

A Report by a Panel of the

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

for the U.S. Congress and the Federal Bureau of Investigation



Transforming the FBI:

Integrating Management Functions under a Chief Management Officer

September 2006



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NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION
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September 2006

TRANSFORMING THE FBI:
**Integrating FBI Management Functions
under a Chief Management Officer**

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The views expressed in this report are those of the Panel and Sub-panel. They do not necessarily reflect the views of the Academy as an institution.

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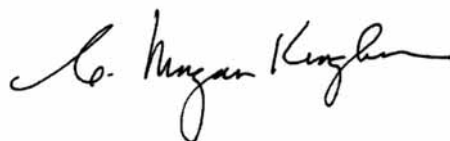
FOREWORD

A National Academy of Public Administration Panel, chaired by former Attorney General Dick Thornburgh, has partnered with the Bureau since 2002 to provide expert advice regarding its transformation efforts and make recommendations for further improvement. Throughout the course of this relationship, the Panel and staff have benefited from outstanding cooperation and full access to FBI senior officials, key employees and relevant internal documents.

In February 2005, the Academy Panel released *Transforming the FBI: Progress and Challenges*. That report endorsed the general thrust of FBI Director Robert Mueller's reorganization efforts following 9/11. In September 2005, the Panel released *Transforming the FBI: Roadmap to an Effective Human Capital Program*. This second report provided recommendations designed to guide the Bureau toward meeting its heightened human capital objectives.

In June 2006, the Academy Panel provided a paper assessing the FBI's management functions and providing advice on how the Bureau might better organize them. In July, Director Mueller announced a series of structural management changes, including the creation of an Associate Deputy Director who will function as a Chief Management Officer to oversee personnel, budget, administration, information technology and infrastructure functions. This will allow the Director and Deputy Director to focus their attention on law enforcement and intelligence operations, while bringing senior level attention and accountability to day-to-day management. This Panel report, *Transforming the FBI: Integrating FBI Management Functions under a Chief Management Officer*, constitutes the information and analysis that the Academy contributed to the establishment of a Chief Management Officer.

I would like to express appreciation to Chairman Frank Wolf of the House Appropriations Subcommittee on Science and the Departments of State, Judiciary, Commerce and Related Agencies, who has consistently supported the FBI and the Academy. I would also like to commend the men and women of the Bureau whose dedication is critical to ensuring the safety of the American people. The National Academy of Public Administration is privileged to have the opportunity to assist the Bureau's efforts to meet its new challenges.



C. Morgan Kinghorn
President

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ACRONYMS

ADD	Associate Deputy Director
ASD	Administrative Services Division
CIO	Chief Information Officer
CMO	Chief Management Officer
EAD	Executive Assistant Director
FBI	Federal Bureau of Investigation
HQs	Headquarters
SACs	Special Agents in Charge
SES	Senior Executive Service
TDD	Training and Development Division

EXECUTIVE SUMMARY

The Director and Deputy Director of the Federal Bureau of Investigation (FBI) requested that the National Academy of Public Administration provide advice concerning how the FBI might better organize its management functions, whether a senior executive management position should be created for that purpose, and whether that type of position should be filled with private sector or public sector candidates. This report—one in a series that deal with organizational change at the FBI—discusses the issues and challenges that the FBI faces in organizing its management functions. It presents the range of organizational possibilities that the Academy suggested the FBI consider prior to Director Robert Mueller's July 2006 decision to create a new Assistant Deputy Director position with the authority and responsibility to manage the FBI's programs for human resources and training, information technology, facilities and logistics, finance, security, records management and strategic and resource planning. In essence, this position is analogous to a Chief Management Officer. It also discusses the pros and cons of private and public sector candidates for that position. Finally, the report stresses the critical importance of providing leadership continuity in key FBI management functions, regardless of the option chosen.

Administrative management functions that are effectively integrated and supported by the FBI's senior leadership are critical to success in accomplishing its transformational and organizational goals. Although the Academy Panel favored the increased attention to management exhibited by the FBI in, for example, appointing a Chief Human Resources Officer and Chief Information Officer (CIO), it believed that Bureau's Headquarters (HQs) management functions were not as well coordinated and integrated as they should be. For example:

- The FBI's human resources functions were scattered across at least nine Bureau offices.¹
- Multiple divisions, sections and units were responsible for creating, offering and purchasing training.
- The CIO does not control a significant amount of the Bureau's technology funding.
- The budget and planning functions are not effectively integrated.²

Such fragmentation not only results in inconsistent management policies and practices at FBI HQs, but it also complicates performance of management and operational functions in the field. This hinders accomplishing the Bureau's missions and diverts resources from them. Previous management studies also have observed that the FBI should place greater focus on management issues.

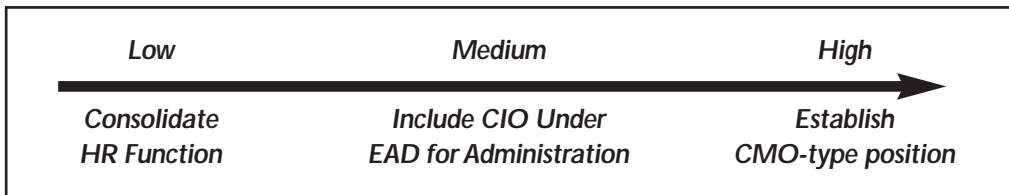
Thus, the FBI required better integration and increased attention to its management functions in order to enable its personnel to accomplish their missions more effectively, and to use its resources more effectively. The possibilities for doing so range along a continuum that ranges from increased focus and coordination of existing management functions on the least ambitious end to the establishment of a Chief Management Officer (CMO)-type³ position on the most comprehensive end.

¹National Academy of Public Administration, *Transforming the FBI: Roadmap to an Effective Human Capital Program*, September 2005. Report by a Panel of the National Academy of Public Administration for the U.S. Congress and the Federal Bureau of Investigation. Washington D.C.: September 2005. In this report, the Panel recommended that the Bureau take immediate steps to integrate the human capital function.

²The FBI's Finance Division has recognized this and engaged the Academy to review the current budget process and recommend ways to improve this integration.

³The term "CMO-type position" is used in this report to represent the full range of possible duties and titles, such as Executive Director, Associate Deputy Director, Chief Administrative Officer, Chief Operating Officer and Chief Management Officer, that can be assigned to this central management function.

Figure 1: Continuum of Management Function Integration



The possibilities for organizing the FBI's management functions along this continuum include:

- **Consolidate Human Resources and Training Functions.** As previously recommended by the Academy Panel, consolidate human resources and training functions under a single executive. This executive could be either a Director of a separate Human Resources Division under the Executive Assistant Director (EAD) for Administration or a new EAD for Human Resources.
- **Bring the CIO Function Under the EAD for Administration.** In addition to consolidating the human resources and training functions under a single executive who is an EAD for Human Resources or is under the EAD for Administration, include the CIO function under the EAD for Administration.
- **Establish a CMO-type position.** This official, reporting to the Deputy Director, would oversee human resources and training functions, the CIO function, management functions under the current EAD for Administration (finance, facilities, records management, security) and possibly the strategic planning function. As part of a broader organizational approach to the relationship between HQs and the field, this position also could assume responsibility for coordinating field office administrative requirements.

