

The Deloitte logo, consisting of the word "Deloitte" in a white, sans-serif font with a small green dot at the end of the word. The background is a blurred image of the Texas State Capitol building with a blue sky and a golden star in the foreground.

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Texas Department of Public Safety

Management and Organizational Structure Study

Deloitte Consulting LLP
Austin, Texas
October 28, 2008

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October 28, 2008

Allan B. Polunsky, Chairman Public Safety Commission
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Chairman Polunsky:

This is the Final Report of the “Management and Organizational Structure Study” performed by Deloitte for the Texas Department of Public Safety. The research and interviews were conducted over a 10-week period, covered a broad range of DPS operations, and looked at leading law enforcement practices in other states and the federal government. The goal was simply to see what would be required to make Texas a national leader in meeting the challenges of law enforcement in the 21st Century.

We identified a number of significant problems in the organization, business processes, and information systems of DPS. Our recommendations are broad in scope: restructuring much of the organization, refocusing efforts for intelligence and counter-terrorism, creating a new human resources strategy, overhauling financial management processes, creating a Chief Information Office function, and establishing a customer-focused approach for Driver License and other regulatory functions.

Taken together, the recommendations call for a fundamental makeover of the Department. And, while the implementation of these recommendations will require concerted effort over a number of years, we believe the task is both necessary and doable.

As we prepared this report, we have seen a great deal of agreement – both inside and outside DPS – on the problems identified, as well as the recommendations offered. At the same time, we have also seen a great deal of enthusiasm for taking on this task, and a desire to move forward. We offer our thanks to the almost 400 men and women of DPS who have taken the time to share with us their perspectives on how to retain the best of what works well today at DPS while pointing to the changes necessary for DPS to meet the new challenges facing Texas law enforcement and public safety.

Best regards,

A handwritten signature in black ink that reads "Drew R. Beckley". The signature is fluid and cursive.

Drew R. Beckley
Principal, Deloitte Consulting LLP

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Executive Summary

Section 1.0

Overview

The Texas Department of Public Safety (DPS) is one of the principal law enforcement arms of the State of Texas. It exists to enforce the laws protecting the public safety and provide for the prevention and detection of crime. It also administers the state's driver licensing and motor vehicle inspection programs which affect every driver and vehicle owner in the state. Established in 1935, the Department has grown to a billion dollar agency with over 8,000 employees — 46% of whom are law enforcement officers.

Project Approach

DPS engaged Deloitte Consulting to perform an independent, top-down study of the Department to optimize performance, improve quality, promote the effective and efficient use of resources, and assist in the identification of future resource needs. Deloitte assembled a project team of professionals with experience in law enforcement, licensing and regulation, organizational analysis and performance improvement in public sector organizations.

The Department's aggressive 10-week schedule dictated a top-down, interview-driven approach, supplemented by research into the innovative practices and organizational designs used in other states and the federal government. The team interviewed or conducted focus groups involving almost 400 individuals from DPS central, regional, and field locations, external stakeholders, oversight agencies, subject matter experts, and other government entities.

Interview findings were supported by collection and analysis of data provided by DPS and supplemented by comparative data from other states, or data obtained by the team independently from other sources.

Key Recommendations

Deloitte identified a number of significant problems in DPS's organization, business processes and information systems. These problems were grouped into five main areas and recommendations for improvements were developed in each: departmental reorganization, counter-terrorism and intelligence, human capital strategy, financial management, and licensing/regulation. Taken together, the problems Deloitte identified and the resulting recommendations call for nothing less than a fundamental makeover of the Texas Department of Public Safety.

Key Recommendations

- *Restructure DPS by aligning closely related organizational functions, strengthening regional command, establishing a new leadership team, and improving strategic planning and communications*
- *Create an Intelligence and Counter-Terrorism Division, which includes a robust fusion center, to facilitate information sharing and intelligence led policing*
- *Create a human resources strategy to attract, retain and promote the best people*
- *Overhaul financial processes and systems to provide financial transparency and accountability*
- *Create a customer-focused management structure for Driver License and other regulatory functions*

Restructure DPS by aligning closely related organizational functions, strengthening regional command, establishing a new leadership team, and improving strategic planning and communications

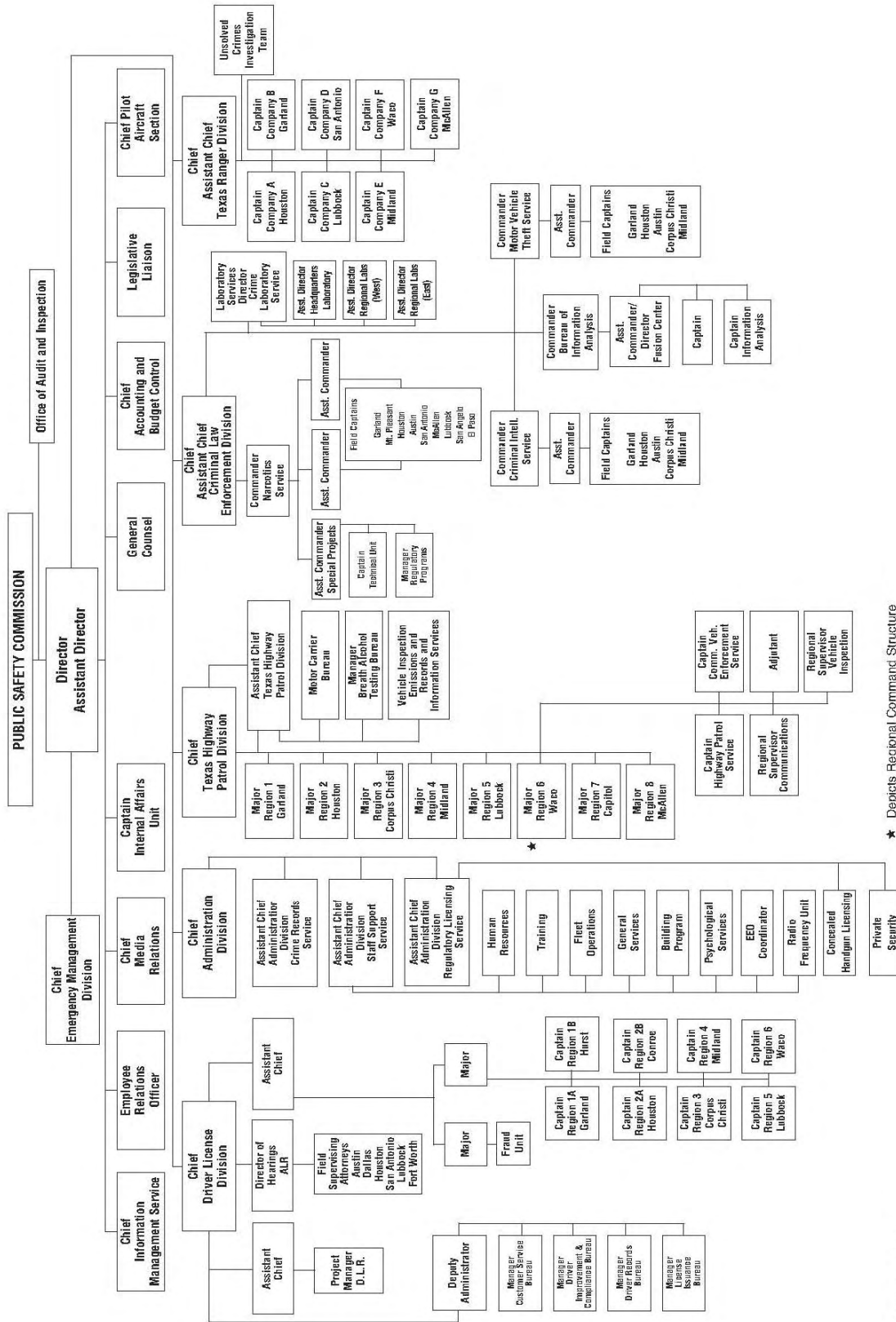
Deloitte's first, and most significant overall, recommendation is to restructure the Texas Department of Public Safety in very fundamental ways.

Organization

DPS is not well organized to meet the challenges it faces today. Its basic organizational structure has not changed in over half a century. See the current organization chart on page 3. Law enforcement operations are fragmented across several divisions, and are hampered by bureaucratic complexity and redundancy with many organizational units performing similar functions independently of one another. Cumbersome chains of command and antiquated technology slow decision making and hamper information sharing. Anti-terrorism and intelligence capabilities are limited and scattered throughout the organization.

Current DPS Organization

TEXAS DEPARTMENT OF PUBLIC SAFETY ORGANIZATIONAL CHART



★ Depicts Regional Command Structure Number of Service Districts Vary by Region

HQ-49 (Rev. 10/07)

Meanwhile, the Department's operating environment has changed dramatically. Texas has grown rapidly to become the second most populous state. Demographic characteristics of the population have changed, and the state is increasingly younger, more Hispanic, and more urban. The threat environment has grown more complex with the emergence of terrorist groups, drug cartels, identity thieves, and organized gangs. The Internet and other advances in information and communications technology have become formidable weapons in the hands of these groups.

In addition to the law enforcement environment, citizens now expect world-class customer service from organizations like the Driver License Division. Employees expect supportive and professional human resources management. Elected officials expect financial transparency and accountability for performance. Other federal, state and local law enforcement agencies expect collaboration, information sharing, professionalism and leadership.

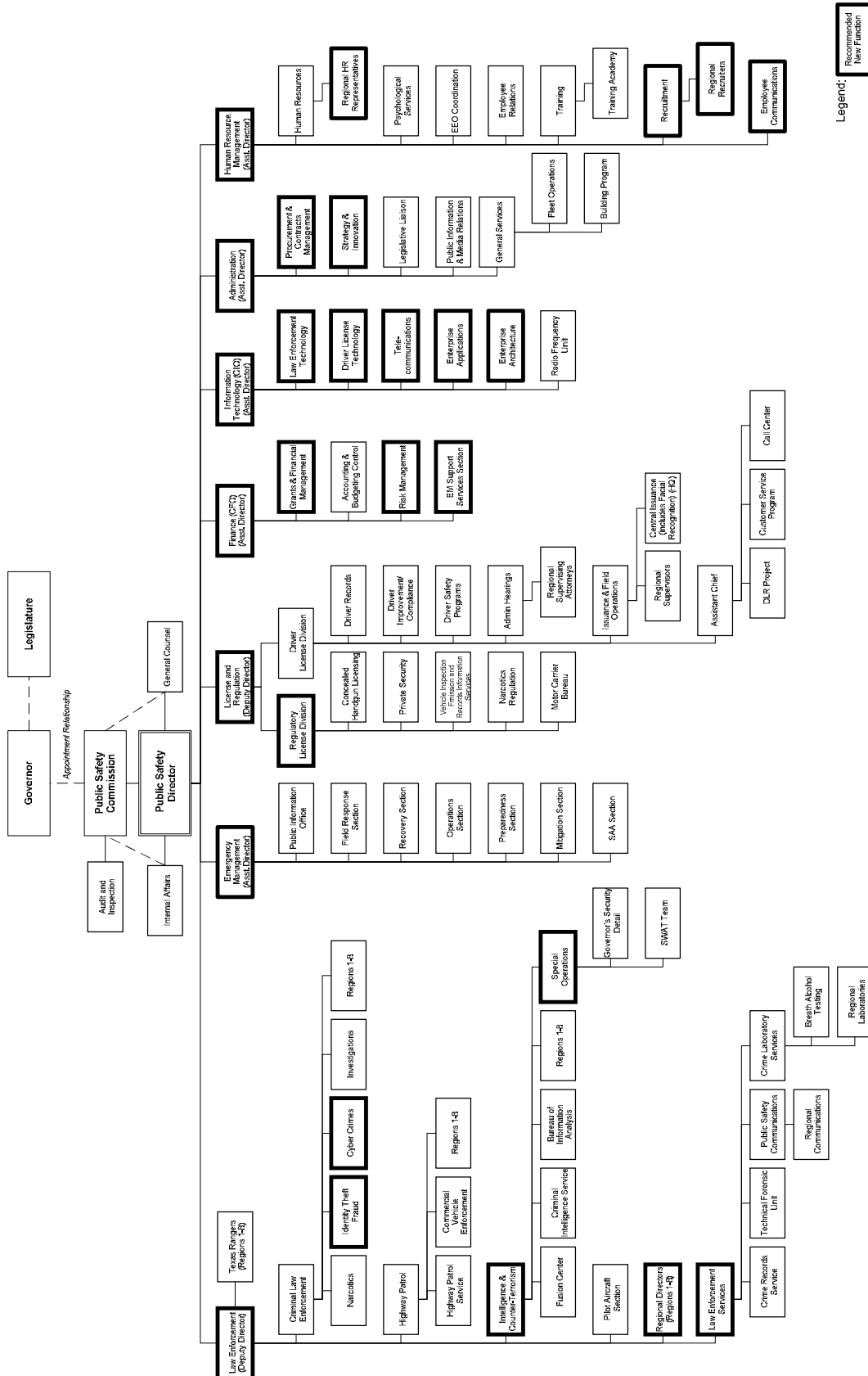
Recommended New DPS Organization

Deloitte recommends reorganizing the Department of Public Safety as follows:

- Organize all **law enforcement** functions, including certain law enforcement support functions, to report to a single Deputy Director. Law enforcement functions include the Texas Highway Patrol, the Criminal Law Enforcement Division, and the Texas Rangers. Law enforcement services include crime laboratories, crime records, and law enforcement communications.
- Create a new **intelligence and counter-terrorism division** reporting to the Deputy Director for Law Enforcement, and create a **special operations** unit combining special weapons and tactics, protective services and counter-surveillance in this new division.
- Organize all **license and regulation** functions (driver license, vehicle inspection, concealed handgun licensing and private security licensing) to report to a single Deputy Director.
- Organize **emergency management** functions to report to an Assistant Director.
- Organize **financial management** functions to report to an Assistant Director (CFO).
- Organize **information technology** functions to report to an Assistant Director (CIO).
- Organize **human resources management** functions to report to an Assistant Director (CHRO).
- Organize procurement, facilities, fleet, communications, and strategy functions to report to an Assistant Director for Administration.

