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**Statement of
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**Before the
Committee on Appropriations
Subcommittee
on
Science, State, Justice, and Commerce, and Related Agencies
U.S. House of Representatives**

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Chairman Wolf, Representative Mollohan, and Members of the Subcommittee.

It is a pleasure to be here again. As you know, I have served as Chairman of the National Academy of Public Administration's FBI Transformation Panel for the past four years. The Academy is an independent non-profit organization chartered by Congress to assist federal, state, and local government organizations in improving their performance. The views presented today are those of the Panel.

I appeared before this Subcommittee on this same date one year ago, and I am pleased to be able to report that the Panel believes the FBI has made substantial progress in several important areas during the intervening months. The job is not finished and much remains to be done. Nevertheless, the Bureau deserves credit for coming a long way in its efforts to transform itself into a more modern organization. Director Mueller appears to have now put in place a dedicated leadership team that is focused on making necessary improvements in the Bureau's processes and practices. Further, recent organizational changes have put it in a stronger position to make progress in planning and managing its resources and administrative activities.

Mr. Chairman, you and this Subcommittee have played a key role in enabling this progress. By providing the Bureau with the tools and authority needed to make its transformation, and then ensuring that it is using them, you have provided sustained oversight in the best sense of that term. In part as a result of your oversight efforts, the Academy has worked with the FBI on various parts of its transformation since June 2002. Today, our focus is on four areas: Organizational Change, Budget and Planning, Human Resources, and Intelligence. I will summarize the nature and results of our work in these areas.

ORGANIZATIONAL CHANGE

The area holding the most potential for long term improvement is the Bureau's organization. The initial steps we recommended included appointing a Chief Management Officer and establishing a planning and resource management office. We also recommended earlier the

appointment of a human capital officer and the consolidation of the Bureau's human resource programs. These organizational changes have all been adopted by the Bureau over the last year.

In this past year, we have moved into a more collaborative, advisory relationship with the FBI with the objective of providing advice while policies are being formulated. One of the best examples of this relationship is the collaborative interaction that preceded the Director's decision in July to create the new position of Associate Deputy Director. Joseph Ford, who has been appointed to that position, is the equivalent of a Chief Management Officer and has been given direct responsibility for all the day-to-day management functions of the FBI. This includes planning, resource allocation, human resources, training, finance, security, records management, and information technology. This step is important in two ways. First, it frees the Director and Deputy Director to concentrate on operational and policy functions. Second, it emphasizes the importance of management issues and makes a single senior official accountable for them.

At Director Mueller's request, the Academy Panel examined the pros and cons of such a position over the past year and whether an internal or external candidate would be preferable. We recognized the significant value that would be added by centralizing the management responsibilities since all of its other capabilities and plans depend upon a sound management foundation. We then presented Director Mueller with a range of implementation possibilities, and he has selected the most comprehensive approach.

As part of this process, we highlighted the need for continuity in senior positions at the FBI, and it is my expectation that the senior management team the Director has assembled will remain together long enough to add the essential elements of consistency and integration to the FBI's management programs. Our report on this subject entitled—*Transforming the FBI: Integrating Management Functions under a Chief Management Officer*—has now been published and I ask that a copy be included in the record.

We are also analyzing the pros and cons of various regional approaches to performing certain FBI functions, and evaluating alternatives to the FBI's current field structure. At the moment,

these projects are on hold pending the outcome of current Bureau efforts to develop a shared vision and strategy. When those efforts have concluded this fall, we expect to resume this work.

BUDGETING AND PLANNING

The Academy has also provided the FBI with advice and recommendations on the merits of adopting a more long-range approach to its budgeting and planning functions. In response, the FBI has created a Resource Planning Office that combines functions of the former Deputy Director's Planning Office and the Finance Division's Financial Analysis Unit. This Office will include be responsible for developing and implementing an FBI strategic plan for fiscal years 2008-2012; ensuring that the budget, hiring plans, and human capital initiatives are brought into harmony; instituting coordinated performance management and accountability across the FBI; improving quality and management of data to support executive decisions; and identifying cross-cutting organizational inefficiencies and challenges. These are all areas that the Academy identified as requiring increased attention. Mr. Chairman, the establishment of this Office is another substantial step forward, and I urge the Subcommittee to recognize that the number, diversity, and complexity of its functions will require adequate budget support and staff with the necessary skills and experience to carry them out effectively.