There are variations among these possibilities; the benefits and challenges vary along the continuum. For example, the benefits to be achieved by establishing a CMO-type position would include the elimination of possible duplication of effort, increased opportunities to coordinate and identify cross-cutting issues and decreased burdens for the Director and Deputy Director regarding day-to-day management issues. It also would signal that FBI management issues merit increased attention. However, implementation challenges would increase, as well. These include potential organizational disruption and the requisite time and communication efforts needed to obtain support for significant organizational changes both inside and outside the Bureau.

Clearly, the FBI would benefit from establishing a CMO-type position to integrate its management functions and increase senior management attention to them. The position would serve to increase the amount of attention paid to management issues and transformational change, and allow the Deputy Director to devote more time and attention to policy and operational matters. It also would integrate a variety of key management functions and institutionalize accountability for management functions and transformational change.

With regard to qualifications and skills, it is difficult to generalize whether private sector or public sector experience is more valuable for a CMO-type position. Although an individual with private sector experience would provide a different perspective and skills that may be extremely valuable to the FBI as it undergoes its transformation, such individuals have generally had short tenures with the Bureau. In addition, they face learning curves in understanding many of the federal government's processes for funding, procurement and human resources, not to mention the federal and FBI cultures.

The FBI has had more success in retaining managers hired from other federal agencies. However, attracting experienced managers will become increasingly difficult given the high rates of federal retirement predicted in the next few years. In addition, these officials need time to adapt to the FBI culture. Qualified candidates also may be available from state and local government organizations.

Ultimately, the choice should depend on the specific qualifications an individual can bring to the position. His or her success or failure also will depend upon the degree of high-level support provided and the authority granted.

Regardless of how the FBI organizes its management functions and who is selected to manage them, the Bureau should address the issue of leadership continuity. This is especially critical for successful implementation of management reforms and change because these efforts frequently require three to five years; major transformation efforts may take even longer.

The FBI faces substantial challenges in providing leadership continuity within these timeframes. As of May 2006, for example, nearly half of the FBI's Senior Executive Service officials in administrative management functions had been in their position for one year or less, and 75 percent for two years or less. Further, almost 56 percent of them are eligible to retire within the next five years. Leadership continuity issues will continue to affect the Bureau's ability to carry out its key programs and management functions successfully. The FBI would benefit from a concerted, integrated effort to examine a host of human resources issues and policies that affect leadership continuity.⁴

⁴The Academy Panel is working with the FBI's Human Capital Officer to examine possible solutions for addressing the FBI's leadership continuity challenges.

SCOPE AND METHODOLOGY

This report is based on discussions with current and former senior FBI officials; the Academy Panel's review of the Bureau's human capital program and existing field and Headquarters (HQs) organization; review of previous management studies and evaluations of the FBI's organizational structure; and interviews conducted as part of the Panel's ongoing work regarding field office structure, intelligence and budget and planning policies and programs.

The Panel's analysis of this issue began in December 2005 and continued through June 2006. Relevant information was obtained through discussions with current and former senior FBI officials, including two former Deputy Directors who were responsible for overseeing such key management functions as human resources, strategic planning, information technology and finance. In addition, perspectives and opinions were provided during a symposium, sponsored by the Academy and *Government Executive* magazine, on the merits of establishing a Chief Operating Officer/Chief Management Officer in federal government agencies. Participants in this forum included officials from the U.S. Department of Justice, U.S. Department of the Interior and U.S. Government Accountability Office, as well as congressional staff. In April 2006, Academy staff discussed the advisability of establishing a Chief Management Officer with one of the Director's Advisory Groups, the Special-Agent-in-Charge Advisory Committee. Discussions were later held with the FBI Director and the Deputy Director.

Academy staff reviewed the organization of the management functions of the U.S. Department of Justice and its component agencies, and conducted a literature and legislative survey regarding the Chief Management Officer approach. Staff also reviewed changes that have taken place in the FBI's organizational structure for management functions since the early 1990s, as well as analyses and recommendations included in previous management studies and evaluations.

SECTION I: BACKGROUND

The Director of the Federal Bureau of Investigation (FBI) requested the advice of the National Academy of Public Administration concerning how the Bureau might better organize its management functions, whether a senior executive management position should be created, and whether that type of position should be filled with an individual from the private sector or public sector. This request was prompted by a vacancy in the Executive Assistant Director (EAD) for Administration position and concern that the Deputy Director may not have sufficient time to devote to management issues given the exigencies of managing the FBI's operational functions since September 11, 2001.

This FBI management function is one of five areas that an Academy Panel has been examining for possible change. The other four areas are: (1) strategic planning and policy integration in the Deputy Director's office; (2) the structure of mission operations leadership at FBI Headquarters (HQs); (3) the creation of a regional structure; and (4) the FBI's field office structure. These areas are interrelated and contribute in different ways and degrees to inefficiencies that limit the Bureau's ability to carry out its missions. Each one merits attention and they should be addressed in a coordinated way to produce the greatest improvement in the management and effectiveness of the FBI.

This report summarizes the FBI's organization of its management functions prior to its recent realignment; identifies a range of possibilities for organizing those functions along a continuum that provides for increasing levels of integration; discusses qualifications for a new senior management executive position; and emphasizes the importance of providing leadership continuity in key management positions.

SECTION II: ORGANIZATION OF THE FBI'S MANAGEMENT FUNCTIONS PRIOR TO JULY 2006

Over the years, the FBI has adjusted its administrative management structure several times to improve its administration and management practices. In 1993, for example, it made a number of changes, including eliminating the Deputy Associate Director for Administration position which had existed since the 1980s. The result of these changes was that eight divisions—several administrative and several operational—reported directly to the Director and Deputy Director. Eight years later, in December 2001, the Director established five Executive Assistant Directors (EAD) between the Director/Deputy Director and the divisions, which had doubled in number. One EAD was responsible for most, but not all, administrative functions. This structure largely remained in place until June 2005 when the Bureau established the National Security Branch. (Appendix A summarizes these and other organizational changes.)

Prior to the July 2006 changes, FBI's HQs management functions were not as well coordinated or integrated as they should have been. This hindered accomplishing the Bureau's missions and diverted resources from them. Other studies of the FBI also have concluded that management functions, particularly human resources and information technology, were fragmented. For example, a study issued in late 2001 concluded that fragmentation in the FBI's human resources functions resulted in "duplication of effort, miscommunication and diluted accountability."⁵ The study also raised concerns about the Bureau's overall management functions; observed that management and administration were subjugated in the FBI's investigations-oriented, crime-fighting culture; and concluded that "there is a real need for greater focus on management issues and strategic or long-term thinking in the FBI today."⁶

In September 2005, the Academy Panel issued a report that made similar observations and noted that the FBI's human resources management responsibilities and authority were shared among at least nine different offices.⁷ Several FBI program areas (e.g., intelligence, counterterrorism) conducted their own human resources functions, and the Office of the Chief Information Officer (CIO) had recently established its own human capital office. To cure the redundancy and lack of coordination spawned by this situation, the Panel recommended consolidation of human resources functions under a Chief Human Capital Officer.

Further, the Training and Development Division (TDD) has been under the purview of the Directorate for Law Enforcement Services, not the EAD for Administration. In February 2003, a training reengineering committee recommended that training and development functions be transferred to the EAD for Administration. This recommendation was approved, but later set aside.