See page 5 for a detailed view of the recommended structure.

Recommended New DPS Organization



Legend: **Recommended New Function**

Deloitte also recommends that DPS design, test and implement a regional command model emulating the military “theater of operations” organization. In this form of organization, all law enforcement personnel in a DPS region, regardless of division, would be coordinated and deployed under the leadership of a Regional Director to address specific threats and public safety priorities.

The Department should conduct scenario planning to develop concepts of operations specific to each region. Such planning would then define the appropriate characteristics, roles and responsibilities for each Regional Director. The Department should anticipate that differences in the threat environments will dictate regional variations in these roles.

It will be important to take into account the historical role and positioning of the Texas Rangers in this organizational model, and to develop a strategy to integrate the role of the Rangers into this new structure.

Deloitte also recommends that DPS establish common regional boundaries for all its services and programs to facilitate collaboration and to enable the theater of operations organization.

Leadership

At least a dozen top-level retirements have recently created a “leadership vacuum” at DPS. In the near term, this is a challenge for the organization and its people. However, it provides the Public Safety Commission with an opportunity that is rare, to select a new director and put into place a skilled and visionary leadership team.

The Public Safety Commission is beginning a nationwide search for a new Director of DPS. The Commission should move as expeditiously as possible to recruit and hire the best professionals available to quickly fill the Department’s key management roles. Civilians should be considered for Director, Deputy Director, and Assistant Director positions in order to attract the most talented and experienced candidates.

The new Director should hire and organize a team of professionals with a variety of skills, capabilities, and backgrounds to drive a fundamental makeover of DPS, including a transformation of the dysfunctional elements of its culture. This team should seek to build on the Department’s justifiable pride in professional law enforcement and to extend “**professionalism**” as a watchword across all of the divisions and services of DPS: professionalism in leadership, in intelligence-led policing, in customer service, in information technology, in financial management and in human resource management.

New Management Team at DPS
<ul style="list-style-type: none"> ● <i>DPS Director</i> ● <i>Deputy Director, Law Enforcement</i> ● <i>Deputy Director, Licensing and Regulation</i> ● <i>Assistant Director, Emergency Management</i> ● <i>Chief, Intelligence and Counter-Terrorism</i> ● <i>Assistant Director, Finance (CFO)</i> ● <i>Assistant Director, Information Technology (CIO)</i> ● <i>Assistant Director, Human Resources Management (CHRO)</i> ● <i>Assistant Director, Administration</i> ● <i>Eight Regional Directors</i>

The new DPS leadership team will need to establish a better framework for decision making and communicating with the Public Safety Commission and executive and mid-level management. It will need to work to break down the cultural barriers between Austin and the field, between commissioned and non-commissioned personnel, and between law enforcement, licensing and

administrative support. This should be part of a broader change management initiative undertaken in concert with departmental reorganization. The new DPS management team will also need to develop a much better strategic planning process and improve communications inside and outside of the Department, especially communications with the Texas Legislature.

As a first step toward implementing the recommendations in this report, the Commission should quickly establish a program management office (PMO) to lead and coordinate the effort. The PMO should be composed of a team of full-time staff – including experienced project managers – with overall responsibility for developing an implementation plan, integrating planned activities with other initiatives currently underway, developing business cases, obtaining resources, and managing the overall change initiative.

Create an Intelligence and Counter-Terrorism Division, with a robust fusion center, to facilitate information sharing and intelligence led policing

The 9/11 commission identified information sharing as one of the key failures in the federal government’s efforts to prevent terrorist acts. Since 9/11 the concept of “responsibility to share” has replaced the old concept of “need to know and right to know” for government agencies at all levels. This is a fundamental change in information sharing and management. While this presents unique challenges to the law enforcement community, ensuring that information gets to those who need it, when they need it, is now a top priority. In addition, leading law enforcement agencies are moving forward with the concept of “intelligence-led policing”, in which intelligence developed through information sharing contributes to the development of strategies, plans and programs.

Unfortunately, seven years after 9/11, the Texas Department of Public Safety still has a major problem in the way it gathers, analyzes, manages and shares information. This problem was the single most often-cited concern by DPS personnel in the course of this study.

Information sharing problems are pervasive at DPS, hampering collaboration between divisions, between units aligned under divisions, and between field and central office. Operational intelligence developed by geographically and organizationally isolated units often stays locked in the unit or its parent division. Multiple division-specific criminal information and case databases have limited capability to exchange information with each other.

Deloitte recommends establishing a new Intelligence and Counter-Terrorism Division reporting to the Deputy Director of Law Enforcement. This new division would incorporate the current Bureau of Information Analysis, Criminal Intelligence Service, and the Fusion Center. Intelligence gathering, external outreach and homeland security-related information sharing with government and private sector agencies should be within this one division.

This division should also be responsible for coordinating the various sources of intelligence, such as the local fusion centers in Houston and North Texas, Border Joint Operations Centers, intelligence support centers for High Incidence Drug Trafficking Areas, outside agencies and all DPS divisions. It would coordinate information sharing, both internally and externally, and lead the Department’s intelligence-led policing, counter-terrorism, and homeland security efforts against large-scale criminal conspiracies and other threats to the State of Texas.

As part of the organizational realignment, this new Division would work closely with other law enforcement Divisions to improve the information flow up, down and across the Department. It

would establish accountability for information collection, analysis and dissemination. The new division should be responsible for developing a curriculum for internal and external counter-terrorist and criminal intelligence training. It should also be responsible for evaluating security across the Department's various programs, regions and facilities, and for developing a plan to address identified threats to DPS security.

Deloitte recommends creation of a new Special Operations Group within the new Intelligence and Counter-Terrorism Division to be explicitly intelligence driven. The Special Operations Group should collect investigative and intelligence data on threats, terrorism and violent criminal gangs. It would perform counter-surveillance on key facilities like the Governor's Mansion and State Capitol. It would perform surveillance on possible terrorists and violent criminal enterprises, provide back-up undercover investigators to infiltrate such organizations, and directly fill intelligence gaps through collection in a rapid fashion.

The lack of integration among specialized IT systems, combined with the limited capabilities of each, is one of the least effective aspects of the DPS law enforcement capability. Deloitte recommends implementing a shared case management system, a secure intranet, and other communications technology to promote secure exchange of information within DPS for use by law enforcement divisions. There are a number of such system options readily available.

In developing and integrating these advanced technologies, DPS must ensure that the proper data security safeguards are in place. This is particularly true if DPS is to play a role coordinating classified information from federal, state, and local agencies. The Department's Chief Information Officer will be the supplier of the technology architecture and infrastructure to the Law Enforcement Division as well as other Divisions of the Department and these units will need to work closely with the CIO to implement this recommendation.

Deloitte recommends significantly expanding the capabilities of the existing Fusion Center at DPS to become the State's central point for the collection, analysis, and dissemination of criminal, terrorist, and homeland security related information. The center should seek to integrate its activities with those of regional fusion centers in Houston and North Texas, as well as significantly increasing representation of local and federal law enforcement and homeland security agencies on the team.

Create and execute a human resources strategy to attract, retain, and promote talent

DPS faces a major challenge in retaining and recruiting employees. The Department is beginning to experience an increase in turnover, particularly in non-commissioned personnel and entry-level law enforcement officers. Better base salaries, supplemental pay, and advancement opportunities at other state, local, federal, and military agencies are starting to lure talented people away from the Department. Retirements at senior levels have already created a significant leadership vacuum at the top. Changes in the external threat environment, technology trends and demanding customers all suggest a need for DPS to hire employees with skills and talents that may be new to the Department.

In light of these challenges, DPS needs to create a human resources strategy that:

- Aligns with the department's overall strategy
- Emphasizes career-long learning and development
- Measures and rewards individual performance

- Provides a “total approach” to compensation, including incentives, benefits, and flexible time programs
- Aligns compensation of commissioned and non-commissioned personnel with the marketplace
- Improves HR business processes and supporting technology

Adjusting salaries, as described elsewhere in this report, clearly will help with retention at DPS. However, a broader strategy for retaining its best people is needed. It must include more than compensation. DPS needs to update and enhance its existing training programs, and extend them out of Austin and into the field. A development program to help emerging leaders advance to the next level should be provided. Job descriptions need to be updated to reflect new job content. Strategically important skills should be identified, and these should drive the content of training programs and performance evaluations. Career paths should be revised (or in some cases, created) to reflect the new environment.

While it is easier and less expensive to retain employees rather than hire new ones, DPS needs to revise its recruiting strategies to find more creative ways to fill its increasing number of vacancies and attract qualified non-commissioned professionals and experienced law enforcement officers. This strategy must include going outside the organization to target individuals with leadership, business and management skills. Finally, in order to implement a human resources strategy, basic personnel management processes and technologies must also be updated and improved.

Given the significance of the human resources challenges facing the Department, Deloitte recommends organizing all HR management functions, including training of both commissioned and non-commissioned personnel, under a new Assistant Director for Human Resources. This person would be accountable for developing a department-wide human resources strategy and implementing the related recommendations outlined above.

Human Resource Management Key Recommendations
<ul style="list-style-type: none"> • <i>Organize HR management functions to report to an Assistant Director</i> • <i>Develop a human resources strategy as an integral part of the Department’s strategic planning efforts</i> • <i>Take action on State Auditor’s report on commissioned personnel salaries</i> • <i>Take action to improve non-commissioned personnel salaries against other state agencies, and address discrepancies</i> • <i>Update Training Academy curriculum and continuing education courses</i> • <i>Develop computer based and web-based training</i> • <i>Expand leadership development programs to include business management and rotational assignments</i> • <i>Work to create a more unified “One DPS” culture</i>

Overhaul financial management processes and systems to provide financial transparency and accountability

DPS is a substantial business enterprise. Its budget for the current fiscal year exceeds \$1 billion. It is responsible for nearly \$200 million in intergovernmental grants. It pays out \$380 million in salaries each year, and spends almost \$500 million on procurement of goods and services.

One might expect to find leading edge financial management capabilities in such a large and complex organization. Unfortunately, this is not the case.

The Department’s financial management processes and tools are very antiquated. They foster inefficiency and redundancy. In some cases, they actually hamper the Department’s ability to perform its law enforcement and regulatory duties.

DPS managers find it difficult to gather and analyze basic data on performance or measure return on investments. The Department’s ability to plan and benchmark progress is limited. Changes in financial management processes, and the technology which supports them, will be required to achieve the potential benefits of the other organizational and managerial changes recommended in this report.

The Department needs to organize its financial management functions under a Chief Financial Officer, who serves at the Assistant Director level, reports directly to the Director, and is part of the senior management team. The new CFO should lead a proactive approach to strategic financial planning as an integral part of DPS’s overall strategic planning efforts.

The Department should gather better data about its performance from the department’s new internal organizational units. By linking performance information to financial information, DPS can begin evaluating the effectiveness of specific programs and units. The Department needs to develop an operating budget that is broken down into greater levels of detail then use these data to manage the business on a day-to-day basis.

Some of DPS’s basic business processes like procurement, inventory/asset management, fleet management and facilities management are cumbersome and inefficient. Process reengineering and targeted technology investments can improve responsiveness and cost effectiveness in these areas. Deloitte recommends grouping these functions under an Assistant Director for Administration.

Federal grants have come to be an important source of funding for DPS. DPS should establish a special grants management unit under the CFO to improve its competitiveness in grant requests and to improve its performance and accountability in grants management. The Department should also broaden and strengthen its risk management program in order to reduce exposures from property, liability, safety, and workers’ compensation losses.

DPS needs to make appropriate technology investments as soon as possible to support financial management. It should assign personnel to work with the Comptroller’s statewide ERP initiative, and seek approval to make ERP-applications investments that are synchronized with the state-wide effort.

Financial Management Key Recommendations
<ul style="list-style-type: none"> ● <i>Organize financial functions under a CFO reporting to the Director</i> ● <i>Create better linkages between financial planning and DPS strategic planning</i> ● <i>Restructure the operating budget and use it to manage day to day operations</i> ● <i>Improve and integrate technology support for finance, accounting, budgeting, procurement, asset/inventory management and HR</i> ● <i>Implement a cost management program to control costs</i> ● <i>Streamline procurement</i> ● <i>Establish a Grants Management unit and reengineer grants management processes</i> ● <i>Establish a Risk Management unit to develop and implement programs to reduce the risk of property, liability and works compensation losses</i>

Create a distinct, more customer-focused management structure for Driver License, Motor Vehicle Inspections and other regulatory functions

DPS's driver license function is one of the most "customer-intensive" functions of any Texas state agency. Unfortunately visiting most DPS Drivers License offices is a less than pleasant experience. Lines are long, information systems are antiquated, and the facilities themselves are old and overcrowded.

DPS also performs other regulatory customer-facing functions, including regulation of motor vehicle inspections, licensing handguns and licensing private security guards. All of these regulatory functions operate independently of one another, and all are organized along the same lines as the Department's law enforcement functions, with commissioned officers in charge, and relatively large numbers of law enforcement officers performing functions which are typically performed by civilians in other states.

Deloitte recommends that the Department organize itself such that all of its customer-facing functions report to a single Deputy Director. DPS should establish a management structure within this new division that de-emphasizes the role of commissioned officers and provides an environment conducive to the retention and career advancement of customer-focused, civilian personnel. More than 200 commissioned law enforcement officers now work in the Driver License Division. DPS should reassign most of these officers to law enforcement duties within the same locale whenever possible.