Budget and Planning Integration As you know, Mr. Chairman, in addition to our initial long-term budgeting and planning review, the FBI's Finance Division asked the Academy to make a detailed evaluation of the current planning, budgeting, and resource allocation functions. We are in the midst of that effort now and have an excellent working relationship with Assistant Director Kevin Perkins and his Deputy Rich Haley in that Division. Equipped with a detailed understanding of those processes, the next step will be to recommend ways to improve and integrate those processes and to assist in implementing those recommendations. This portion of the project has already yielded substantial insights and suggestions for change, such as strengthening the linkage between strategic planning and budget formulation, creating senior level committees that can provide pre-budget guidance and conform budget submissions to FBI priorities, and altering the sequence in which various parts of the budget process occur.

Strategic Planning With regard to strategic planning, I want to note that Director Mueller decided earlier this Summer to take his FBI leadership team through the Balanced Scorecard process in order to develop a consensus around the FBI's vision, strategy, priorities, goals, and initiatives. The Academy had recommended this in its long-range budgeting and planning work. Again, I believe this process, which will extend over several months and require substantial investment of time and energy by the Bureau's top officials, is a sign of their dedication to improving its capacity to successfully carry out its mission.

HUMAN RESOURCE PROGRAMS

In the human resources area, there has also been beneficial progress. The Panel made ten recommendations for human resources improvements to the FBI in its September 2005 report, entitled *Transforming the FBI: Roadmap to an Effective Human Capital Program*. I am pleased to report that several of those recommendations have been implemented fully, while actions to implement all or parts of the others are underway. A synopsis of the status of each recommendation follows:

Create a Chief Human Capital Officer and a Human Capital Office. This was our most important recommendation. Its goal was to focus responsibility and accountability in a single official and organization for all human resource functions, including recruiting and hiring; pay and compensation policy and administration; performance management; training and career development; and the development and implementation of new personnel authorities. As I noted earlier in my statement, the Bureau has implemented this recommendation.

In October 2005, Director Mueller appointed Donald Packham, who has broad private sector human resources management experience, as the Chief Human Resources Officer. In July 2006, the Director announced the creation of a Human Resources Branch that combines human resources management and training functions. We had also

recommended this consolidation as one step in overcoming fragmentation of related activities. Mr. Packham has been appointed the Executive Assistant Director (EAD) for this Branch.

Appointment of a Human Capital Implementation Team. We saw this as a critical first step in managing the process of improving human resources policies, practices, and systems. This team has been created, staffed with a mix of management and agent personnel, and reports directly to EAD Packham. The Academy will be assisting this team as needed.

Develop of a Strategic Workforce Planning and Staffing Process. This effort would include assessing what activities are necessary to carry out the FBI's mission, who should do them, whether they should be done at headquarters or in the field, and what employee skills they require. The FBI has agreed to develop such a process. EAD Packham has designed a three-step approach that incorporates this recommendation—first, improve basic human resource services; second, enhance the human resources organization's capabilities; and, third, implement a human capital strategy to align the FBI's new strategic plan with the Human Capital Plan currently being developed by the Director of National Intelligence (DNI) for the Intelligence Community.

Establish a Senior Executive Service Leadership Development and Succession Planning Program. This is an area where we have engaged with EAD Packham to develop a comprehensive succession planning and leadership development strategy as well as career development training. Our objectives include: finding ways to address and remedy: (1) the loss of key executives at the peak of their careers; (2) the significant turnover that has occurred in many executive positions; and (3) the difficulty of attracting sufficient numbers of qualified candidates for management and executive positions.

As you know, FBI special agents join the Bureau at the average age of about 30, and are eligible for retirement at age 50 with 20 years of service. This makes many agents highly marketable in the private sector at a stage of life when their experience makes them most

valuable to the FBI. Even the most dedicated agents may find it difficult to remain with the FBI after they reach retirement eligibility, especially since they may be faced with transferring to a high-cost area in order to advance their FBI career and their family and education obligations also may be at their highest levels. We are exploring options for enhanced use of a variety of financial incentives and staffing flexibilities.

Develop a Communications and Employee Involvement Strategy. The newly-created Employee Communication Unit in the Office of Public Affairs is supporting an effort to develop such a strategy. The first step has been to conduct an employee communication survey highlighting what and how information can best be shared with employees.

Increase Priority for Information Technology Support to Human Capital Program. The FBI has recognized that its current human resource-related business processes are paper-driven and labor intensive, and that modern business and technical solutions must be applied to use resources more effectively and efficiently. Its initiatives in this area include conversion of the payroll and some personnel systems to management by the National Finance Center, and the identification of better ways to track the hiring process.

Address Hiring Issues. The FBI has responded by commissioning a review of hiring, adding more flexible direct hiring authorities for critical positions, and establishing a program to hire students and graduates at all levels. Hiring incentives are being used, including student loan repayment and advanced leave accrual. The Academy is involved with the FBI in improving the hiring process and increasing efficiencies in staffing.