⁵Arthur Anderson, LLP. *Management Study of the Federal Bureau of Investigation*. December 2001.

⁶Arthur Anderson, LLP. *Management Study of the Federal Bureau of Investigation*. December 2001.

⁷National Academy of Public Administration, *Transforming the FBI: Roadmap to an Effective Human Capital Program*. Report by a Panel of the National Academy of Public Administration for the U.S. Congress and the Federal Bureau of Investigation. Washington D.C.: September 2005.

In addition, responsibility for training was not centralized in the FBI. TDD's Strategic Program Plan for FY 2004-2009 described the impact of this fragmentation:

Currently, in the FBI there are multiple divisions, sections, and units with responsibility for creating, offering, and purchasing training. This fragmented approach is confusing, lacks accountability, and is inefficient. There is no single point of responsibility for workforce training and no comprehensive system to track and measure the development of employee skills or the FBI's investment in training.

Other management functions were scattered across the FBI, as well. The CIO controlled only a fraction of the information systems and information technology funding within the Bureau at the time of the September 2005 Academy Panel report; it hoped to have greater control by 2007. Recognizing that its budget and planning functions are not as well integrated as they should be, the Bureau has asked the Academy to assist it in seeking ways to connect these vital functions more closely.

In addition to creating duplication of effort and inconsistencies at HQs, fragmentation of management functions complicated operational and management functions and diverted resources in the field. Several Special Agents in Charge (SACs) of FBI field offices reported that they spent an excessive amount of time and energy either "managing" HQs elements or working around them to accomplish both mission critical and routine tasks. This is especially true when a task requires coordination among several different administrative functions. In these cases, the SACs had to deal individually with each HQs component—such as human resources, finance, facilities—as necessary to obtain the desired result.

SECTION III: ORGANIZING THE FBI'S MANAGEMENT FUNCTIONS

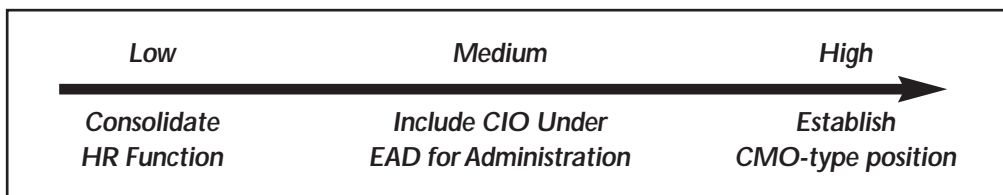
There are three fundamental purposes for reorganizing management functions in a federal government agency:

1. Elevate attention to management issues and transformational change.
2. Integrate various key management functions, such as human capital, financial management, information technology, acquisition management and performance management, and selected transformation initiatives.
3. Institutionalize accountability for management functions and transformational change.⁸

To address the difficulties that resulted from fragmentation in the pre-July 2006 structure, the FBI needed to better integrate its management functions and emphasize their importance. This section discusses three possibilities that were available for organizing the Bureau's management functions arrayed along a continuum of different levels of integration and senior management attention.

Figure 1 provides a framework for understanding the continuum and the three organizational possibilities. At the lower end of this continuum, human resources and training functions would be consolidated and other administrative and management functions (e.g., finance, facilities) would remain under separate executives who report to more senior officials in the organization, such as the EAD for Administration. At the higher end, a single executive would be responsible for overseeing all of these functions, as well as more strategic areas such as change management and communication strategies.

Figure 1: Continuum of Management Function Integration

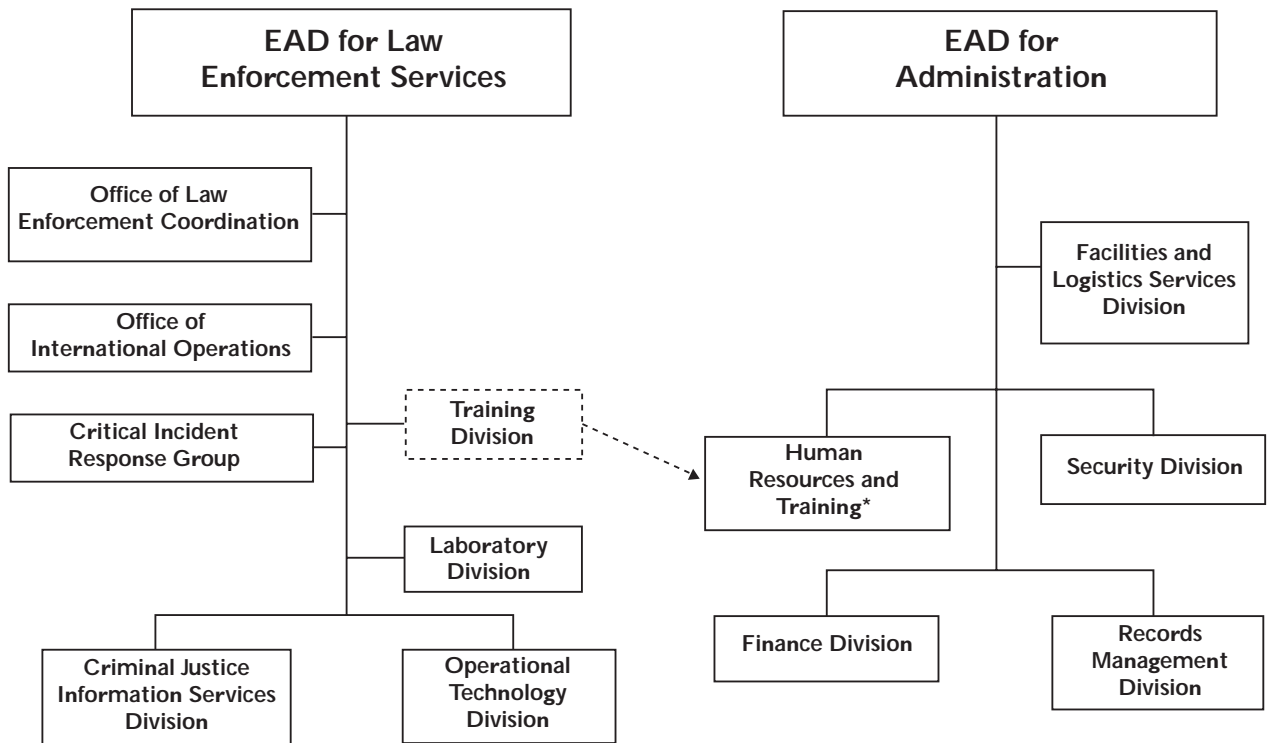


The following possibilities run from the low end to the high end of this continuum; the associated benefits and challenges of each vary in degree. For example, the benefits from integration increase toward the high end of the continuum. These benefits include the elimination of duplication of effort; increased opportunities to coordinate and identify cross-cutting issues; and decreased burdens for the Director and Deputy Director regarding day-to-day management issues. However, the associated challenges increase along the continuum, as well. These include the amount of possible organizational disruption and the requisite time and communication efforts likely to be needed to obtain stakeholder support. Additional benefits and challenges are discussed under each possibility.

⁸See, for example, U.S. Government Accountability Office, *Highlights for a GAO Roundtable on the Chief Operating Officer Concept: A Potential Strategy to Address Federal Governance Challenges*, October 4, 2002. GAO now refers to the position that was being discussed at that time as a Chief Management Officer, instead of a Chief Operating Officer.