In addition to changing the organization, DPS should improve customer service capabilities by expanding self-service capabilities via the Internet and telephone help-desks, streamlining procedures to minimize wait times in the office. After the new Driver's License Records (DLR) system is finally completed and available, the Department should exploit its new functionality to streamline business processes in order to significantly reduce wait times, improve accuracy, and otherwise improve the customer experience in Driver License field offices.

Proposed Implementation Schedule

Implementing the recommendations contained in this report will be a considerable undertaking, possibly requiring up to a decade to complete. However, many of the recommendations and very positive results can be achieved in the near term.

The project team developed an implementation road map to serve as a starting point for planning, prioritizing, and managing the implementation activities. The road map groups implementation initiatives in three main categories: the first 100 days, the first two years, and beyond.

The first 100 days of implementation will be some of the hardest, but among the most important. They set the stage for change and establish the priorities and processes for managing it. Hiring a new Director, organizing a new management team, establishing a project management office, estimating and requesting resources and communicating plans and progress will be critical during this period.

Within two years, most of the organizational changes recommended in this report should be put into place, including divisional restructuring and regional alignment. Information sharing and intelligence-led policing capabilities should be significantly enhanced. The operating budget should be restructured to be more effective in performance reporting. Training can be improved significantly, and the first steps should be taken toward making the department's compensation structure more competitive.

Beyond two years, major information technology improvements are called for in integrated law enforcement case management and enterprise resource planning. Significant lead time will be required to plan and request legislative appropriations for these improvements. Planning for these initiatives, however, should begin immediately.

100-Day Plan

- *Establish initial priorities and plans. Build consensus and gain commitment*
- *Move to quickly identify candidates for New Director and the key senior members of the new management team*
- *Appoint a new Director and begin to assemble the executive leadership team*
- *Work with Legislature to identify required legislative changes along with necessary flexibility to appropriately manage change*
- *Establish appropriate governance approach for the transition*
- *Organize and staff a PMO to manage both the initial priorities and the overall transformation*
- *Establish funding priorities, seek funding, and establish appropriate financial accountability*
- *Develop new human capital and change management strategies and plans*
- *Plan for 2-year initiatives and major phases of the transformation*
- *Communicate internally and externally, providing public progress reports*

Introduction

Section 2.0

The Texas Department of Public Safety (DPS) has embarked on an important initiative to determine the effectiveness and efficiency of its current organizational structure, operation, resource allocation, and workforce. Deloitte Consulting LLP (Deloitte) was engaged to assess the Department's management and organizational structure with the express purpose of providing recommendations that would improve the Department's ability to provide public safety in the State of Texas today and tomorrow.

During a ten-week study, the Deloitte team gathered information through interviews with commissioned and non-commissioned members of DPS in headquarters and regional offices. The team also reviewed other federal, state, and local safety, emergency management, and law enforcement agencies to understand leading practices in law enforcement and customer service, and to provide a basis for developing recommendations to DPS to meet the many challenges it faces.

The Deloitte team employed a collaborative approach to information gathering which included personal and group interviews, web-based research, consultation with subject matter specialists, and comparative data analysis. The team captured the perceptions of hundreds of Department personnel and many external stakeholders.

Deloitte used the following Organizational Assessment Methodology and customized the specific activities to meet DPS' objectives.



The approach included the following activities.

- Conduct interviews and facilitate focus groups across DPS headquarters and regional offices
- Gather data from DPS to identify key issues in the organization pertaining to organizational structure, operations, resource allocation, and workforce utilization
- Document trends and leading practices across federal, state, and local public safety agencies
- Analyze common processes of other law enforcement and state government agencies
- Analyze and synthesize key findings
- Build and validate recommendations
- Create a final report that includes actionable recommendations which DPS can implement

Workstream 1: Organization, Structure, and Staffing Analysis

The Deloitte team worked with DPS to understand the organization, its structure, and its staffing to determine how the gap between the Department an optimal organization given the scope of its mission and the size and characteristics of the State of Texas.

Workstream 2: Environmental Scan of Public Safety Agency Management

The Deloitte study team identified trends and issues from a variety of public safety, criminal investigation, and emergency management agencies. Deloitte specifically focused on federal, state, and local public safety trends and issues that would apply to DPS' mission, operations, management, program effectiveness, and customer focus.

Workstream 3: Best Practices Analysis of Operations and Structure (of law enforcement/homeland security/emergency management and related agencies)

The Deloitte team identified leading practice in law enforcement, homeland security, and emergency management organizations to evaluate these functions within DPS.

Workstream 4: Mission effectiveness/Industry Best Practice Analysis of the Department by Function

The Deloitte study team assessed the effectiveness of core processes and major functions of DPS in support of its overall mission, goals, and objectives; identified improvement areas and documented opportunities for organizational change. This analysis incorporated a comparison of the core and support activities of DPS against law enforcement agency leading practices and leading practices of commercial enterprises.

Deloitte's final report includes findings, recommendations, and next steps. It includes:

- An examination of the imperative for DPS to change
- Findings and recommendations on improving effectiveness and efficiency across DPS
- A recommended organizational structure that will help DPS better achieve its mission
- An implementation roadmap with quick wins and intermediate-term activities to execute against the Deloitte recommendations

Detailed findings and recommendations along with project approach, an environmental scan, an inventory of leading practices, benchmarks, and interview summaries were provided to the Department as supplementary material.

Change Imperative

Section 3.0

During its long and rich history, the Texas Department of Public Safety (DPS) has earned a well-deserved reputation as an outstanding public safety organization within and outside Texas. The Department itself and many individual DPS law enforcement professionals have received awards from national law enforcement organizations and federal agencies. The Texas Rangers' long history as an elite group providing public safety support to rural areas is part of the tradition of DPS as an organization responsive to local jurisdictions.

DPS' reputation is based on technical competence, public safety stewardship and investigative services in support of local governments. It is also recognized for its ability to respond quickly to high profile cases and emergencies that require a significant level of inter-agency coordination and manpower management, such as its recent response to Hurricane Ike.

The Department's people are its most important asset. Their dedication and commitment to their jobs, their sense of identity with the Department, and their pride in its rich history and tradition has a value that cannot be measured.

Serving local jurisdictions and being responsive to their requests for assistance have always been and will continue to be a key part of the Department's mission. However, Texas and the world have been changing at an ever accelerating rate over the past half century, and the Department's history-steeped traditions, cultures and behaviors are beginning to show strains. The rise of cross-national criminal organizations and terror groups, identity thieves and cybercriminals has added new and complex threats to those posed by the rapid urbanization and densification of the state.

Other public sector organizations, including the federal government, other state agencies in Texas and elsewhere, and large local governments are changing in ways that imply profound changes for DPS. Some of these trends include:

- Human resources management practices that emphasize clear career paths, opportunities for training and development, and performance measures tied to organizational goals
- Network-based organizations that feature direct communication across units and institutional boundaries and less reliance on chain of command
- Less reliance on top-down command and control and increased transparency, networking, and direct communication across units and institutional boundaries
- Enterprise-wide systems to integrate business process and facilitate management and information sharing in large organizations
- Increased emphasis on maintaining a common organizational culture and using leadership tools, technology, and human resources processes to reinforce that culture
- Strategic sourcing in procurement, and flexible policies toward small purchases

The Texas Department of Public Safety is not keeping pace with these larger trends, and so risks being unable to collaborate as a partner on equal footing with agencies who are.

DPS has been more reactive than proactive in meeting law enforcement and public safety challenges. The State's two-year legislative appropriations and strategic planning cycle, which could be a catalyst for real change, appears to be followed as a matter of compliance, not strategy.

DPS has not articulated well its needs for funding, much less advocated for significant additional support from the Legislature. And when the Department's leaders have tried to articulate long-range needs, they have been met with skepticism and mistrust based on past experience with "need to know" communications and the Department's under-developed financial management capabilities.

Too many years of managing to short-term goals has created a resource-constrained Department struggling to meet the demands of its citizens and unnecessarily exposing its personnel to risks. The ability to provide excellent law enforcement and public safety is being degraded by resource allocation challenges and Department's captivity to antiquated organizational models, information technology, financial reporting, and personnel practices.

The lack of ability to share law enforcement information internally and to extract intelligence for sharing with other agencies was the single most prevalent concern expressed by interviewees during this project. Information sharing weaknesses compromise the Department's ability to focus on asymmetric threats or become more proactive in preventing terrorism and major crimes.

The absence of modern programs, policies and practices contributes to inconsistent management of the Department's most valuable resource — its people. In addition, for labor markets where high demand chases limited supplies of talent, the Department's pay scales, benefits, deployment options and promotional opportunities are insufficient for attracting and retaining the talent needed to go forward.

Advancing DPS into the 21st century requires new leaders, new skill sets, new technology tools, and a new organizational structure. Most certainly, this will require a significant financial investment. It will also require a substantial and prolonged change management effort in order to simultaneously address major changes in organization structure, business processes, and technology.

This report provides a set of recommendations for strengthening the organizational foundations of DPS and implementing the processes and technology for effectively managing a modern public safety organization. Taken together, these recommendations call for nothing less than a fundamental makeover of the Department.

This report's final chapter provides a roadmap for implementing these recommendations. Some will require reallocation or redeployment of already budgeted resources. Others will require legislative appropriations in the next biennium, and beyond. However, many changes can be made almost immediately, beginning with improved communications, inside and outside the agency, about the need for change.

Key Recommendations and Observations

Section 4.0

This section contains Deloitte’s recommendations and supporting observations resulting from its review of the Texas Department of Public Safety.

The recommendations are in five subsections covering organization and management, information sharing and intelligence, human capital, financial management and license and regulation.

Our summary recommendations for each of these areas are included in the following subsections:

- 4.1. Restructure DPS by aligning closely related organizational functions, strengthening regional command, establishing a new leadership team, and improving strategic planning and communications.
- 4.2. Create an Intelligence and Counter-Terrorism Division — which includes a robust fusion center — to facilitate information sharing and intelligence-led policing.
- 4.3. Create a more comprehensive human resources strategy to attract, retain, and promote necessary talent; build an integrated Human Resources Management function.
- 4.4. Overhaul financial management processes and systems to provide financial transparency and accountability.
- 4.5. Create a distinct management structure for Driver License, Motor Vehicle Inspection, and other regulatory functions in order to be more customer-focused.

Restructure DPS by aligning closely related organizational functions, strengthening regional command, establishing a new leadership team, and improving strategic planning and communications

Subsection 4.1

DPS has evolved and grown since its creation in 1935 but, over time, its organizational structure has become misaligned as a result of legislative mandates to move units and the accumulated organizational decisions of prior Directors. The last major organizational restructuring of DPS occurred in 1957 with the introduction of regions. Since then, the basic structure has remained in place with few modifications.

Current DPS Organization

The Department of Public Safety has six divisions: Texas Rangers, Criminal Law Enforcement (CLE), Texas Highway Patrol (HP), Driver License, Emergency Management, and Administration. A Chief, all of whom report directly to the DPS Director, heads each division. Nine additional offices or individuals report directly to the DPS Director, lifting the Director's supervisory span of control to the excessive level of 15 direct reports.

Within these divisions and offices, various organizational units perform different functions:

- **Law Enforcement Operations** include all law enforcement including Highway Patrol Division, Texas Rangers Division, Criminal Law Enforcement, aircraft surveillance, and driver license fraud
- **Licensing and Regulatory Operations** includes driver license, vehicle inspection and emissions, motor carrier regulation, concealed handgun licensing, and private security licensing
- **Emergency Management Operations** includes all of the services in the Emergency Management Division
- **Law Enforcement Support** includes crime laboratory, radio and telecommunications support, crime records services, and breath alcohol testing
- **Leadership Support** includes such functions as the general counsel, public relations, legislative affairs, internal affairs and internal audit and inspections
- **Agency Support** includes information technology, human resources, finance, budgeting and accounting, physical plant (buildings), procurement, and fleet management

In the current DPS organizational structure, a number of units perform similar roles in different divisions or services perform similar roles. For example, information gathering and analysis occurs in multiple law enforcement units including Highway Patrol, Vehicle Inspections, Rangers, Narcotics and Motor Vehicle Theft, and Driver License. Information gathering and analysis also occurs in the Criminal Intelligence Service (CIS), Bureau of Information Analysis (BIA), Motor Vehicle Theft (MVT) unit, and the fusion center.

There is also misalignment of non-law enforcement activities. Various regulatory activities reside within law enforcement divisions, including the Motor Vehicle Inspection and Emissions Service and Motor Carrier Bureau.

The Administration Division includes a mix of administrative, law enforcement support, and operational functions. The licensing of private security and handguns is a regulatory function with more similarities to Driver License than law enforcement or administration. Crime Records is a law-enforcement support function with little in common with Human Resources — both of which reside in the Administration Division.