Initiate a Comprehensive Pay and Compensation Study. Using the special pay authorities this Subcommittee advocated for the Bureau, the FBI developed and provided Congress with an Intelligence Career Service pay-for-performance concept of operations in December 2005. The Academy was asked by Mr. Packham to review that proposal and made a number of suggestions for its improvement and implementation in the future. Since then, the Bureau has become involved with the DNI effort to develop principles for pay modernization across the Intelligence Community. The FBI has acknowledged the importance of conducting a comprehensive pay and compensation study so that its pay

policies will be informed both by its current structure and the overarching DNI pay modernization principles.

Devise a Structured Career Development and Training Program. The Bureau has developed a Special Agent Career Path Program to address development and training opportunities throughout an Agent's career. This program includes parallel career tracks for Special Agents in intelligence and criminal programs.

Career path development is also underway for Intelligence Career Service and Information Technology personnel. Further, the Bureau has redesigned and implemented a training program for its Intelligence Analysts, and is striving to increase the quality of the faculty and facilities that are required for this training to be effective.

Consistent Work-Life Policies and Programs. The FBI has determined that decentralized determinations about the use of Work-Life Policies and Programs are necessary because of mission and security considerations. Currently it is evaluating how to overcome barriers to their increased utilization across the Bureau.

In addition to monitoring and assisting with the implementation of our previous recommendations, we are working with Mr. Packham to evaluate the human resource services delivery functions for which he is responsible. In the course of this work, areas such as staffing and compensation and benefits administration are being examined. The information that is collected about these services will then be measured against a variety of other service provider models to determine how they can be accomplished at less cost and with greater speed and consistency. Based on this analysis, the FBI will be given suggested alternative ways of providing those services, and assistance in moving to new ways of doing business.

We are also reviewing the extent to which the FBI is using the statutory personnel authorities it has received from the Congress since 2001. One outcome of this work was the initial FBI effort to design a pay for performance plan for the Intelligence Career Service that I described earlier.

One area of interest to the Subcommittee that is still pending involves the FBI training facility at Quantico. Last October, the Chairman requested that the Academy conduct a thorough evaluation of Quantico in light of the new challenges that are facing the FBI as it enhances and diversifies its workforce. As you know, the Quantico facility is aging and has been under significant strain as a result of the demands that have resulted from the FBI's expanded and more complex hiring and training requirements especially with reference to its growing cadre of intelligence analysts. At the request of the FBI, the Academy delayed pursuing this evaluation because of ongoing reviews of specific portions of the Quantico program. Those reviews have now been completed and the Academy staff has received briefings regarding the results. We believe there is more that could be done in this regard and plan to continue to discuss this area with FBI officials to determine how we can best meet the needs of this Subcommittee as well as those of the FBI.

INTELLIGENCE

We have developed a good working relationship with the new Assistant Director for the Directorate of Intelligence, Wayne Murphy, and are engaged in assessing two high priority subjects for him. The first is the value of the intelligence products and services that are being produced by the FBI and supplied to the intelligence community, national policy-making officials, other federal agencies, and state and local law enforcement organizations. A new dimension has been added to this aspect of the FBI's mission by the network of state and regional fusion centers that is taking shape across the nation. The Academy's staff has visited several FBI field offices, a range of federal officials in organizations that receive FBI intelligence products, the Criminal Justice Information Service facility in West Virginia, state and local police organizations, and state and regional fusion centers in the past few months.

Although we are still in the early stages, what we are finding is that the FBI's intelligence collection and analysis activity is producing information that can be of real value. Also, it should be possible to make that information more accessible and useful to policy makers and the law enforcement officers who actually encounter suspicious individuals and situations first hand. We are continuing to work with the FBI to devise ways to do this.

We have also confirmed that state and local law enforcement organizations collect valuable information and represent a potential “force multiplier” for the FBI. This information flows from both their day-to-day investigative activities and the growing number of state and regional fusion centers that are being established around the country. We will be working with the Intelligence Directorate to find ways to derive the maximum benefit from this growing area of collaboration between the FBI and state and local officials.

The second area of interest is the nature and extent of the FBI’s information sharing obligations and its ability to fulfill them. This is obviously related to the first area, and is being pursued in conjunction with it. In addition, we are continuing to monitor the development of the FBI’s intelligence capabilities in general, as requested by this Subcommittee.

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Mr. Chairman—That concludes my prepared statement. I have tried to cover a lot of territory in a short amount of time. My goal was to give you with a good understanding of the scope and breadth of our relationship with the FBI, and the extent to which its leadership has opened itself up for ideas for meaningful change.

I again thank you for the opportunity to be here today, and for your continuing support for promoting positive change at the FBI. I will be happy to respond to any questions you or other Subcommittee members may have.