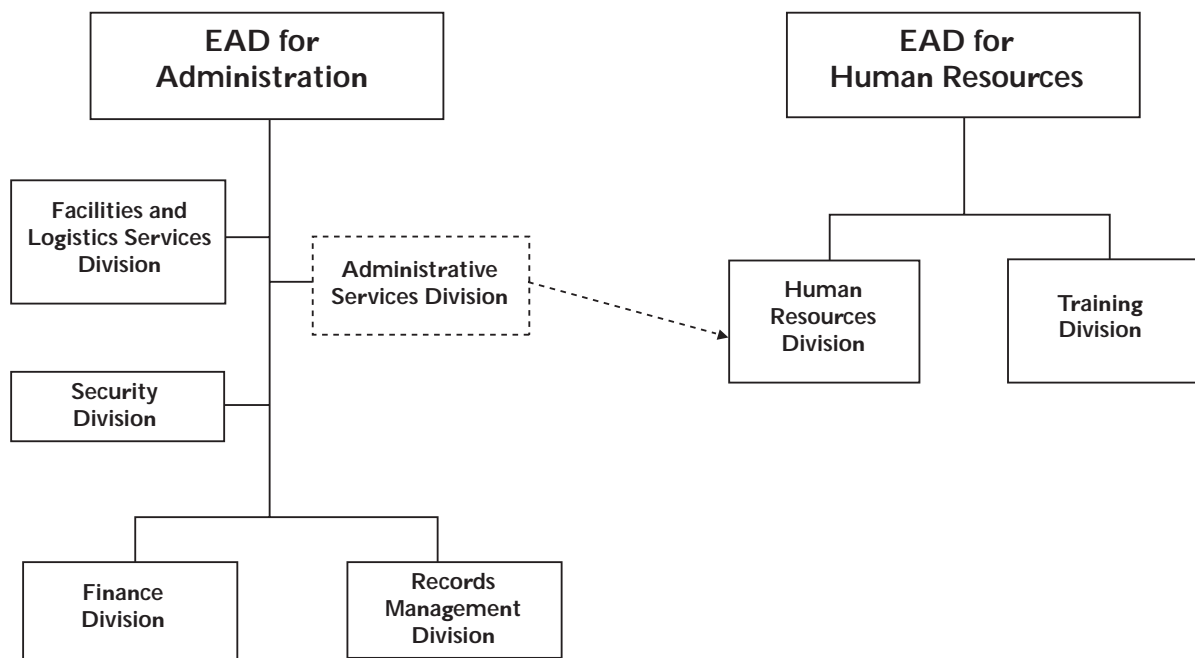
Consolidate Human Resources and Training Functions. One possibility is to consolidate human resources and training functions under a single executive, with the remaining administrative functions continuing to report separately to a more senior official, such as an EAD for Administration. In its September 2005 report, the Academy Panel recommended consolidation of the human resources and training functions. The human resources/training executive could either be the Director of a separate Human Resources Division under the EAD for Administration (Figure 2) or a new EAD for Human Resources (Figure 3).

Figure 2: Human Resources and Training Division under the EAD for Administration



* Former Administrative Services Division

Figure 3: New EAD for Human Resources



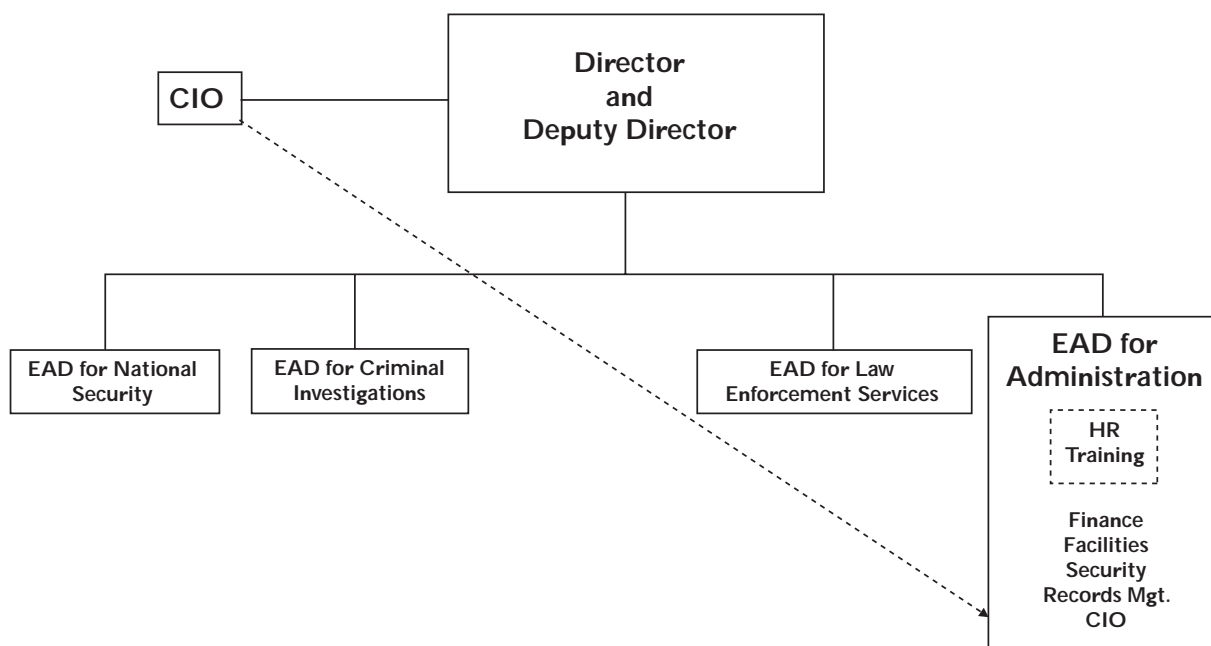
This approach would include transferring the following:

- curriculum development functions of the Training and Development Division (TDD) from the EAD for Law Enforcement to the Chief Human Resources Officer (at that time the Assistant Director of ASD)
- human resources functions performed by each of the program areas (Criminal, Intelligence, and Law Enforcement Services) and the administrative areas (Office of the Chief Information Officer) to the Chief Human Resources Officer
- responsibility for the Quantico training facility from the EAD for Law Enforcement Services to the Facilities and Logistics Division

Adopting this approach would require a subsequent functional analysis to define more clearly the scope of responsibilities for HQs operational divisions and the field offices with respect to human resources and training.

Bring the CIO Function Under the EAD for Administration. In addition to the consolidation discussed above, the CIO information technology function—which now reports to the Director and Deputy Director—could also be transferred to the EAD for Administration (Figure 4). Other agencies have adopted this model. For example, the U.S. Government Accountability Office established a Chief Administrative Officer responsible for overseeing the CIO, Controller, Human Capital Officer, knowledge services and a management and policy analysis function. The U.S. Department of Justice also has the CIO report to a management official other than the Deputy Attorney General.