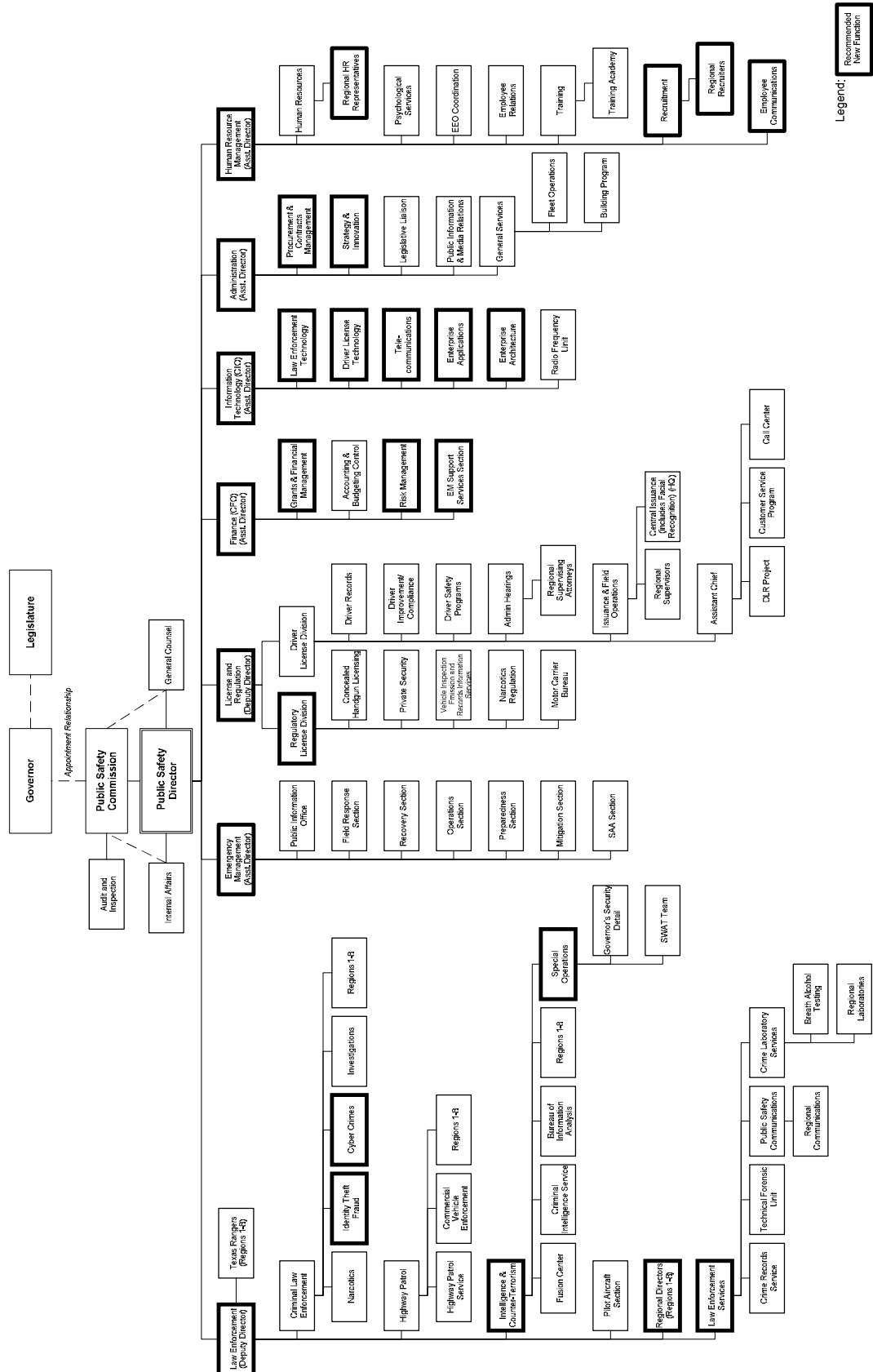
Restructure DPS to align closely related functions under a Deputy Director for Law Enforcement, a Deputy Director for License & Regulation, and five Assistant Directors for the following major functions: emergency management, information technology, finance, human resources, and administration.

Deloitte recommends a major overhaul of the DPS organizational structure, as follows:

- Consolidate Highway Patrol, Criminal Law Enforcement and Texas Rangers under a new Deputy Director for Law Enforcement
- Create an Intelligence and Counter-Terrorism branch, with a related Special Operations unit reporting directly to the Deputy Director for Law Enforcement
- Consolidate law enforcement support into a new division reporting to the Deputy Director for Law Enforcement
- Consolidate Driver License and other licensing and regulatory functions into a new License and Regulation Division reporting to a Deputy Director
- Elevate and reorganize similar functions as separate divisions to report to Assistant Directors for the following areas: Emergency Management, Financial Management (CFO), Information Technology (CIO), Human Resources Management (CHRO), and Administration.

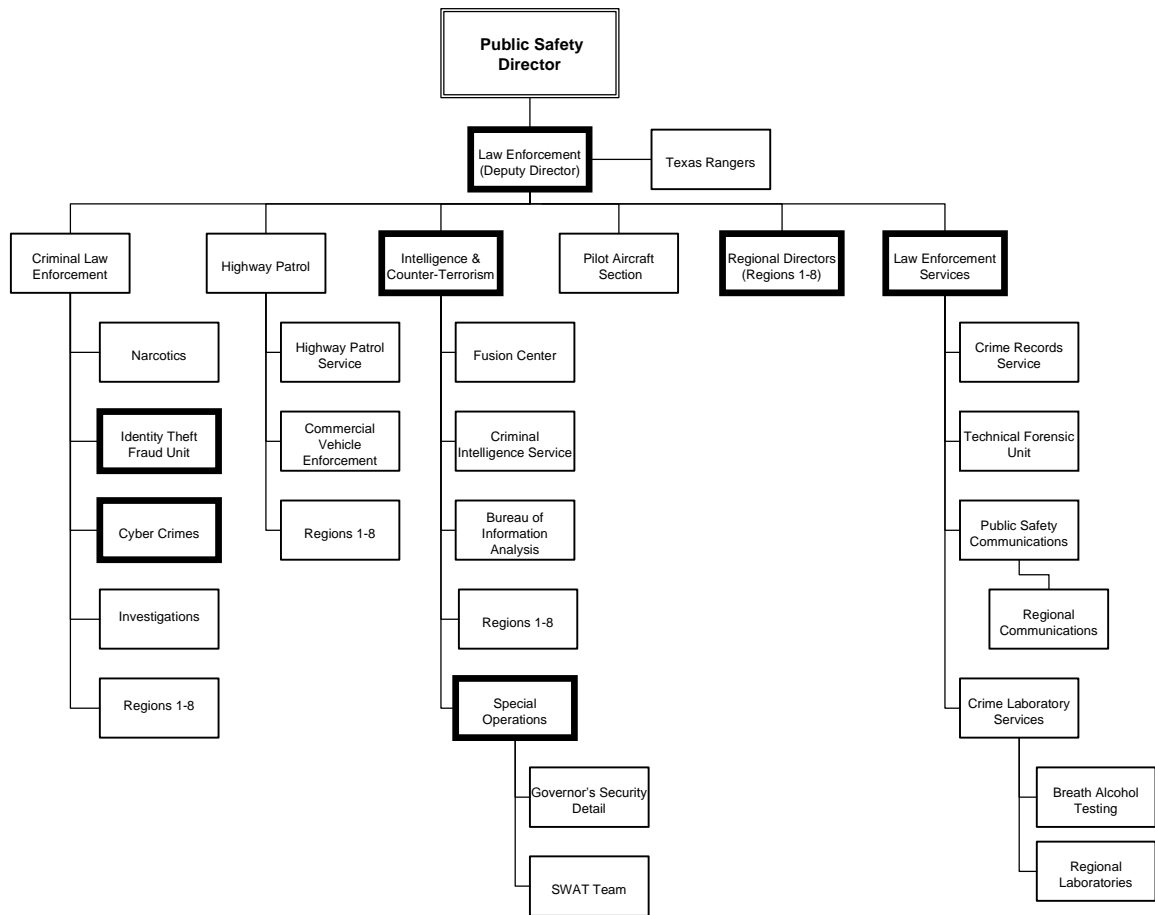
The following page shows the recommended new organizational structure for the Department of Public Safety.

Proposed DPS Organization



Consolidate all law enforcement functions under a single Deputy Director for Law Enforcement

Deloitte recommends consolidating the Department’s law enforcement divisions and law enforcement support functions under a single Deputy Director for Law Enforcement. The objective of this consolidation is to overcome the current delays in decision-making, reduce turf battles, and improve communications. Deloitte also recommends that DPS establish a new “Intelligence and Counter-Terrorism” Division, including a Special Operations unit, and establish a new regional command structure under the new Deputy Director for Law Enforcement.



Currently, several organizational divisions conduct investigations. Agents from Highway Patrol, Motor Vehicle Theft, Narcotics, Rangers, and Driver License are all involved in investigations at one time or another. Because they are located in different units and divisions and because of the silos that exist within DPS, there are few formal methods for discovering linkages between investigations, even when focused on the same subject. To overcome this challenge, Deloitte recommends combining all investigative functions under Criminal Law Enforcement, except those investigative functions performed by the Texas Rangers.

Based on interview findings, information sharing and communicating across law enforcement divisions has been a major problem for the regions. Most information sharing and communications remain locked within the vertical structure (division, unit, bureau, etc.) moving along distinct “chains of command.” In order to address the chain of command issues and remedy the challenge, Deloitte also recommends establishing Regional Directors to manage across law

enforcement divisions within each region. More discussion of this recommendation follows later in this section.

Deloitte recommends adding a new Intelligence and Counter Terrorism Division to facilitate integration between investigations and intelligence-led policing (e.g., information analysis, Fusion Center, criminal intelligence). Deloitte also recommends creation of a new Special Operations unit combining the existing Governor's (Dignitary) Protective Detail (GPD) and SWAT. The Capitol Police, minus the protective detail, would remain in the Highway Patrol Division.

The Intelligence and Counter Terrorism Division (ICT) is discussed in more detail in Subsection 4.2 of this report.

The Criminal Law Enforcement Division (CLE) will focus primarily on conducting complex investigations and coordinating with the new Intelligence and Counter-Terrorism Division (ICT). CLE investigators will continue to work with Highway Patrol and Rangers as they do today. CLE will include the current Narcotics Service and Investigations (renamed from Motor Vehicle Theft because of its much broader investigative activities). In addition, Deloitte recommends adding a new Cyber Crimes unit to CLE. The law enforcement functions of the Identity Theft Fraud unit, currently in the Driver License Division, would also move to CLE. Both the Cyber Crimes and Identity Theft Fraud units are important to CLE given their pertinence to dealing with large criminal enterprises.

Deloitte also recommends making the Aircraft section a direct report to the Deputy Director for Law Enforcement, rather than to the DPS Director. This is because DPS aircraft are used almost exclusively in law enforcement operations, and specialized commissioned personnel are needed.

Adoption of these recommendations will solve several problems. First, consolidation of law enforcement functions should begin to break down the organizational silos that currently exist. With strong leadership, this will improve the communications and information sharing among law enforcement personnel across the agency. Creation of this Division will help reduce the span of control of the Director by making a Deputy Director accountable for all law enforcement activities.

As part of its public safety mission, DPS provides services to county, municipal, and other law enforcement agencies throughout the state. An important service is providing investigative expertise and laboratory support to local law enforcement agencies. These services should be organized under the new Deputy Director for Law Enforcement.

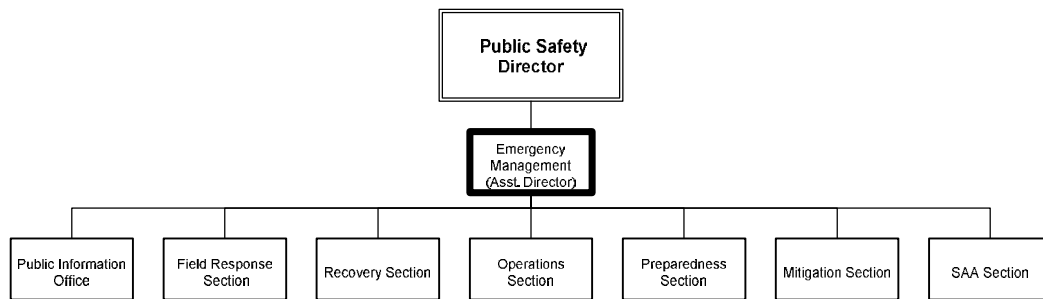
Law Enforcement Services include Crime Laboratory Service, Crime Records Service, an expanded Technical Forensic Unit including the current Technical Unit, and Public Safety Communications. Deloitte also recommends moving Alcohol Breath Testing into Crime Laboratory Services in the Law Enforcement Services Division. The scientists that work in both functions hold similar educational requirements and perform similar responsibilities — testing and evaluating crime scene evidence.

The Chief of Law Enforcement Services will need to work closely with the Department's Chief Information Officer, as the CIO will be responsible for procuring, supplying, and supporting the IT infrastructure (hardware and software) for crime records and other law enforcement systems.

Retain the Emergency Management Division and elevate leadership to an Assistant Director level

Currently, Emergency Management is a DPS Division. Its Chief reports to the Director. The Deloitte team proposes no change to the reporting relationship. Further, Deloitte recommend that an Assistant Director for Emergency Management lead the division. In addition to its emergency management duties, EMD is currently responsible for supporting development of the Governor’s Homeland Security Strategy and implementing programs and projects to achieve the state’s homeland security goals and objectives. The Division serves as the State Administrative Agency for U.S. Department of Homeland Security grant programs and works closely with the Texas Department of Homeland Security Director to coordinate emergency response, funding, and sourcing to meet the need for homeland security and emergency management in Texas.

