



Highlights of [GAO-04-1084T](#), a testimony to Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Governmental Affairs

## Why GAO Did This Study

GAO has performed extensive work and gained experience on government transformation and the critical role that human capital management can play in driving this change. Valuable lessons from these efforts could help guide the proposed reforms in the intelligence community envisioned by the 9/11 Commission.

At the request of this subcommittee, this statement focuses on (1) the lessons GAO has learned from successful mergers and organizational transformations; particularly the need for committed and sustained leadership and the role of performance management systems in these changes; (2) human capital flexibilities that can be used as essential tools to help achieve these reforms; (3) how the Federal Bureau of Investigation (FBI) is using these lessons and human capital flexibilities to transform to meet its evolving mission in the post 9/11 environment, and (4) GAO's findings to date on the factors that must be considered in the approach to the government's security clearance process, as a means to accelerate the process for national security appointments.

[www.gao.gov/cgi-bin/getrpt?GAO-04-1084T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1084T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

## INTELLIGENCE REFORM

### Human Capital Considerations Critical to 9/11 Commission's Proposed Reforms

#### What GAO Found

Recognizing that people are the critical element in transformation initiatives is key to a successful transformation of the intelligence community and related homeland security organizations. GAO's work in successful mergers and transformations shows that incorporating strategic human capital management approaches will help sustain any reforms in the intelligence community. Successful major change management initiatives in large public and private sector organizations can often take at least 5 to 7 years to create the accountability needed to ensure this success. As a result, committed and sustained leadership is indispensable to making lasting changes in the intelligence community. Accordingly, the Congress may want to consider lengthening the terms served by the directors of the intelligence agencies, similar to the FBI Director's 10-year term. One of the major challenges facing the intelligence community is moving from a culture of a "need to know" to a "need to share" intelligence information. The experience of leading organizations suggests that performance management systems—that define, align, and integrate institutional, unit, and individual performance with organizational outcomes—can provide incentives and accountability for sharing information to help facilitate this shift.

Significant changes have been underway in the last 3 years regarding how the federal workforce is managed. The Congress passed legislation providing certain governmentwide human capital flexibilities, such as direct hire authority. While many federal agencies have received human capital flexibilities, others may be both needed and appropriate for intelligence agencies, such as providing these agencies with the authority to hire a limited number of term-appointed positions on a noncompetitive basis.

Human capital challenges are especially significant for the intelligence organizations, such as the FBI, that are undergoing a fundamental transformation in the aftermath of September 11, 2001. For the last 3 years, we have been using the lessons learned from successful transformations to monitor the FBI's progress as it transforms itself from its traditional crime enforcement mission to its post 9/11 homeland security priorities—counterterrorism, counterintelligence and cyber crimes. For example, the FBI has undertaken a variety of human capital related initiatives, including major changes in realigning, retraining, and hiring special agents and analysts with critical skills to address its top priorities.

The 9/11 Commission recommended that a single federal security clearance agency should be created to accelerate the government's security clearance process. Several factors must be considered in determining the approach to this process. The large number of requests for security clearances for service members, government employees, and others taxes a process that already is experiencing backlogs and delays. Existing impediments—such as the lack of a governmentwide database of clearance information, a large clearance workload, and too few investigators—hinder efforts to provide timely, high-quality clearance determinations.