Figure 4: CIO Function under EAD for Administration



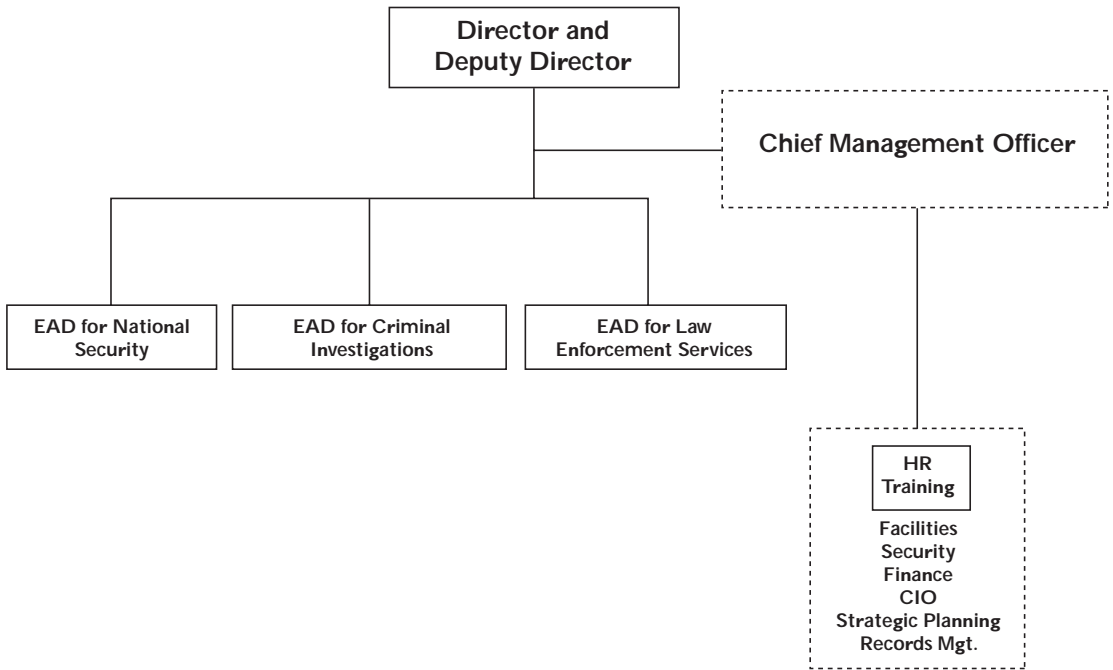
Although this reporting arrangement would provide increased integration of management functions, its implementation may disrupt the continuity of leadership that has been achieved in the FBI's information technology function since the appointment of the most recent CIO in April 2004. The Director may instead decide to retain the CIO as a direct report to the Deputy Director until the enterprise architecture is completed.

Establish a CMO-type position. The official in this CMO-type position would report directly to the Deputy Director or possibly be a second Deputy for Administration.⁹ This official would oversee the human resources and training functions, the CIO function, the management functions currently under the EAD for Administration (finance, facilities, records management, security) and possibly the strategic planning function, as well (Figure 5). In order to ensure that these functions are appropriately represented and have adequate stature within the Bureau, consideration should be given to whether all or some of them, such as the CIO, should be

⁹The title of this position can be any of a number of variables, depending on its place in the organization and the scope of its responsibilities, e.g., Executive Director, Deputy Director for Administration, Associate or Assistant Deputy Director.

designated as EADs under the CMO. As part of a broader organizational approach to the relationship between HQs and the field, the CMO-type official also could assume responsibility for coordinating field office administrative requirements, a key challenge to effective management in the field that will be discussed in other reports.

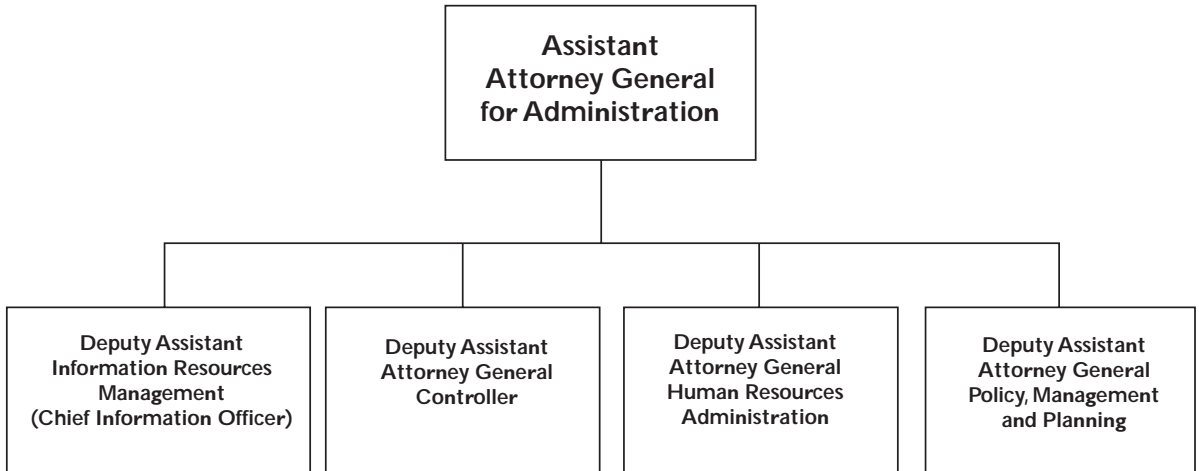
Figure 5: Chief Management Officer



The CMO-type position may have some appeal to the FBI because it would allow the Deputy Director to focus more on policy and operational issues related to the FBI's continuing criminal responsibilities and new intelligence functions. The FBI also would be better positioned to further integrate its management functions and increase senior management attention to them. The magnitude of the FBI's transformation challenge, coupled with longstanding concerns about the level of FBI attention to management functions and strategic planning, points to the desirability of a CMO-type position to focus on management issues.

The Department of Justice's organizational structure for its management functions has some features of a CMO-type position. It does not, however, provide for a second-level deputy to oversee these functions. Specifically, the Assistant Attorney General for Administration reports to the Deputy Attorney General and is the department's representative to the President's Management Council. As shown in Figure 6, the Assistant Attorney General has four deputies, three of whom are responsible for such traditional administrative management functions as information resources management, finance and human resources. The fourth one oversees policy, management and planning. Several offices under the fourth deputy have functions (e.g., ethics, planning, general counsel) similar to those of several staff offices that report to the FBI's Deputy Director.

Figure 6: Organizational Chart for DOJ's Management Division



Focusing and integrating management functions are important to provide for leadership and accountability. In January 2006, the Academy and *Government Executive* magazine sponsored a symposium on factors to consider when deciding whether to establish a CMO-type position. Comptroller General David Walker stated that while such a position is not a panacea for integrating management functions and may not be appropriate for all agencies, it should be considered after evaluating such factors as an organization's size, complexity of operations and management challenges and risks.

Effective integration, elevation and institutionalization of management functions are especially critical for agencies that are in the midst of significant change, such as the FBI. A CMO-type position can be instrumental in overseeing a transformation effort, not only by strengthening an agency's management functions, but by ensuring that effective and critical coordination and communication strategies are in place. The official in this position would be responsible for general management functions and issues that are more strategic in nature and require wider perspective and higher authority, such as change management and agency-wide communication strategies.