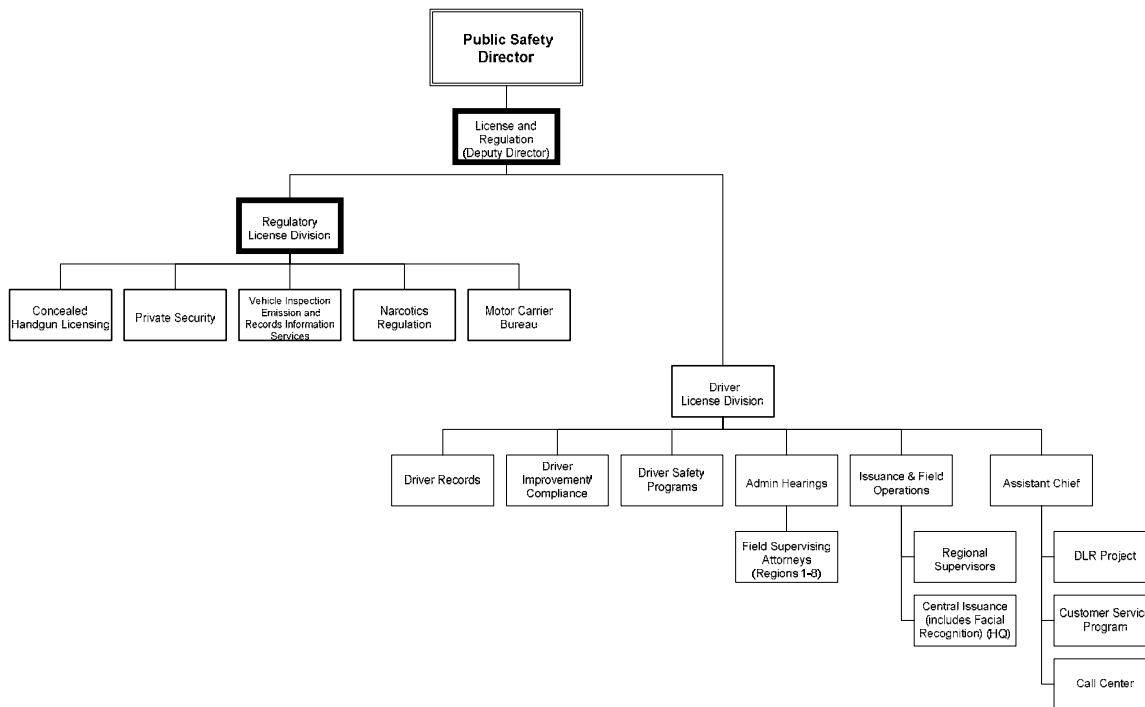
The Governor’s Office of Homeland Security recently recommended that overall operational control of the Governors Division of Emergency Management be vested in the Director of DPS in order to better synchronize planning, preparedness and prevention doctrines with the investigate components of DPS. Such a change would also eliminate the current dual reporting relationship from the Chief of Emergency Management to the DPS Director and the Governor’s Office. Deloitte concurs with this recommendation.



Consolidate driver license and other regulatory functions into a new License and Regulation Division

In order to promote citizen-customer service, Deloitte recommends consolidating Driver License and other DPS regulatory and licensing functions into a new Licensing and Regulation Division, with an emphasis on civilian (rather than uniformed) management and staffing.

This recommendation is described in further detail later in Subsection 4.5 of this report.



Consolidate financial management functions into a new Finance Division, led by an assistant director-level Chief Financial Officer (CFO)

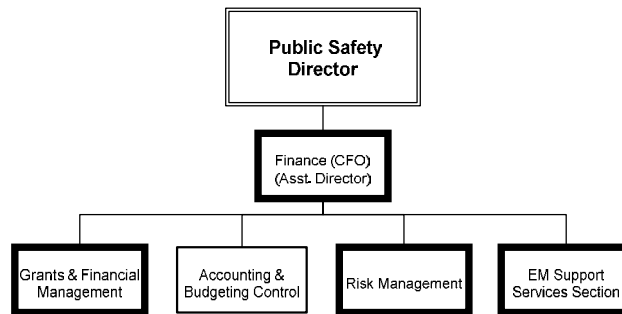
One key to DPS making a successful transition to the future includes bringing the finance function front and center to manage the business of the Department. Deloitte Research findings indicate that successful finance functions add high value by providing key information from the data that they manage. This key performance data, linking outcomes to strategic goals, enables a chief financial officer to become the custodian of strategy on a day-to-day basis. Deloitte recommends establishing a Finance Division led by an Assistant Director and reporting to the Director. Deloitte recommends that the new Assistant Director for Finance/CFO manage Grants and Financial Management, and Accounting and Budget Control.

Leading edge organizations use a CFO to implement financial practices that provide assurance of compliance with accounting principles and standards, to maximize use of funds, ensure the best use of consistent performance data, and provide clear and concise demonstration of how the agency is meeting performance objectives. Better management of these key performance data and linking outcomes to strategic goals, will better enable DPS to set long-term strategy and secure adequate resources to meet its goals.

Deloitte also recommends that the Department establish a Risk Management Unit under the CFO to focus on identifying and mitigating risks across the department. At the most basic level, risks to be addressed should include property damage claims, personal injury claims, and workers compensation claims. This office would create and manage an ongoing risk management plan that focuses on identification of risks, avoidance and mitigation strategies, and implementation of activities to reduce or eliminate risks. In addition to the topics above, the plan should cover such topics as business continuity planning, facility emergency response plans, facility-specific environmental hazards, and bonds and insurance.

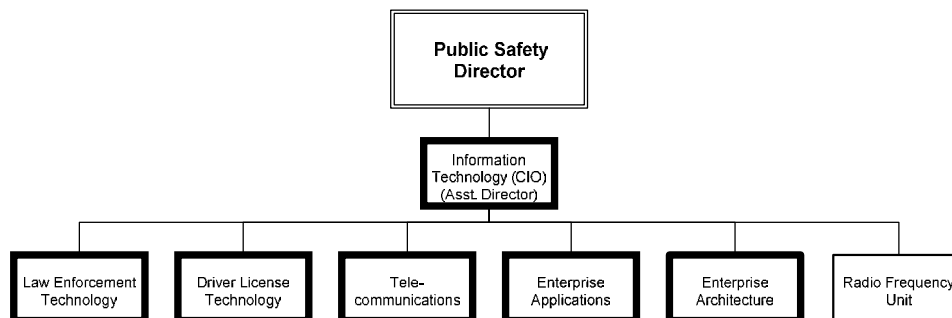
A Grants and Financial Management unit should be established to provide a more proactive focus on grants management (e.g., pursuit, application, distribution, and coordination of grants) to support acquiring new sources of funding.

Deloitte also recommends moving the Emergency Management Supports services under the CFO to reduce functional duplication in this area



Consolidate information resource management functions into a new Information Technology Division, led by an assistant director-level Chief Information Officer (CIO)

Deloitte recommends modernizing and expanding the current IMS function and creating the position of Assistant Director and CIO reporting to the Director. DPS needs to modernize the information technology function by raising it to the appropriate level of responsibility within DPS and endowing it with sufficient resources to attract and retain talented professionals.



The Department’s Information Management Service (IMS) supports a number of client server applications in various divisions and several major projects that are underway and are utilizing the client server platform. The Department’s own Strategic Plan acknowledges that IMS is unable to adequately manage the agency’s many projects and various software programs. It also recognizes the need for an increased emphasis on IT project management, and the significant needs across the Department for additional personnel, hardware, and software.

DPS officers and local law enforcement officers across the state depend on the Department’s information technology systems to reduce risk and support investigative, intelligence, and patrol operations. They expect the Department to employ modern technology. Unfortunately, many of the Department’s most critical information systems and technologies are at the end of their useful lives, and need to be replaced or upgraded. Additional efforts are also needed to provide the highest level of security intrusion monitoring for the Department’s sensitive information.

The DPS Strategic Plan calls for the establishment of enterprise IT architecture to allow the Department to quickly adjust its operations to meet rapid changes in requirements, the

introduction of new technologies, and shifting enforcement priorities. The Department acknowledges it must explore the possibility of outsourcing some of those IT elements which are of a lower priority.

The Deloitte team found that IMS has too few skilled resources and too little authority to accomplish these strategic goals.

An extensive review of the information technology environment was beyond the scope of Deloitte's project. Another consultancy is reviewing these functions and a final report of their findings is due shortly.

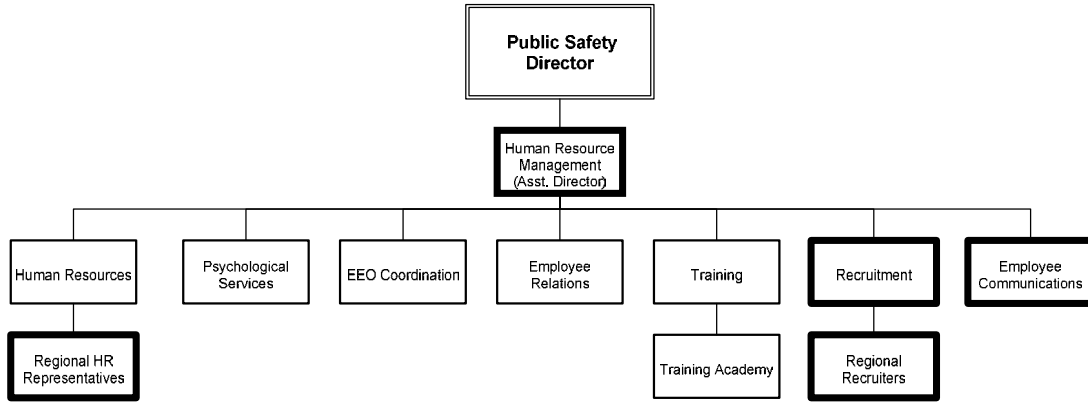
The CIO should work closely with all department and divisional leaders to balance strategic investments in technology, telecommunications, and those that support existing operations. All information technology budgets should be managed by the CIO. The CIO will make strategic staffing decisions (internal vs. external), vendor selection and criteria, integration and maintenance, creation of a data warehouse, server technology vs. mainframe, intranet vs. internet applications, and the like.

The Information Technology Division should be the sole provider of technology services for all other divisions thereby reducing duplication, and incompatibility of resources. The CIO should be responsible for supplying a department-wide technology infrastructure and architecture to meet the needs of all other Divisions, who are internal customers. The CIO would involve internal customers in identifying user requirements, prioritizing competing needs, selecting products and vendors, and developing and deploying new hardware and applications that support operations and administration.

Consolidate all human resources related units and functions into a Human Resources Management Division, led by an assistant director-level Chief Human Resources Officer (CHRO).

The DPS human resource unit is located at the Austin headquarters and focused on employee recordkeeping, maintaining the job classification system, monitoring law enforcement candidate identification and selection testing, and advising field and HQ staff on the application of people related policies.

Deloitte recommends that a strategic human resources management function be created that consolidates all relevant people programs including recruitment and selection, pay and benefits, training, leadership development, succession planning, employee communications, and employee relations. An Assistant Director for Human Resources Management (CHRO) reporting to the Department Director would lead the recommended function.



The CHRO’s direct reporting relationship to the Director signals that the Department intends to elevate the priority of all human resources activities regarding commissioned and non-commissioned employees. In addition, Deloitte recommends that the function be expanded to include a regional presence.

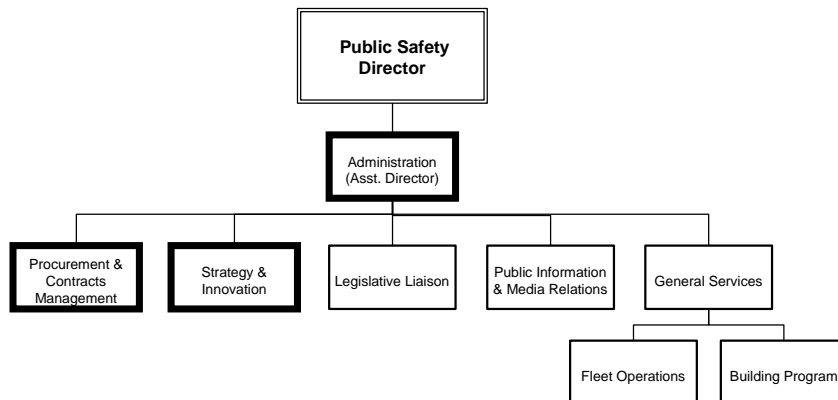
Consolidate procurement, facilities and fleet management, communications and strategy support functions under an Assistant Director for Administration

Several DPS administrative functions could be better organized under an Assistant Director for Administration. These include procurement, general services (facilities and fleet management), the Legislative Liaison and the Public Information and Media Relations Office.

Deloitte recommends consolidating procurement and contracts management activities into a unit under the CFO. This unit would have responsibility for improving and streamlining procurement and contract management business processes across the Department.

Deloitte also recommends creation of a new Strategy and Innovation capability within this unit. This should be a small, specialized group responsible for enterprise-wide strategy and innovation, cross-departmental strategic planning, performance management, program and project management, and continuous improvement programs.

The Administration Division would lead the effort to produce the LBB-required biennial Strategic Plan and be responsible for integrating that plan into operations. The unit would also develop and implement innovative ideas suggested by rank-and-file personnel or identified in best practice research.

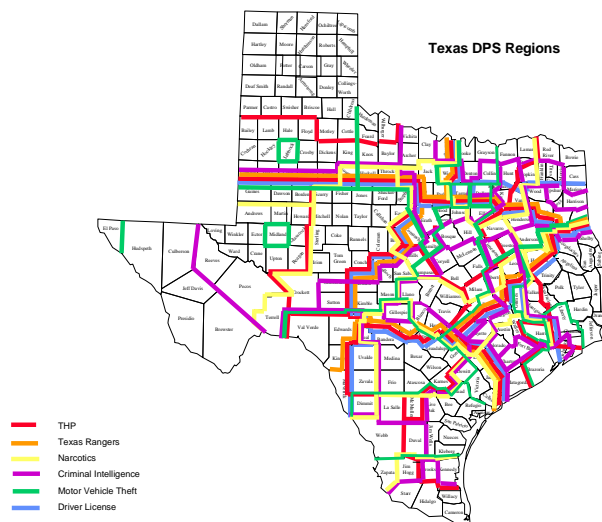


Make regional boundaries consistent, and establish a flexible “Theater of Operations” model which organizes regional law enforcement resources under eight Regional Directors.

The State of Texas is large and diverse. Some DPS regions have distinct public safety needs and threats unique to their region, such as high incidence drug trafficking on the border, or port security concerns of coastal regions. Today, communications and information sharing tend to stay within divisional silos. At the regional level, this can impede effective law enforcement when activities of two or more divisions need to be coordinated.

In order to meet this challenge, Deloitte recommends that DPS design, test and implement a regional command model wherein all law enforcement officers and support personnel, regardless of division, can be coordinated and deployed under the direction of a common regional leader to address specific threats and public safety needs.

