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MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : CIA Reserve Corps

1. Before you reach any conclusions regarding the feasibility of the suggested CIA Reserve Corps comprised of retirees receiving retainer pay, I think you should know the reasons why I proposed this approach to our problem.

2. As I see it, the Agency has two real and serious problems that inhibit our use of early retirement as a permanent solution to the constantly accruing manpower imbalance in the Agency.

3. The first problem concerns that group, roughly 25% of Agency employees, whose careers relate to the conduct and support of clandestine activities abroad. We have already established in obtaining our retirement legislation that we cannot use all of these people much beyond their early 50's. Unless a substantial number retire voluntarily or involuntarily about this age, the Agency must absorb them in Headquarters positions. This creates congestion, immobility, malassignments, and impairs job rotation and career advancement.

4. We now know that permission to retire at age 50, even with a more favorable annuity computation formula, is not a sufficient incentive to induce many to do so. We also know that the Clandestine Services is reluctant to exercise involuntary retirement measures for fear of serious adverse effects on general morale, consideration of loyalty and compassion for individuals, and fear of reprisal.

5. I can see no solution to these impediments to needed action other than:

a. To guarantee the individual unimpaired expendable income for at least one year after retirement to assist him during a difficult period of vocational reorientation.

b. The establishment of a new mechanism for effecting involuntary early retirement that will avoid placing a stigma on individuals and which will not be suspect as being discriminatory and full of personal bias.

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6. I had previously proposed a solution or at least a partial solution to this problem of too many middle-aged clandestine operations personnel. It provided supplementary separation (retirement) compensation and merged the voluntary and involuntary retirement procedures to minimize stigmatizing the individuals affected. I also proposed an annual selection out program as an established manpower control device that could be recognized as a necessary, impersonal administrative requirement and one which would correct imbalances as they occur. There is ample precedent in the Foreign Service and the Armed Services for this solution to an unavoidable problem.

7. I was advised by the General Counsel that my proposal would require legislation and was urged to seek some new basis upon which supplementary compensation could be paid since the prospects of legislation at this time were nil.

8. The second major problem is how to compensate individuals who retire under Civil Service at age 60 in lieu of the obvious impairment of their retirement annuities. In addition to loss of salary, annuities are less than they would otherwise be by a lesser high-five salary and fewer years of creditable service in the computation of annuities. I was advised that so long as age 60 retirement remained a "voluntary" process, there was no legal basis for gratuitous payment and that even if such retirement were made mandatory, legislation would probably be necessary. In this connection, the legal advisor to the CIA Retirement Board originally expressed to the Board an opposite opinion and, indeed, espoused a compensatory payment plan.

9. The Reserve Corps proposal was submitted as a basis (admittedly substantially fictional but with considerable inherent merit) for solving these manpower management problems of the Agency. I contemplated that the primary argumentation that would be presented to the CIA Congressional committees and the GAO would be the Agency manpower management problems, Agency security problems, and the obstacles faced by CIA in obtaining relief by normal legislative processes.

10. The process of obtaining tacit approval was to have been identical to that followed by CIA when it was the leader in Government in paying separation compensation to employees separated in deference to compelling problems essentially unique to the CIA.

11. My major concern is that Agency management reach an early determination as to the nature and magnitude of its manpower problems and either conclude they can be "lived with" or that positive corrective action should be taken.

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