SECTION IV: SELECTION OF A CHIEF MANAGEMENT OFFICER

A key question is whether a CMO-type position should be filled by an individual from inside the FBI or outside the FBI and the federal government. Hiring individuals with private sector experience may elicit a different perspective, as well as special skills and experience, that may be extremely valuable to the Bureau in its transformation efforts. The Director has hired retired private sector executives for key management functions. However, these executives generally have had short tenures. They face learning curves in understanding many federal government processes for funding, procurement and human resources, in addition to the FBI and federal government culture. These learning curve issues, coupled with federal salaries that usually are not competitive with the private sector, may have contributed to their relatively early departure.

The FBI reports more success with retaining managers who have been hired from other federal agencies as they are not strangers to government policies and practices. At the same time, such individuals have their own unique perspectives, skills and experience, and must be allowed time to adjust to the Bureau's culture. Attracting experienced managers from other agencies will become increasingly difficult given the high rates of federal retirement predicted in the next few years. Qualified candidates may be available from state and local government organizations, but they will face the same learning curve as to factors peculiar to the FBI and federal government.

Two bills were introduced in Congress in 2005 to establish a CMO (as a second Deputy Secretary) at the Department of Defense¹⁰ and Department of Homeland Security.¹¹ Both bills described desirable qualifications for such a position, including extensive leadership and management experience in the public or private sector, strong leadership skills and a proven track record in achieving positive operational results. The legislation also would require these positions to be filled by term appointments (seven years and five years, respectively) to ensure greater continuity.

Ultimately, each type of candidate has its own pluses and minuses. The choice between private and public sector candidates should be based on the specific qualifications of the individual. In any case, the success or failure of whomever is selected for the position is likely to depend just as much, or more, on the degree of high-level support and authority granted to him or her.

¹⁰S. 780 would establish a Deputy Secretary of Defense for Management. An amendment to the U.S. Department of Defense's FY 2006 appropriations bill requires that the department complete two studies on the feasibility and advisability of establishing such a position.

¹¹S. 1712 would establish a Deputy Secretary for Management at the Department of Homeland Security by elevating the current position of Undersecretary for Management to the Deputy Secretary level. The current Undersecretary for Management, also known as the Directorate for Management, oversees budget, accounting and finance, procurement, human resources, information technology systems, facilities, property, equipment, other material resources and identification and tracking of performance measurements related to the responsibilities of the department.

SECTION V: LEADERSHIP CONTINUITY

Regardless of the choices that the FBI makes in organizing its management functions and filling management positions, it must address leadership continuity. Continuity is needed because successful implementation of management reforms frequently takes three to five years. Major transformation efforts may take even longer.

The FBI faces substantial challenges in providing this degree of leadership continuity.¹² As of May 2006, nearly half of the FBI's Senior Executive Service (SES) officials in administrative management functions had been in their position for one year or less, and three-quarters for two years or less.¹³ Meanwhile, almost 56 percent of them are eligible to retire within the next five years. Furthermore:

- The two previous Deputy Directors held the position for a little less than two years.
- Three individuals have held the EAD for Administration position since it was created in 2001, with tenures ranging from seven months to two years.
- The two previous CIOs, both with previous careers in the private sector, held the position for two years or less.

Several factors affect the FBI's ability to provide adequate leadership continuity. First, special agents, who currently comprise three-fourths of all FBI SES officers, tend to be in their early 30s when hired and are eligible to retire at age 50 with 20 years of service. Second, the current retirement system's benefits are more portable and less responsive to lengthier service. Third, agents with 20 years of FBI experience can often obtain lucrative private sector jobs and have little incentive to stay with the federal government at a time when their family and educational obligations may be most significant. Fourth, relocation to HQs, with its attendant high costs, is not an appealing prospect for many special agents.

Until the FBI addresses the lack of leadership continuity in key management functions, it will continue to struggle with strengthening management leadership. The Bureau should continue to examine the range of issues that affect leadership continuity, including the special agent career track, retirement policies, promotion criteria and career track issues for non-agents. Some key questions to consider are whether the FBI should:

- Develop a management career track for agents that involves fewer geographic moves but a more extended career to develop a pool of managers for future management positions.
- Require a performance contract for promotion to the SES that would require employees to stay in certain positions longer than three years.
- Expand its use of retention and relocation bonuses for certain management positions.

¹²The Academy Panel is working with the FBI's Human Capital Officer to examine possible solutions for addressing the Bureau's leadership continuity challenges.

¹³"Time in position," as used here, refers to the amount of time spent in a particular position at a specific geographic location.

- Request authority for a waiver to eliminate annuity offsets for rehired federal retirees.
- Consider developing a management career track for non-agents—for example, a business manager track.

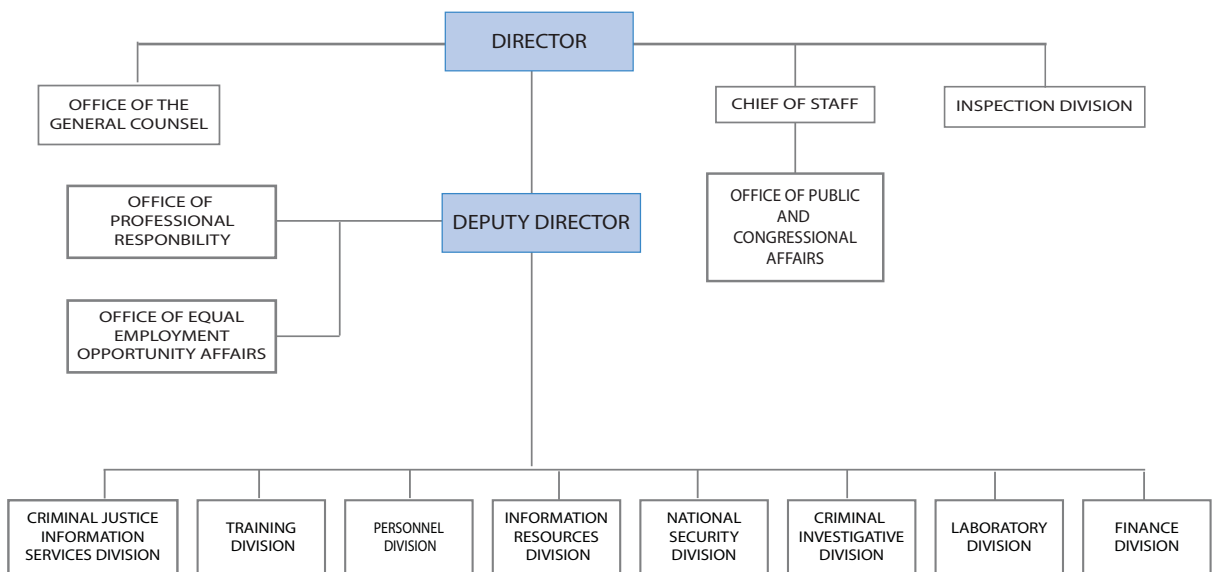
The Academy Panel is working with the FBI to develop responses to these and other leadership continuity issues.

