methodology, the taxonomy, the inventory of contract personnel. And I have to tell you, we can cut them six ways from Sunday – and some of you have seen the charts. We know how many; we know what they do.

Last fall, Director Blair issued an IC directive that establishes policy and doctrine for managing contract personnel. I'll anticipate a question. We do not – repeat do not – change OMB's definition of inherently governmental because in re-looking [at] it, we found that it still served its purpose. So we're not talking about that. But we are talking about core mission functions where, out of necessity because of unique expertise or the exigencies of the moment, we have to use contractors for core mission functions. But we've got a policy and a doctrine out.

We've also now embedded it in our workforce planning efforts. We're in the midst of defining the IC's base workforce – military, civilian and contract – for our next five-year budget. And for the first time, contractor resources are going to be included in those estimates. They'll of course be classified. But they're in there, trust me. It's the 1.0 version. We're crawling in that regard. But we'll get better at it.

Steve, you mentioned the Hill. As some of you know, one of the reasons we came to rely so heavily on contractors is because we had civilian employment limits. I can tell you, Congress – both House and Senate – have been very responsive in this regard. For a couple of years running, both House and Senate authorization bills have given us relief from employment ceilings. They've allowed us to civilianize contract positions on a one-for-one basis.

Now, we haven't had an authorization bill passed into law. And the fact that we don't have an authorization bill means basically, we have unlimited flexibility. But [we] have not – repeat not – abused that vacuum. We've been very careful to consult with the Hill. I think, knock on wood, I think we've convinced them that we need those flexibilities that I described in order to find the optimum mix between civilian, military and contract. They've put it in legislation.

The fact that they've sanctioned it even though we haven't had an authorization bill has given us comfort to go ahead and implement as if we had those flexibilities.

QUESTION: And when you say flexibilities, are you talking about no limits whatsoever or the one-to-one limits?

DR. SANDERS: We do have a budget. So we've projected that budget in terms of full-time equivalents. But yes, we've applied the conversion rules that Congress – I believe more specifically in the Senate than the House, but I may be wrong on that – but they've provided conversion rules. We've applied those. They've given us flexibility above ceiling. We've comported with those, again, even though it's not law. We've respected it. And that's given us all the flexibility we need to find that right mix.

QUESTION: Is that the 3 percent above capacity that one was – I'm trying to look up the –

DR. SANDERS: It's either three or 5 percent, Steve.

QUESTION: Three or 5 percent, okay.

DR. SANDERS: That, coupled with exemptions for the one-for-one conversions as well as exemptions for re-employed annuitants and joint duty detailees and student programs. That's given us all the flexibility we need and, again, even though it's not law, the fact that Congress has acknowledged the need and we have respected that I think has given us comfort in moving ahead with – or confidence to be able to move ahead in that regard.

QUESTION: I'm sorry – just to make sure I'm understanding correctly, what we wrote last year was that the Senate bill would let you exceed staffing counts by 5 percent; the House bill would let you go 3 percent.

DR. SANDERS: Yeah.

QUESTION: So which one are you following? Is it the three or the five?

DR. SANDERS: I don't know, but I can – I'll have to – we have issued guidance; I just don't know what it is off the top of my head; it may be the higher of the limits, but I'm not sure. Frankly, these days, the budget constraints are probably sufficient to keep a cap on it, but let us get back to you on that.

QUESTION: Okay, thank you.

MODERATOR: Next question.

QUESTION: Ron, what do you think are the main challenges that your predecessor is going to have to – or your successor – (chuckles) – sorry – the next person is going to have to deal with?

DR. SANDERS: I do think there are a couple of things. First and foremost, I do think there is a strong and sustained consensus to continue forward on some of the initiatives I mentioned at the outset, like joint duty and our heritage community outreach, the performance management system, et cetera.

We are – we have begun to move forward on trying to develop and deploy a common HR information system for the largest IC agencies and elements. But, right now, they're on different systems, sort of an IC version of the HR line of business.

That's in the study phase. And that's one of the things my successor will be confronted with. The study will be done. I think what the study will say is, there needs to be a common system. And, in fact, there are folks on the Hill that are advocating that. And that's going to be complicated and challenging – less so these days because we have established now a foundation

of common personnel policies and practices so a common system isn't as daunting as it may have been 4 years ago. But that's still going to be a huge challenge.

I do think helping the rest of government move forward with the cyber strategy – certainly we have to maintain our skill set within the Intelligence Community and ensure that it stays fresh, but there, again, serving as a government leader in that regard. Obviously when the pay-for-performance study has run its course and the recommendations are made to the Hill, working with the administration and the Hill to figure out a way forward that everyone can live with.