The first step to improving regional command of DPS law enforcement functions is to eliminate the inconsistency of regional boundaries. The map below illustrates the problem.



(Source: Governor’s Office of Homeland Security, Recommendations to the Public Safety Commission, March 2008).

Uniform regional boundaries will be necessary to enable the coordination of field resources across divisions. Consistent regional boundaries would also increase DPS’ consistency in building relationships and effective communications with local governments, courts, and law enforcement agencies.

A regional model for DPS to emulate is the military example of a “theater of operations” command structure. In theater of operations, a commander from one of the military services is made responsible for leading combat operations of **all military branches** in a geographic area where active military conflict is occurring.

Extending this concept to DPS, the Department should create the new position of **Regional Director**. Candidates for the position should have a law enforcement background and could be selected from one of the law enforcement services or hired from outside the Department. The Regional Director would be responsible for public safety and criminal law enforcement operations across **all DPS law enforcement divisions** (and possibly, in certain situations, other

divisions) in their respective regions. To this end, Regional Directors would organize and deploy law enforcement divisional personnel located in their region to help with investigations, data and intelligence gathering, emergency management, and execution of law enforcement operations.

Regional differences in the threat environment will probably dictate different organizational responsibilities for each Regional Director. The Department should periodically conduct scenario planning to develop concepts of operations, and related plans, specific to each region. A regional plan would define the appropriate characteristics, roles, responsibilities, and reporting relationships for the Regional Director and law enforcement service commanders in a given region. These operational concepts can be expected to evolve and be refined as the threat environment changes, and as the Department gains experience with this new form of organization. These scenario plans and operational concepts will need to recognize the historical and traditional roles performed by the Texas Rangers in each region, and will need to develop strategies to integrate the Rangers' role into this new structure.

Regional Directors would report directly to the Deputy Director for Law Enforcement. They would manage **across the boundaries of divisions and specialized services** accountable for information sharing, cooperation and collaboration among DPS divisional services, and coordination with local communities and their law enforcement personnel.

Regional Directors would be responsible for coordinating support provided by the Information Technology, Finance and Director's Support divisions, and would be responsible for cooperating with each other when two or more regions needed to combine forces to address a threat or solve a problem.

Chiefs of Highway Patrol, Criminal Law Enforcement and Texas Rangers would continue to develop strategy, set policy, manage programs, and be accountable for the overall statewide performance of their services. They would continue to be responsible for setting overall standards of performance, promotion, and training of personnel aligned with their division.

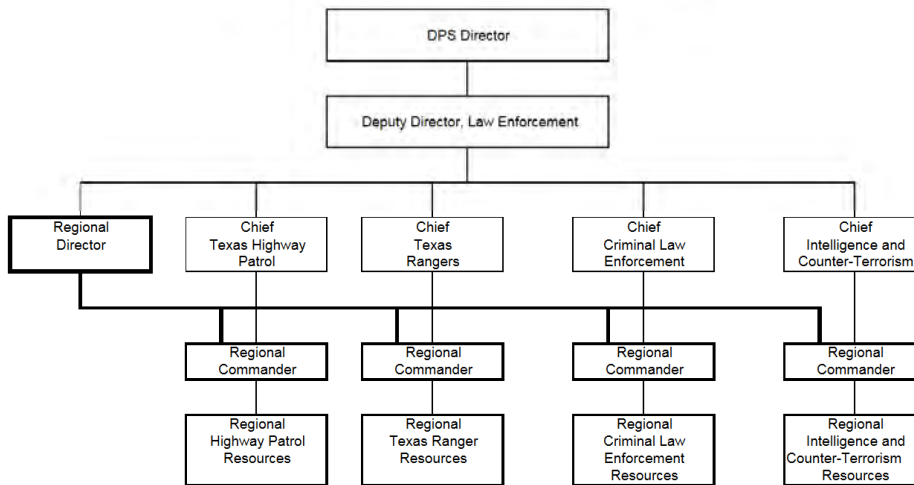
Regional Directors, accountable for law enforcement and public safety outcomes in their regions, would share planning and decision-making responsibility with Division Chiefs over resource needs, resource allocation, and resource deployment to meet overall Department objectives set by the Public Safety Commission and the Director.

Law enforcement personnel in a particular region would continue to be part of the overall chain of command of their respective divisions, and would report on a day-to-day basis up this chain of command to the commanding officer of their division in that region, typically a major or a captain. These regional commanding officers would be accountable to both their division superior in Austin and to their Regional Director for the performance and outcomes of their personnel in that region.

In this Theater of Operations model, objective setting, deployment, and accountability would be shared responsibilities between DPS central office and regions, but would be driven closer to "where the action is" and closer to where today's organizational and cultural barriers have their most corrosive effects.

The chart below provides a conceptual overview of these reporting relationships.

"Theater of Operations" Regional Command Model



Implementing a theater of operations model is an important recommendation. It will represent a major change for DPS. Its implementation will probably be difficult and internally controversial. However, the current environment dictates that it is time to move the agency away from the vertical chain of command and control model adopted so widely in the mid-20th century. The current environment dictates movement toward a more balanced management, both horizontally and vertically, to solve both local and Department-wide challenges. It provides a framework for a more appropriate balance between centralized, top-down strategy and policy setting and decentralized execution of activities and accountability for results.

Recruit nationally to fill top leadership and management roles, and open senior leadership positions to civilian (non-commissioned) candidates

The effectiveness of an organization’s leaders directly affects the organization’s overall effectiveness. Decisive, highly skilled, and visionary leaders are those who most help their organizations achieve their mission, goals, and objectives.

At least a dozen recent retirements have created a management void at DPS. The Public Safety Commission plans to engage an executive search firm to conduct a search for a new director. Many other significant leadership positions will need filling in the coming months.

To bring highly skilled and visionary new leaders to meet the challenges facing DPS, the Public Safety Commission should extend its executive search nationally, and make DPS’s top positions (Director, Deputy Directors, and Assistant Directors) open to non-commissioned and commissioned candidates alike. Historically, DPS’ has filled its top positions with commissioned officers from its law enforcement

New Management Team Roles at DPS
• <i>DPS Director</i>
• <i>Deputy Director, Law Enforcement</i>
• <i>Deputy Director, Licensing and Regulation</i>
• <i>Assistant Director, Emergency Management</i>
• <i>Chief, Intelligence and Counter-Terrorism</i>
• <i>Assistant Director, Finance (CFO)</i>
• <i>Assistant Director, Information Technology (CIO)</i>
• <i>Assistant Director, Human Resources Management</i>
• <i>Assistant Director, Administration</i>
• <i>Eight new Regional Directors</i>

divisions. Opening leadership positions to candidates outside of law enforcement will expand the opportunity to find leaders with the capabilities to bring needed change to the Department.

Implementation of the recommendations contained in this report will require a completely new management structure at the top of DPS. Deloitte recommends the creation of two senior Deputy Director positions, to lead law enforcement and license and regulation, respectively. Deloitte also recommends the creation of five new Assistant Director positions to lead emergency management, finance, information technology, human resources, and administration. Finally, the regional command model recommended earlier in this section calls for the creation of eight new Regional Director positions to coordinate law enforcement resources in the field.

Each of these new positions will be critically important to the Department, and each will call for a different set of skills, talents, and prior experience. Selection of candidates to fill these positions should be careful and deliberate. Position-specific competencies and talents should be non-negotiable as candidates are recruited and screened. The new Director should look inside and outside the Department to build a management team with a strong blend of skills in law enforcement, customer service and organizational management.

Establish a more effective governance framework between the Public Safety Commission and the DPS Director

The Public Safety Commission is a five-member governance body established by statute to oversee the DPS. The DPS director is appointed by, reports to, and supports the Commission. Assistant Directors are appointed by and report to the Director, with the advice and consent of the Commission.

A number of management voids now exist at DPS because many senior-level executives have retired in recent months. On a temporary basis, their positions have been filled by internal reassignments. In the absence of a permanent Director, the Commission has begun to assert leadership of the organization in order to initiate work on certain key initiatives.

While this level of increased Commission involvement is an appropriate response at this time, it will be important for the Commission and a new DPS Director to establish a new foundation for effective governance of DPS. Such a foundation should start with clearly defined and mutually agreed-upon descriptions of the respective roles and responsibilities of the Director, the Commission and the Commission's chair.

The three "position descriptions" on the following pages provide a starting point for discussion and refinement as the new Director, the Commission chair, and the Public Safety Commission work together to establish a decision-making framework for more effective governance of the Department.

Director, Texas Department of Public Safety**Functions:**

- Serve as chief executive officer of the Department, reporting to the Commission, and accept overall responsibility for the success or failure in enforcing state criminal and traffic laws, preventing crime, detecting and apprehending law breakers, and fulfilling regulatory and licensing duties.
- With the Commission chair, enable the Commission to fulfill its governance function, and facilitate the optimum interaction between management and the Commission members.
- Give direction to the formulation of the Department's philosophy, mission, strategy, and annual objectives and goals; and provide leadership in the achievement of same.

Responsibilities:

- With the Commission chair, develop agendas for meetings so that the Commission can fulfill all of its governance responsibilities effectively.
- See that the Commission and the chair are kept fully informed of the condition of the Department on all important factors influencing it.
- Get the best thinking and involvement of each Commission member.
- Work with the chair to make the committees of the Commission function effectively.
- With the chair, recommend the composition of Commission committees.
- Be responsible to and report to the Commission.
- Be responsible for the Department's consistent achievement of its mission and financial objectives.
- Make certain that the Department's philosophy and mission statements are pertinent and practiced throughout the organization.
- Make certain that the flow of funds permits the Department to make steady progress towards the achievement of its mission and that those funds are allocated properly to reflect present needs and future potential.
- See that there is an effective management team with provision for succession.
- Ensure the development and implementation of personnel training and development plans and programs that will provide the human resources necessary for the achievement of the Department's mission.
- Maintain a climate that attracts, retains and motivates top quality people.
- Maintain a climate that promotes open communication between executive management and the Commission.
- Formulate and administer all major policies.
- Serve as the chief spokesperson for the Department and, thereby, see that the Department is properly presented to its various stakeholders.
- Assure that the Department has a long-range strategy for achieving its mission, and toward which it makes consistent and timely progress.

Chair, Texas Public Safety Commission
Functions:
<ul style="list-style-type: none">• As chair of the Commission, assure that the Commission fulfills its responsibilities for effective governance of the Department• Be a partner to the Director, helping to achieve the mission of the Department• Optimize the relationship between the Commission and Department management
Responsibilities:
<ul style="list-style-type: none">• Chair meetings of the Commission. See that it functions effectively, interacts with management optimally, and fulfills all of its duties. Develop agendas in conjunction with the Director• With the Director, recommend composition of board committees. Recommend committee chairs with an eye to future succession• Carefully consider any concerns management has regarding the role of the Commission or individual Commissioners• Reflect to the Director the concerns of the Commission and other constituencies• Present to the Commission an annual Chairman's evaluation of the pace, direction, and organizational strength of the Department• Prepare a review of the Director and recommend salary for consideration by the Commission.• Annually focus the Commission's attention on matters of institutional governance that relate to its own structure, role, and relationship to management. Make sure the Commission is satisfied that it has fulfilled all of its responsibilities• Act as another set of eyes and ears• Serve as an alternate spokesperson• Fulfill such other assignments as the chair and Director agree are appropriate and desirable for the chair to perform

Commissioners, Texas Public Safety Commission**Functions:**

As an appointee of the Governor and representatives of the public, be the primary force pressing the Department to formulate and execute plans and policies for enforcing state criminal and traffic laws; developing procedures for preventing crime, detecting and apprehending law breakers; and promoting the importance of public safety and law observance.

Responsibilities:**Planning:**

- Approve the Department's strategic plan, and review management's performance in achieving it
- Annually assess the external environment (threat assessment, legal and regulatory framework, technology trends, etc.) and approve the Department's strategic plan in relation to it
- Annually review and approve the Department's plans for funding its strategic plan. Review and approve the Department's longer range financial goals
- Annually review and approve the Department's budget
- Biennially review and approve the Department's Legislative Appropriations Request
- Approve major policies

Organization:

- Recruit, appoint, monitor, appraise, advise, stimulate, support, reward and, if deemed necessary or desirable, change the Director. Regularly discuss with the Director matters that are of concern to him or her or to the Commission
- Seek assurance that management succession is properly being provided
- Seek assurance that the Department's organization structure, business processes, technologies and human resources are equal to the requirements of the strategic plan
- Approve appropriate compensation and benefit policies and practices.
- Annually approve the performance review of the Director
- Annually review the performance of the Commission and take steps to improve its performance

Operations:

- Review the results achieved by management as compared with the Department's mission, annual and long-range goals, and the performance of similar organizations
- Confirm that the financial structure of the Department is adequate for its current needs and its long-range strategy
- Provide candid and constructive criticism, advice and comments
- Approve major actions of the Department, such as capital expenditures on all projects over authorized limits and major changes in programs and services

Audit and Compliance:

- Ensure that the Commission and its committees are adequately and currently informed—through reports and other methods — of the condition of the Department and its operations
- Confirm that published reports properly reflect the operating results and financial condition of the Department
- Ascertain that DPS management has established appropriate policies to define and identify conflicts of interest and is diligently enforcing those policies
- Review compliance with relevant material laws affecting the Department

Create a more unified DPS culture with an increased emphasis on broadly defined “professionalism”

Today, DPS divisions operate as autonomous independent units, each with its own “culture”, i.e., division-specific histories, management structures, systems, procedures, informal processes and methods of communications. Regional “cultures” are also apparent, and mirror the area being served. Like most state agencies, there is a cultural divide between the DPS central office in Austin and its operations in the field. Finally, and perhaps most importantly, there is a pervasive cultural divide between the Department’s commissioned and non-commissioned personnel.

