

# Press Release

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## **FACT SHEET: LEADERSHIP AND MANAGEMENT STRATEGIES FOR HOMELAND SECURITY MERGER**

(Washington, DC) Feb. 11, 2004 - Legislation to create the largest reorganization of the federal government in 50 years was signed into law on November 25, 2002. Three months later, on March 1, 2003, the majority of the 22 agencies and 180,000 employees were officially merged to form the U.S. Department of Homeland Security.

### **Creation of New Capabilities**

The Department has developed additional capabilities through a reorganization of some existing functions and the creation of new ones.

- **Border Reorganization**: Border functions were reorganized on March 1, 2003 to create three new agencies – U.S. Customs and Border Protection to secure the nation’s borders, U.S. Immigration and Customs Enforcement to enforce immigration laws, and U.S. Citizenship and Immigration Services to facilitate lawful immigration. Over 68,000 employees and 6,000 government and contract support service employees were involved in this reorganization designed to tighten security, improve service, boost employee morale, and streamline management support functions.
- **New Security Capabilities**: Two significant functions were created with the formation of the department. Information Analysis and Infrastructure Protection provides a unique integrated threat and vulnerability assessment process to map threat information against the nation’s critical infrastructure, and provide appropriate preventive measures to protect the homeland. Science and

Technology serves as the primary research and development arm of the department, utilizing the nation's scientific and technological resources to provide federal, state and local officials with the technology and capabilities to protect the homeland.

- Grant Making Consolidation: In the next six weeks, the department will complete the process of integrating all state and local grant making capabilities into one office. This "one-stop-shop" for state and local government agencies will simplify application and award processes, enable states and local governments to better implement their Statewide Homeland Security Strategies, and develop comprehensive preparedness programs in support of those strategies. The department will achieve greater consistency in policy and program development, improve efficiency in program management and implementation, and enhance its ability to effectively evaluate program impact and success.
- Surge Capacity: To build surge capacity and increase career advancement opportunities for the department's law enforcement personnel, thousands of Federal Air Marshals were transferred to U.S. Immigration and Customs Enforcement from the Transportation Security Administration in November 2003.

### **Consolidation of People, Processes and Systems**

- More than \$50 billion in assets, \$36 billion in liabilities and more than 180,000 employees from 22 different agencies were successfully transferred to the department in March 2003 while operational responsibilities were maintained. The technical transfer of employees from their former departments to the U.S. Department of Homeland Security required that all had to be formally terminated on February 28, 2003 and reinstated on March 1, 2003. The transfer was accomplished virtually without any loss in pay or paychecks.
- Nineteen financial management systems were streamlined to reduce the number of financial management centers to ten and enable the department to readily access bureau financial data, conduct department-wide financial analyses, and make sound financial decisions.
- The department has been able to consolidate 13 separate contracting offices from detached legacy organizations to draw together a procurement program comprised of eight component organizations. Similarly, 22 different human resource servicing offices have been consolidated down to seven. The department has consolidated eight different payroll systems currently down to three and will be using one single payroll system by the end of the year.
- Comprehensive, operational Enterprise Architecture (EA) was designed and delivered to align information technology investments with mission and business needs and improve data sharing and interoperability with the department's partners. By doing so, the Homeland Security EA will be able to highlight

overlapping, duplicative initiatives and identify financial inefficiencies, resulting in cost savings for U.S. taxpayers.

- The department has implemented new and consolidated acquisition policies and procedures (Homeland Security Acquisition Regulations and Homeland Security Acquisition Manual) that are among the most flexible in the entire federal government. Publication of this regulation and guidance was another major step in combining the cultures of 22 disparate agencies by ensuring that these organizational elements now operate under a single, department-wide program regulation.
- The Human Resources System design team was appointed to develop options for a flexible and contemporary personnel system which meets the mission needs of the department while preserving fundamental merit principles. The team included department managers and employees, HR experts from Homeland Security and from the Office of Personnel Management, and representatives from the agency's three largest labor unions. The regulations to launch the new system will be announced shortly.
- The department has negotiated enterprise licenses with Microsoft, Oracle, and Autonomy that represent savings of about \$96 million over five years. Several more licenses are being negotiated in 2004 with suppliers in Information Security, Business Intelligence, and Technical Systems Management.