Just a quick footnote there: Let me make it clear – and, again, I know so many of you have heard me say this: The IC effort on pay-for-performance is only in part about linking performance and pay. It is just as much if not more about trying to create a community, trying to ensure that our personnel can move between agencies easily where today there are six different statutory personnel systems – not computer systems now, statutory schemes – six different statutory schemes in the IC, the smallest of which is the regular civil service rules under Title V.

And to come up with a common set of personnel policies, including those governing pay, not just base pay but bonuses and other sorts of entitlements like deployment and deployment pay and overseas pay and things like that, one of the keys to our unification and integration as a community is, where it makes sense, a common set of personnel rules. And that's another challenge that my successor will confront.

To me that's been one of the most challenging and rewarding aspects of this, is to try to – has been in trying to find the right balance between uniformity where it makes sense and where it supports the broader notion of community and integration and agency flexibility, where they need that flexibility to perform their individual missions – not an either/or but a both/and solution.

And we've done that in a few key areas, but there are lots of other areas that bear exploration and collaboration. And my successor will have that to deal with.

And then last, but not least: the National Intelligence University. NIU was realigned under my office just last spring. And we need to accelerate its impact on the community. One of the things that we'll talk to you about in a few days, I hope, is that we're about to unveil a blended learning joint professional and leadership development curriculum for the IC that will complement our joint duty program.

So just as the military complements joint duty with a joint professional military education curriculum, we have adapted that model to the IC with what I believe is a really, really innovative blended learning approach that includes virtual and online learning, learning teams from across the community that are joint cohorts, plenary residential sessions facilitated by faculty; for new professionals in the IC, mid-level professionals and managers and senior leaders.

And we're beginning that now literally in a couple of weeks with our first cohort. But NIU – that's the first major contribution that the National Intelligence University has made to the IC.

And my successor will have what I think is a great opportunity to fashion and mold NIU so that it becomes the epicenter for organizational learning, professional development and leadership development in the community without supplanting the great work that's going on in our agencies.

So those are some significant challenges. They are going to be fun, but they are not things that are going to be done in 12 or 18 months.

MODERATOR: At this time, there are no further questions.

DR. SANDERS: Well, listen, I appreciate all of you being on the phone this morning. As I said at the outset, it's flattering. This has been a blast. It has been the most rewarding post I've served in, in my career. The things that our people do in the Intelligence Community are truly eye-watering and I wish we could tell you about it.

I do think we've made a lot of progress from the early days when ODNI existed on a whiteboard in the office that John Negroponte, Mike Hayden, Pat Kennedy and others shared in the West Wing of the White House. And I am convinced – critics notwithstanding – I am convinced that at least as far as the human capital agenda is concerned, none of this would have happened without having an ODNI to be able to help forge that consensus and bring the community along in what I think are some truly ground-breaking human capital initiatives.

So it's been a great run. And I am thankful for the opportunity to serve in this capacity.

MODERATOR: Any more questions?

QUESTION: Hi. Sorry, I didn't mean to keep you longer than you were supposed to be, but –

DR. SANDERS: It's okay.

QUESTION: Just really quick, you talked a lot about your experience at the IRS, OPM and then, finally, ODNI. One thing that is listed on your bio is helping to create the new pay – I don't know if it was exactly pay for performance, but the new pay scheme for the SES. And I just was wondering if you could talk about that and what you learned from that experience.

DR. SANDERS: Others will argue with this: I'm proud of my involvement in that. It is a pay-for-performance system and it was borne out of something we built at the Internal Revenue Service. We actually won an award from OPM for our executive appraisal system at IRS as something that I'll give Charles Rossotti, the commissioner at the time, and Dave Mader, who was my boss there, credit for.

But it does hold senior executives accountable for results but also accountable for how they lead. And so when we went to OPM, that was one of the things that I really wanted to make happen. And I don't want to suggest it was just me. There were lots of folks involved. But I do think that was pretty groundbreaking. And I will say this: For the critics, to be quite blunt about it, that was the only way I think we could convince the Congress and the American people that

senior career civil servants should get a pay raise and the opportunity to earn all the way up to executive level, too.

The quid pro quo for that pay increase was more performance accountability – not just accountability for results, but also how you lead. So putting that scheme together – and I think it stood the test of time – as you may know, I served on the board of the Senior Executives Association for a dozen years and we worked very closely with SEA and Carol Bonosaro in designing the system.

SEA will – they have some ideas for improving it and many of them have merit. But, at the end of the day, I think the system itself, the one that was created several years ago, has stood and will stand the test of time. And, frankly, I think it provides a way forward because I do believe that our senior talent in government, if you look at any measure, is probably underpaid compared to the private sector.

But there will be no traction in that regard unless it comes with even greater accountability and responsibility. I think the SES pay-for-performance system was built on that principle and so I am pretty proud of what we built there.

MODERATOR: At this time there are no further questions.

DR. SANDERS: Thanks.

(END)