While there is a great deal of value in the strong traditions of organizations such as the Texas Rangers, Highway Patrol, Capitol Police, and Driver License, these traditions can and do get in the way of effective interactions between individuals in different divisions, regions or uniforms. More importantly, the multiple strong cultures within the Department work against the development of a strong and coherent cultural identity for the Department as a whole.

The new DPS leadership team will drive a fundamental makeover of DPS. They will face a challenge in establishing and reinforcing a strong and unified “One DPS” culture. Integrating services and combining like functions can be accomplished without stripping away important internal values and identities.

“Professionalism” can become an implicit fourth part of the Department’s motto: “Courtesy, Service, Protection,” and Professionalism. DPS should build on its justifiable existing pride in law enforcement professionalism and broadly promote the value of professionalism across all services and activities: professionalism in leadership, law enforcement, customer service, information technology, financial affairs and human resources.

Working under this banner, DPS leaders must drive the components of the organization to work as **one team**, addressing **statewide priorities**, guided by a **unified strategy**.

Expand and improve the biennial strategic planning process to drive more frequent and detailed department-wide and business unit operational planning

Every two years, each Texas state agency develops and publishes a forward looking (five year) strategic plan, following guidelines established by the Legislative Budget Board.¹

DPS conducts the required biennial strategic planning process, and the resulting document is useful to decision makers. It describes progress against performance measures. It examines the activities and challenges for each division and the Department as a whole. It presents a scan of the external environment, indicating trends in crime, demographic changes and other important determinants of the activities of DPS such as federal mandates (e.g., Real ID), policy changes and external relationships. All of these are requirements of the LBB.

Perhaps because the Legislature drives the planning process and the planning document is a part of the legislative appropriations process, the Department appears to approach strategic planning as a compliance activity rather than a governance and leadership activity.

The biennial planning exercise does not live up to its promise. It does not appear to drive or connect with other planning activities of the Department. In fact, the reverse appears to be true,

¹ Instructions for Preparing and Submitting Agency Strategic Plans Fiscal Years 2009-2013. Governor’s Office of Budget, Planning and Policy. Legislative Budget Board. March 2008.

with the plan document representing a summation or individual departmental performance priorities.

The two year planning cycle meets the needs of the legislature but does not lend itself to the more frequent needs of the Department to plan, manage, evaluate and control its operations. The plan is not treated as a “living document” in that it is not regularly consulted, periodically updated, or routinely used. It does not flow into an annual internal operating plan or detailed business unit plans. Involvement of internal and external stakeholders is limited.

Measurement of unit performance, program effectiveness and return on investments is very limited. The plan does not establish internal benchmarks or targets against which progress might be measured, or specific goals targets for projects. The plan does not appear to include detailed financial or budget evaluation. It is silent on contingency or risk planning. There is no mention of how intelligence gathered by law enforcement informs elements of the plan. The goals of support functions are not well linked to law enforcement or customer service goals.

The new DPS Director, working closely with the Public Safety Commission and a new leadership team, should lead an effort to improve the Department’s strategic and operational planning process by addressing the criticisms above. DPS can use the existing strategic planning process as a springboard for major improvements in its ability to control and integrate its operations.

Enhance internal and external communications

Clear and effective communication is essential to the basic operations of any large organization. At DPS, the pervasiveness of “need to know” and other aspects of the DPS culture have hampered effective communications within the agency and with external stakeholders. Current communications practices, processes, and systems are limiting factor to the Department’s ability to make the changes recommended in this report.

Processes for communication are highly inconsistent. To cite one example, recent recruits often receive different information about policies and procedures than those staff already in place. DPS’s “need to know” culture inhibits communications by keeping key staff members out of meetings related to topics for which they have responsibility, or restricted in the information they are allowed to share with external stakeholders.

Lack of basic communications technology tools in the Department also hampers clear communications in both law enforcement and other business functions. For example, not all staff have access to departmental email. As a result, DPS lacks a simple but effective tool for communicating with all of its employees at once.

To improve its communications capability DPS should develop and implement a communications strategy that addresses both internal and external communication needs. With an initial understanding of the current state described elsewhere in this document, DPS could address communications weaknesses with existing tools like email and voicemail systems, and non technical improvements in basic communications practices.

Improved communications will be necessary to support the many internal changes undertaken by the Department. The rationale and plans for upcoming organizational and policy changes must be communicated quickly and clearly. Good communications can actually increase employees’ understanding of and willingness to change.

Externally, improved communications will be essential to helping DPS improve its image and credibility as it conveys information about the plans and needs of the Department to lawmakers, oversight agencies, and the public.

Deloitte recommends that DPS undertake a number of other organizational alignment improvements, as listed in the chart at right.

Other Organization Alignment Recommendations
<ul style="list-style-type: none">• <i>Address span of control throughout the organization while better aligning the functions.</i>• <i>Establish a specialized unit to focus on enterprise wide strategy and innovation.</i>• <i>Establish a specialized unit to focus on innovative financing opportunities and more proactive grants management (e.g., pursuit, application, distribution, and coordination of grants).</i>• <i>Establish a specialized unit to focus on identifying and managing risks across the Department.</i>

Create an Intelligence and Counter-Terrorism Division with a robust fusion center to facilitate information sharing and intelligence-led policing

Subsection 4.2

The world of public safety and law enforcement has changed dramatically over the past 25 years. Beginning with the rise of cross-national criminal organizations and culminating with the 9/11 attacks, it is no longer possible — if it ever was possible — to address large-scale criminal threats simply through interdiction and investigation. Public safety and law enforcement agencies require sophisticated information gathering, analytical tools, instantaneous communications, the ability to share information within and outside the organization, and the ability to convert information into actionable intelligence.

The 9/11 commission identified information sharing as one of the key failures in the federal government's efforts to prevent terrorist acts. Since 9/11 the concept of "responsibility to share" has replaced the old concept of "need to know and right to know" for government agencies at all levels. While this presents unique challenges to the law enforcement community, ensuring that information gets to those who need it when they need it is now a top priority.

Seven years after 9/11, the Texas Department of Public Safety still has a major problem in the way it gathers, analyzes, manages and shares information, and this problem was the most often-cited concern by DPS personnel in the course of this study.

Information sharing problems are pervasive, hampering collaboration between divisions, between units aligned under divisions, and between field and central office. Operational intelligence developed by geographically and organizationally isolated units often stays locked in the unit or its parent division. Multiple division-specific criminal information and case databases have limited capability to exchange information with each other.

The lack of integration among DPS law enforcement IT systems, combined with the limited capabilities of each, is one of the least effective aspects of the DPS law enforcement capability. These three systems often carry varying levels of information about the same case, but there is no easy way to put this information together. Information entry is different for each system with varying levels of detail. Oftentimes, officers rely on "water cooler conversations" to get information they need.

Interviewees suggest that the Department's Criminal Law Enforcement Reporting and Information System (CLERIS) is actually an impediment to effective policing because the level of effort required is very high. Interviewees cited repetitive data entry, slow system response times, and cumbersome screen navigation as key problems.

Based on interviews, there is a strong desire among law enforcement personnel for a single point of contact or "one-stop shop" for information. They indicated that the Department's fusion center could be the answer, but that it is not fulfilling that need today. Rank-and-file troopers and investigators indicate that it is sometimes easier to get the same information from local policing agencies than from DPS.

Better information gathering and sharing, combined with a greater emphasis on analysis and intelligence can help DPS with operational planning and the capability to supplement its traditional method for investigations. DPS has moved in the right direction by establishing a Fusion Center within the Criminal Law Enforcement Division. However, it is too organizationally isolated and has not been developed to the point of being able to provide both Departmental and statewide leadership in information and intelligence. DPS has a significant opportunity to coordinate information exchange among law enforcement agencies statewide by expanding its fusion center capabilities and elevating its importance.

Improving DPS' ability to share information and manage intelligence is critical. To do so, DPS must provide better resources for its law enforcement personnel to do their jobs more effectively and safely. "Intelligence-led policing", derived through targeted information collection and analysis, can and should support the agency's activities, from Department-level planning down to priority setting for individual officers.

As DPS strengthens its information gathering, sharing and analyzing capabilities, it should begin to adopt the concept of intelligence-led policing, and use the resulting intelligence to establish goals, set priorities, deploy resources, and measure results.

Key Recommendations

Deloitte's specific recommendations related to these themes are below. It is important to note that the Governor's Office of Homeland Security recently submitted recommendations to the Public Safety Commission covering several of the following topics in detail. Deloitte's recommendations complement this effort.

Establish a separate "Intelligence and Counter-Terrorism Division," to allow for integration of investigations and intelligence across the Department

Currently, no single Division within DPS is responsible for counter-terrorism and homeland security initiatives. The Department should consolidate intelligence gathering, external outreach, and homeland security-related information sharing with government and private sector agencies into an "Intelligence and Counter-Terrorism Division" reporting to the Deputy Director of Law Enforcement. This new division would incorporate the current Bureau of Information Analysis, Criminal Intelligence Service, and the Fusion Center. It should coordinate the various sources of intelligence, such as the local fusion centers in Houston and North Texas, Border Joint Operations Centers, intelligence support centers for High Incidence Drug Trafficking Areas, outside agencies and all DPS divisions.

This Division would lead information sharing, both internally and externally, and the Department's intelligence-led policing, counter-terrorism, and homeland security efforts against large-scale criminal conspiracies and other threats to the State of Texas. As part of the organizational realignment, this new unit would work to improve the information flow up, down and across the Department. It would establish accountability for information collection, analysis and dissemination. The new division should also be responsible for providing internal and external counter-terrorist and criminal intelligence training.

The Division should have a Special Operations unit, which would be deployed to conduct protective counter-surveillance on the Governor's protection detail, the Lieutenant Governor, visiting dignitaries, the State Capital and Governor's Mansion. The protection of these potential targets should be intelligence driven.

The Special Operations group would also be used to back-up undercover officers targeting violent criminal gangs, if intelligence analysis of such groups suggested that the gang's weapons surpass the firepower capabilities of the "normal" undercover officer.

The Special Operations group would be the "eyes and ears" of the Intelligence & Counter-Terrorism division by tasking and deploying "collectors" of information deemed to be important to the overall intelligence and counter-terrorism effort. The unit should be organized to enable it to shift quickly into law enforcement operations, based upon threat intelligence. Information about intelligence or security gaps could be used to help fill those gaps or look for threats, filling a great need on the counter-terrorism front, and improving overall analysis capabilities.

Implement a shared case management system, a secure intranet, and other communications technology that promotes secure exchange of information for the use of DPS law enforcement divisions

A more unified DPS will require a case management system that the law enforcement divisions can readily share. The current CLERIS case management system is cumbersome for data entry and information sharing; DPS should review it to see if it can be cost effectively upgraded or expanded.

If CLERIS cannot meet the information sharing needs of a more unified DPS, the agency should look in to the purchase or development of a modern case management system that is user-friendly and intuitive, scalable and accessible, and secure.

DPS should also acquire the technology that enables secure communications and information sharing across the enterprise and with external stakeholders. The Department should seek to modernize and make more secure its day-to-day communication activities, including e-mail access, internet, and intranet.

In developing and integrating these advanced technologies, DPS must install the proper data security safeguards. This is particularly true if DPS is to play a role coordinating classified information from federal, state, and local agencies. The Department's Chief Information Officer will need to work closely with Law Enforcement and Law Enforcement Support Divisions to implement this recommendation.

Expand the existing Fusion Center at DPS to become the State's central point for the collection, analysis, and dissemination of criminal, terrorist, and homeland security related information

DPS has limited information sharing with outside agencies. The Texas Fusion Center—a recently created DPS unit, has little or no outside agency involvement.

This contradicts the very concept of a fusion center, which is a collaboration of several organizations. Further, it reports into the middle-level of the DPS organization and has limited means of interaction with law enforcement officers in the field.

DPS is missing an opportunity to be the leader in law enforcement information sharing and intelligence gathering statewide. DPS can strengthen its unique position in relation to local and federal law enforcement agencies by taking working more closely with the other two fusion centers in Houston and North Texas, and taking steps to become the center of law enforcement criminal information and intelligence for Texas.

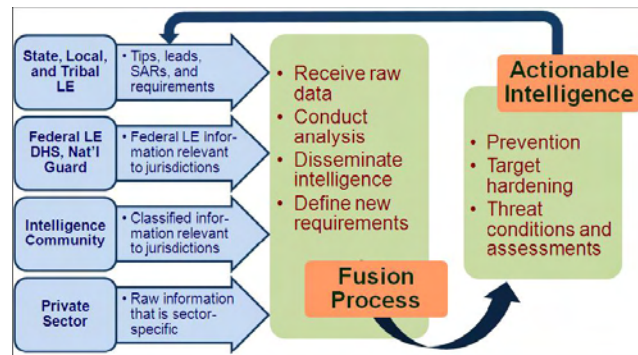
DPS can start with its existing fusion center (also known as the Texas Information Analysis Center) as the foundation. In the new organizational model, the fusion center would be elevated to the new Intelligence Counter-Terrorism Division within the Law Enforcement Division and would have the organizational standing to coordinate federal, state, and local agencies.

Under US Department of Homeland Security guidelines, the Governor should designate a lead fusion center in states where there is more than one. That designated fusion center then must develop information sharing strategies with the other fusion centers within the state. The Governor has designated DPS as the lead. By state statute, DPS is designated as the State's repository for the collection of multi-jurisdictional criminal intelligence information, with the primary responsibility to analyze and disseminate that information. Unfortunately, the existing DPS fusion center has not yet reached a level of capability where it can assume the lead in coordinating information within the state and become the primary link to local and Federal agencies.