### **Selection of Senior Leadership Team and Priority Setting**

- The majority of the department's senior staff had to be recruited by President Bush and Secretary Ridge, cleared for security purposes, and confirmed by the U.S. Senate. With the exception of one position, the Senate confirmation process was completed for the final positions in November 2003.
- Senior staff developed a comprehensive strategic plan that establishes a vision, mission, strategic goals, core values and guiding principles through retreats at Gettysburg, Pennsylvania and other off-site facilities.
- The Secretary conducts regular strategic meetings with his leadership team both one-on-one and collectively.
- One hundred and twenty five Management Directives were developed to articulate department-wide processes on issues ranging from staff selection, to operation of the motor pool, to the management of forms.

### **Financial Accountability/Budget**

With a budget of \$33.6 billion upon inception, the department initiated various systems and programs to optimize its funding and ensure accountability.

- Investment Review Board and Joint Requirements Council were established to identify, prioritize and evaluate crosscutting investment opportunities within the department and to ensure optimal allocation of resources. The Investment Review Board and Joint Requirements Council are critical in allowing the department to maximize value and benefit on its investments while at the same time ensuring the integration of stove-piped processes and system organization.
- The department's financial statements were subjected to an independent audit only three months after its inception in order to establish a baseline understanding of the financial management strengths and weaknesses.
- Future Years Homeland Security Program (FYHSP), a five year resource plan identifying long-range strategies and resource requirements, was instituted to ensure the department is postured and appropriately invested to meet strategic goals and objectives.
- The Strategic Sourcing Group was created and tasked with implementing a department-wide approach to acquiring goods and services. This group has established commodity councils that are working to identify the department's needs for each commodity and service. They are also developing more efficient purchasing mechanisms to meet those needs by leveraging the buying power of the entire department. This approach is already generating savings and is expected to generate \$100 million in savings for the department in FY05.
- The department has undertaken a new resource transformation initiative entitled eMerge<sup>2</sup>. This effort is a business-focused program that will deliver a consolidated enterprise solution that will consolidate and integrate budget, financial management, procurement and asset management capabilities across the department. The department has also introduced an interim asset management tool which will provide the department with an effective and efficient method of capturing accurate, relevant, and timely information regarding our assets.

### **Organizational Identity**

As the 15th cabinet level department in the federal government, Homeland Security needed to create both a visual and cultural identity. Creating a new visual symbol of the organization as well as extensive communication to employees were important initiatives.

- A seal, word mark and brand architecture for all component agencies was developed to establish an identity for the department. The new architecture eliminated 14 individual seals and logos for component agencies and programs. Seals for the U.S. Coast Guard and U.S. Secret Service were the only two that were retained, and these logos were modified to more strongly reflect the association of these agencies to the department.

- An organizational identity committee was established, comprised of representatives from all component agencies, to oversee the implementation of the identity strategy and maintain its integrity and quality. It is anticipated that by first quarter 2005, the majority of department assets, including interior and exterior building signage, airport passenger processing signage, and vehicle markings will display the new unified identity.
- On September 11, 2003, the second anniversary of the terrorist tragedies, all 180,000 employees received a lapel pin, signed by the Secretary and featuring the new department seal, and a certificate designating them a “Founding Member” of the department.
- One hundred and seven employee roundtables and town hall meetings were conducted throughout the country as well as in the department’s offices in foreign countries by the Secretary, Deputy Secretary and all five Undersecretaries as well as the agency heads. These sessions were designed to both answer questions and learn concerns and ideas for the continued progress of the department.
- DHSOnline, an enterprise-wide intranet, was created and made available to more than 56,000 registered users with a potential user base of more than 180,000 department employees. As a communications tool, DHSOnline has been integral to unifying employees on a real time basis.
- *DHS Today*, the weekly employee e-newsletter, is distributed every Friday to all 180,000 employees.
- Video teleconferencing technology and integrated email capability for department headquarters and field entities facilitate communications throughout the organization and enable information exchange and data sharing among employees.
- DHS Consolidated Network (DCN) was established and implemented as the first step in creating a single departmental network to enable information flow within and among all 22 legacy agencies that comprise the newly created department.

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