APPENDIX A

FBI'S ORGANIZATIONAL STRUCTURE FOR MANAGEMENT FUNCTIONS

The FBI's organizational structure for management functions has changed several times since the early 1990s. Shortly after Louis Freeh was appointed Director in September 1993, he eliminated two of the three Associate Deputy Director (ADD) positions that had existed since the 1980s. One of these positions was responsible for overseeing administrative management functions. The third ADD position became the Deputy Director. As a result, eight divisions—some operational and some administrative—reported directly to the Deputy Director and Director (Figure 7).¹⁴

Figure 7: FBI's Organizational Structure as of November 2001



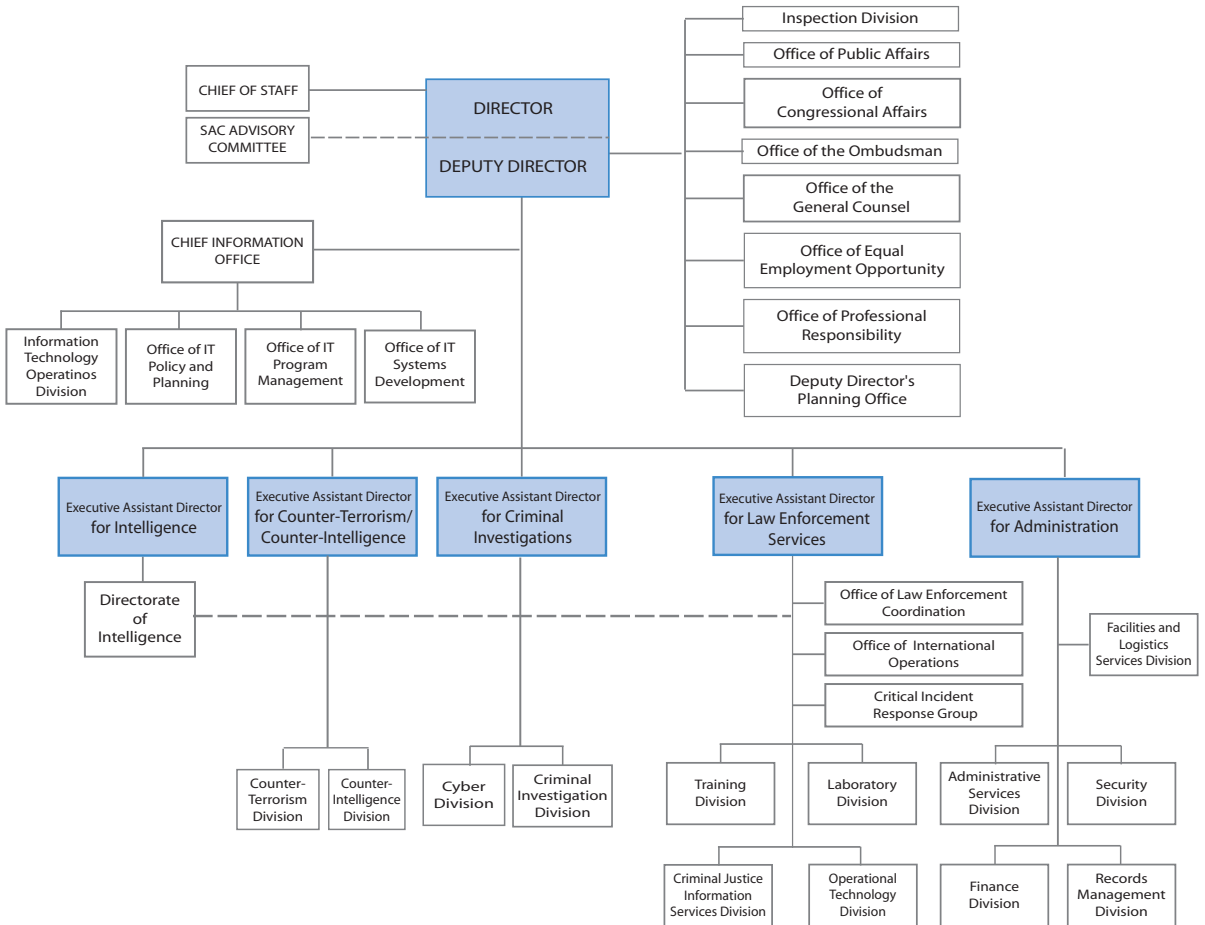
In December 2001, Director Mueller undertook a broad reorganization to reduce span of control and increase accountability and oversight. This reorganization resulted in the creation of:

- five new EADs, including one for Administration, and a CIO
- new divisions for cyber, security and records management, an Office (now Directorate) of Intelligence and an Office of Law Enforcement Coordination
- two new staff offices reporting to the Deputy Director's office: the Ombudsman and the Deputy Director's Planning Office
- separate offices for public affairs and congressional affairs (Figure 8)

¹⁴All figures in this Appendix represent the FBI's Headquarters organization only; they do not include its relationship to the FBI's field structure.

The EAD for Administration was given responsibility for finance, security, records management, facilities and almost all human resources programs. The Training and Development Division remained under Law Enforcement Services, and several of the divisions and the Directorate of Intelligence maintained their own human resources capabilities.

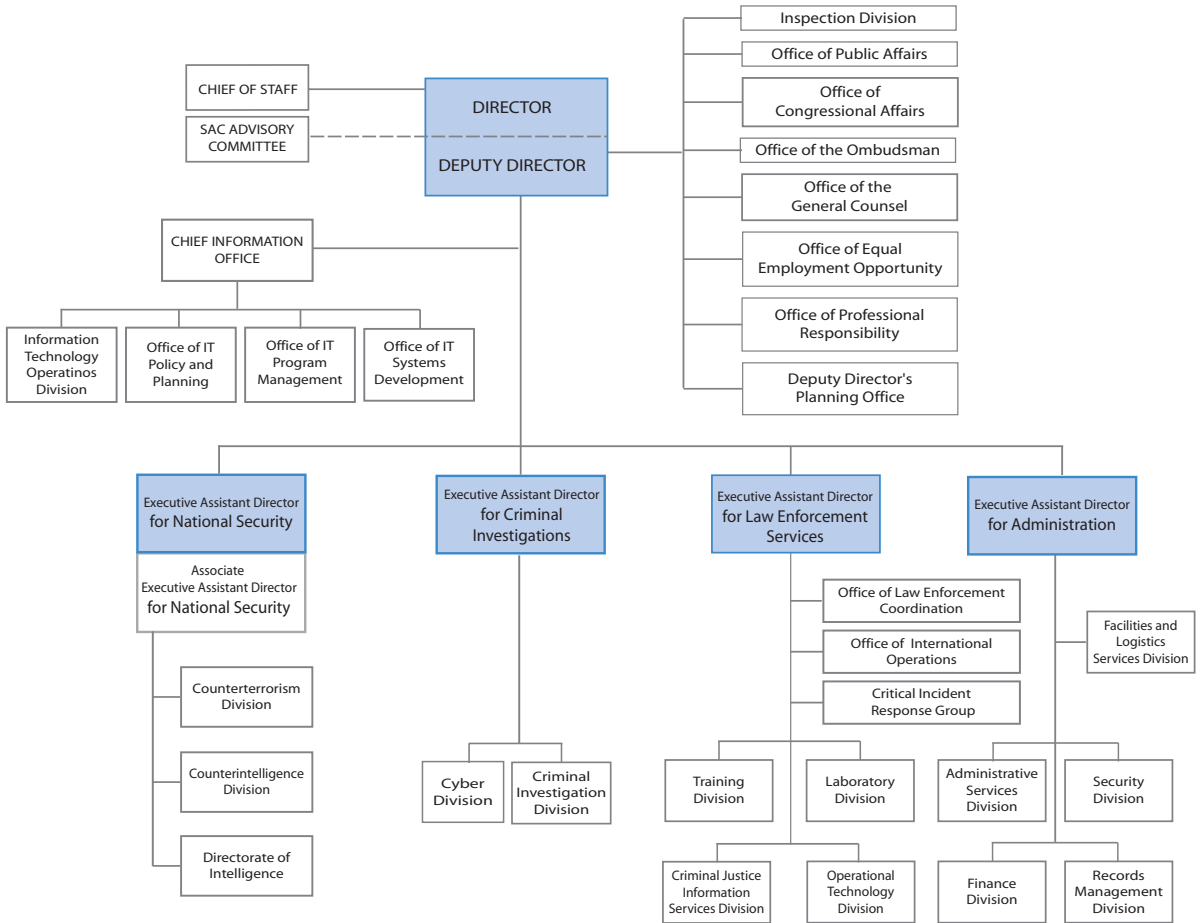
Figure 8: FBI's Organizational Structure: December 2001- June 2005



6/10/05

In late June 2005, the FBI consolidated the positions of EAD for Counterterrorism/Counterintelligence and EAD for Intelligence into a single EAD for National Security with responsibility for the Counterterrorism and Counterintelligence Divisions and the Directorate of Intelligence. This was done in response to a presidential instruction. This structure remained in place until July 2006 (see Figure 9). Appendix B describes organizational changes since the initial release of this report to the Bureau in June 2006.

Figure 9: FBI's Organizational Structure as of June 2006

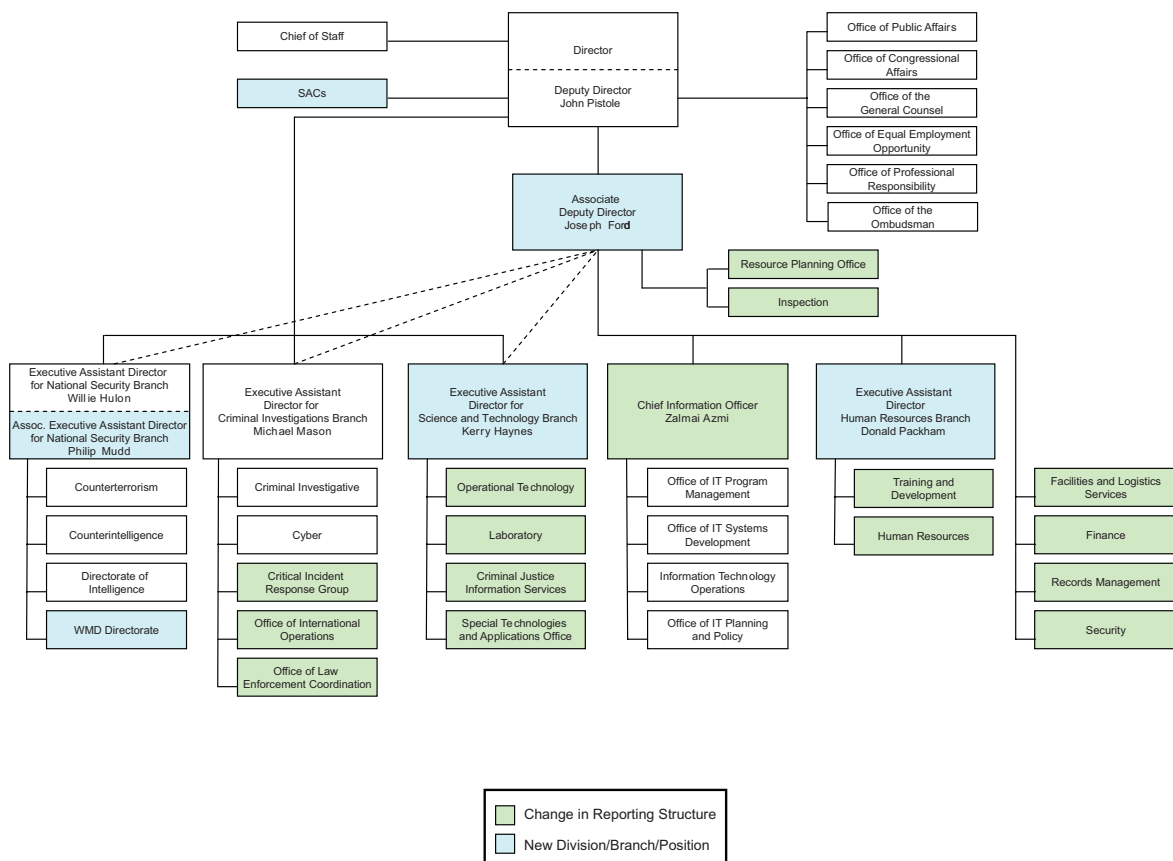


APPENDIX B

JULY 2006 FBI MANAGEMENT REORGANIZATION

On July 26, 2006, Director Mueller announced a reorganization that created a new ADD, CMO-type position with responsibility for human resources and training, information technology, facilities and logistics, finance, records management and security. The reorganization also established a Resource Planning Office under the ADD with the mission of ensuring a Bureau-wide approach to aligning resources and policy, managing strategic planning and integrating policy, finance, human resources and performance measurement. Also under the ADD, a new Executive Assistant Director (EAD) was created to manage a new Human Resources Branch that includes the human resources and training divisions, which previously had been managed separately. Programs related to science and technology have been grouped under a new EAD and functions related to criminal investigative capabilities have been moved under the EAD for Criminal Investigations.

Figure 10: FBI's Organizational Structure as of July 26, 2006



APPENDIX C

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Robert M. Alloway*—Director, National Leadership Task Force on Y2K. Former Professional Staff Member, Subcommittee on Government Management, Information and Technology, U.S. House of Representatives; President, Alloway Incorporated; Assistant Professor, Sloan Graduate Business School, and Research Faculty, Center for Information Systems Research, Massachusetts Institute of Technology; Director, Management Information Systems, First National Stores.

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Floyd I. Clarke—Vice President, Corporate Compliance, MacAndrews & Forbes Holdings, Inc. Former Deputy Director and Acting Director of the Federal Bureau of Investigations (FBI). Other positions at the FBI: Executive Assistant Director; Assistant Director and Deputy Assistant Director, Criminal Division; Special Agent in Charge, Kansas City Field Office; Inspector; Assistant Special Agent in Charge, Philadelphia Field Office; Supervisory Special Agent; and Special Agent. Member of Kerr Commission Review of Analytic Responsibilities Related to International Terrorism.

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Rick Cinquegrana—*Program Area Director*. Former Legal Counsel and Special Counsel to the Inspector General, Office of Inspector General, Central Intelligence Agency; Deputy Staff Director/Chief Investigative Counsel, Joint Senate Select Committee on Intelligence-House Permanent Select Committee on Intelligence Inquiry Into September 11, United States Congress; Special Counsel for Policy, Intelligence Community Management Staff; Chief Counsel, National Commission to Review the Performance of the National Reconnaissance Office; Chief Investigative Counsel, House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, United States House of Representatives; Deputy Inspector General for Investigations, Office of Inspector General, Central Intelligence Agency; Deputy Counsel for Intelligence Policy, Office of Intelligence Policy, U.S. Department of Justice; Assistant General Counsel, CIA Office of General Counsel; Associate Attorney, Private Practice; Intelligence Analyst/Career Trainee, Central Intelligence Agency.

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