Fusion Center Baseline Capabilities

- *Management/Governance*
- *Planning and Requirements, Development*
- *Security*
- *Information Gathering/Collection and Recognition of Indicators and Warnings*
- *Information Sharing*
- *Intelligence Analysis and Production*
- *Intelligence/Information Dissemination*
- *Reevaluation*
- *Modification of Requirements*
- *Information Technology/Communications Infrastructure*
- *Systems and Equipment*
- *Facility Location, Personnel & Physical Infrastructure*
- *Funding*

The Fusion Process



DPS should assume the lead in coordinating information within the state and become the primary link to local and Federal agencies. DPS should develop an operating and business plan for the center. The business plan should include a strategy for engaging local, county, municipal, and federal law enforcement, border patrol and other investigative operations in information sharing, intelligence gathering, and data analysis. The plan should address the provision of appropriate and varying levels of access security to the various participating entities and individuals.

The development of a terrorism liaison program will be an important addition to the center's capability. The center should look to federal Fusion Center Baseline Capabilities Guidelines as it further develops its capabilities. The center should ensure that solid privacy and data security policies are in place that conform to Federal and State guidelines.

DPS should establish an advisory panel for the fusion center, as required in the Department of Homeland Security Fusion Center Baseline Capabilities Guidelines. Then it needs to develop a "concept of operations" and a business plan using these guidelines as a roadmap. This will help define where the current fusion center is deficient and where to focus initial efforts.

The business plan should include a strategy for engaging local, county, municipal, and federal law enforcement, border patrol and other investigative operations in information sharing, intelligence gathering, and data analysis; it should include a marketing strategy to make the operation visible to funding sources. The center should ensure that they have a solid privacy policy in place that conforms to Federal and State requirements. The development of a liaison program would also be an important addition to the fusion center's capability.

Use the US Department of Homeland Security/US Department of Justice Technical Assistance Services

DPS and the Texas Fusion Center should take advantage of technical assistance provided by the US Departments' of Justice and Homeland Security intelligence gathering and analysis capabilities. The assistance program has helped numerous agencies and fusion centers nationwide by bringing in state and local officers with extensive prior experience in fusion center development and intelligence operations. This technical assistance will prove extremely helpful in enhancing the fusion center so that it not only meets basic federal guidelines, but also significantly exceeds them by drawing on the innovative practices and knowledge of advanced technology in other organizations.

Move DPS toward Intelligence-Led Policing

An enhanced information sharing environment, new technology and leading-edge fusion center will support a movement toward intelligence-led policing in DPS. Intelligence-led policing

combines agency-wide collaboration, problem solving, policing, information sharing and accountability with enhanced intelligence operations integrate intelligence into the programs and planning of the organization.

The new DPS Director should champion intelligence-led policing, and should articulate it as a priority for the Department. The DPS leadership team would then develop priorities for information and provide these priorities to the Intelligence and Counter-Terrorism Division to establish the types of information needed to support the agency strategy for meeting future threats. The development of a plan for collecting information and converting it to intelligence would form the basis for future actions.

Create a more comprehensive human resource strategy to attract, retain, and promote the necessary talent; build an integrated Human Resources Management function

Subsection 4.3

DPS has over 8,000 staff members who are central to its success. They are the backbone of Texas law enforcement. Their pride of service and civic duty is the envy of law enforcement agencies in many other states. It is critical that DPS act to sustain this level of commitment, service, and sacrifice.

Several challenges exist for DPS in its recruiting efforts, because the number of talented and motivated applicants is steadily declining. In summary, DPS has to work harder to attract qualified commissioned and non-commissioned candidates, as well as to retain those it has hired and trained. These recruitment and retention challenges are not unique to DPS. Other law enforcement agencies and the military are competing over a limited pool of qualified candidates. Many of these have “better weapons” in the form of more attractive salaries, benefits, and cultures.

In such a competitive environment, employees know they have choices. If their expectations are not addressed, they will move elsewhere. Turnover rates at DPS averaged 9% overall in fiscal 2007, with a 5% turnover rate for commissioned staff and a 12% turnover rate for non-commissioned staff.

DPS faces challenges attracting non-commissioned staff due to a growing national talent shortage as “baby boomers” retire. It is also experiencing challenges in attracting recruits to its Training Academy. Several units are already understaffed. Salaries have been found to be non-competitive for commissioned personnel, and interviews suggest that non-commissioned staff believe the same is true for non-uniformed positions at DPS. Taken together, these trends and beliefs suggest that position vacancies are likely to rise.

DPS’s compensation structure hampers its efforts to compete for and retain talented people. A recent study by the State Auditor found that the Department fails to provide competitive salaries and other benefits to its uniformed employees².

² <http://www.sao.state.tx.us/reports/main/08-707.pdf>

Salary Ranking Based on Maximum of Salary Range (Based on Maximum Rates for Police Officer, Senior Police Officer, and Corporal positions)			
Local Law Enforcement Department	Ranking based on Maximum Base Pay Available	Maximum of Salary Range	Local Law Enforcement Department Maximum as a Percent of State Maximum Salary
City of Austin	1	\$ 87,787	152%
City of Fort Worth	2	\$ 75,067	130%
City of Dallas	3	\$ 71,273	123%
City of San Antonio	4	\$ 61,764	107%
Harris County	5	\$ 58,052	101%
City of Houston	6	\$ 56,893	99%
City of El Paso	7	\$ 55,612	96%
Average		\$ 66,635	
State of Texas		\$ 57,733	

The table above from the State Auditor’s report illustrates this point. It shows that five of seven large local law enforcement agencies in Texas offer police officers, senior police officers and corporals maximum base pay higher than the Department’s maximum base pay for comparable positions. And in Austin, Ft. Worth and Dallas, the pay is **substantially** higher. It is also interesting to note that local competitive salaries vary widely across the state, from \$55,612 in El Paso to \$87,787 in Austin, a difference of \$32,000. DPS salaries across the state are uniform, so troopers in El Paso are slightly better compensated than their local peers, while those in the three aforementioned cities suffer by comparison. Finally, it should be noted that some DPS competitors are offering signing bonuses of as much as \$40,000 to fully trained DPS academy graduates³, an incentive that DPS cannot match. Departure of an experienced and Academy-trained officer represents not just a loss of the officer, but a significant loss of the State’s investment⁴ in training and developing them.

The value that DPS employees bring must be preserved and strengthened in order to meet the demands of a 21st century public safety organization. However, the challenges experienced cannot be effectively addressed using the Department’s current approach. In summary, DPS needs plan and manage human resources in more modern ways, starting with the concept that its workforce needs to reflect its overall strategy.

Key Recommendations

Deloitte’s recommendation to consolidate human resources management functions under a new Assistant Director for HR was discussed earlier in this report. In addition, Deloitte developed a number of recommendations to address the challenges that DPS experiences related to human resources management practices. Key recommendations are discussed below. Additional recommendations are listed at the conclusion of this section. More detailed discussions of all HR-related recommendations are provided in supplementary materials.

³ The Governor’s Office of Homeland Security, “Texas Department of Public Safety Recommendations to Public Safety Commission,” March 2008. p.26.

⁴ The Governor’s Office of Homeland Security, “Texas Department of Public Safety Recommendations to Public Safety Commission,” March 2008. p.26.

Take action on the State Auditor’s Report on commissioned personnel salary and address base pay, overtime pay, shift differentials, and regional wage rates

Numerous studies, including a most recent study by the Texas State Auditor, have shown that compensation for DPS commissioned employees is lower than other state and local law enforcement entities⁵. Additionally, during interviews with over 375 stakeholders, compensation was consistently a top of mind concerning for both commissioned and non-commissioned staff. However, interviewees also noted that pay disparities are but one part of the problem. Compensation strategy also needs to be fair and consistently applied. Demonstrations of appreciation for employees’ performance are also an important psychological component of compensation. Pay alone cannot ensure workforce engagement and long-term high performance. Pay needs to be balanced with improvements in other workplace conditions, such as leadership, development opportunities, safety, teamwork, and job security.⁶

Improving the compensation structure of DPS is also challenged by the following:

- DPS does not have an approach to address differences to account for large variations in prevailing regional wage rates across the state
- DPS has limited ability to provide needed incentives to attract employees to locations that are considered to be undesirable
- DPS has limited ability to provide a shift differential
- The frequency of pay increases is inconsistent
- Yearly cost of living adjustments are not applied across the board

DPS policy allows employees to hold secondary employment⁷ outside the organization, and many uniformed employees take advantage of this benefit. However, requests for secondary employment are approved inconsistently across the organization. Overtime policies⁸ provide overtime pay to non-commissioned personnel, and to commissioned personnel below captain level, only after 171 hours are worked within a period of 28 calendar days. Paid holidays and leave are not included in this calculation. Since base salaries are already lower than those paid by many other agencies, DPS employees are particularly critical of this policy.

Improve non-commissioned personnel compensation (i.e., base salary, overtime, and compensatory time) against other Texas state agencies, and take action to address discrepancies and deficiencies

DPS’ Strategic Plan cites an increase in turnover in several non-commissioned employee groups, including research specialists, crime analysts, IT professionals, and driver license technicians and examiners. Efforts to address this problem are hampered by the fact that DPS personnel appear to widely believe that the Department’s pay and promotion patterns penalize incumbents and hamper recruitment of non-commissioned personnel in comparison to peers in similar agencies.⁹

⁵ Texas State Auditor’s Office. “A Report on The State’s Law Enforcement Salary Schedule (Salary Schedule C) and Law Enforcement Position Parity.” SAO Report No. 08-707. August 2008.

⁶ Baldrige National Quality Program. “2008 Criteria for Performance Excellence.” Page 42.

⁷ Texas Department of Public Safety, “General Manual.” Chapter 7, Section 36.03.

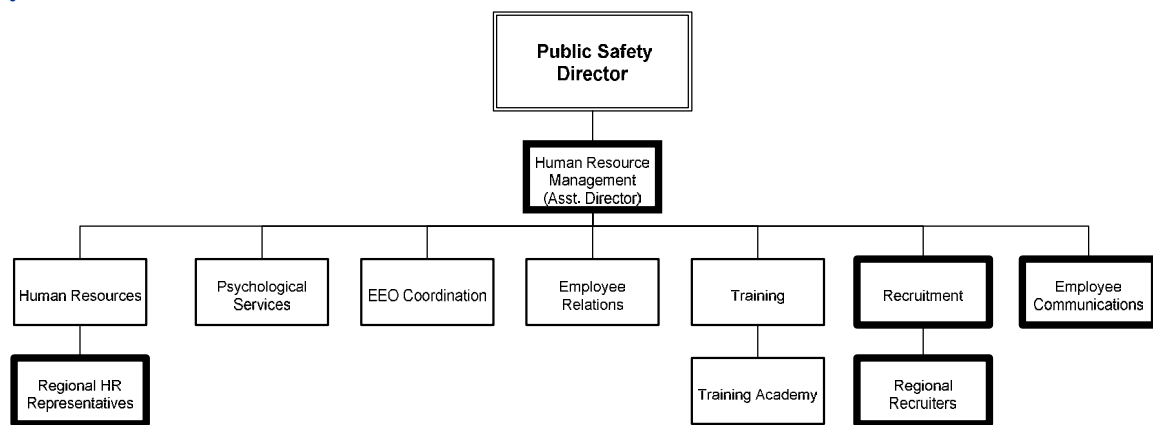
⁸ Texas Department of Public Safety, “General Manual.” Chapter 7, pages 7-16 – 7-20.

⁹ Texas Department of Public Safety “Agency Strategic Plan (Including Polygraph Examiners Board) Fiscal Years 2009-2013,” July 11, 2008.

Low and infrequent across-the-board pay adjustments for non-commissioned personnel also contribute to DPS' recruitment//retention challenges. In the past, while the Legislature has approved annual salary increases for commissioned law enforcement personnel, non-commissioned personnel have gone several years before receiving small increases in salary. Moreover, cost of living adjustments are not provided. The Department and other state agencies use common salary ranges established by the Texas State Auditor¹⁰ for each classified position. Yet, DPS employees widely believe that they make less than their counter parts in other agencies. They typically start at the lowest step in the pay range, receive infrequent raises for performance, and are not promoted up to higher paying positions as quickly as their peers.

Based on the report of State Auditor that reviews departments' pay practices, DPS employees' perceptions are correct. In its most recent report shared with the Deloitte team, the State Auditor reports that 74% of DPS employees (versus 46% for all State employees) are paid in the bottom quartile of the applicable pay schedule and 96% are paid in the bottom half of the pay scale. To address these widely held concerns, DPS should analyze its current pay practices against the State Auditor's findings and other departments' pay practices and bring DPS pay up to the state standard.

Bring all human resources related units and programs under management of an Assistant Director for Human Resources



Human resources management should include activities such as employee recordkeeping, training, leadership and management development, pay/classification and benefits, performance management, recruitment and selection, employee relations and communications. Within DPS a number of these activities are the responsibility of field officers, supervisors and managers of the several divisions and units. The current Human Resources department is a small unit under the Administrative Services Division responsible for administering the job classification/pay and benefit programs, employee recordkeeping, workers' compensation and employee safety, and coordination and testing of candidates for commissioned positions. Also within the Administrative Services Division is an employee assistance program (EAP) called Psychological Services, Training - the unit responsible for training and leadership development of commissioned officers and an EEO officer. A separate employee relations officer reports to the Department Director upon recommendation of the Sunset Commission. Divisional supervisors

¹⁰ Texas State Auditor's Office. "A Report on The State's Law Enforcement Salary Schedule (Salary Schedule C) and Law Enforcement Position Parity." SAO Report No. 08-707. August 2008.

perform other human resources activities including recruitment, employee relations and discipline/performance management. There is no field HR staff. Responsibility for other personnel matters, like employee communication and non-commissioned personnel training, is difficult to isolate.

Deloitte recommends that DPS create an integrated Human Resources Management division led by an Assistant Director. Consolidate under the direction of a visionary and highly skilled Chief Human Resources Officer (CHRO) units currently managed separately and deploy a field HR staff within each region to support supervisors with human resources policy interpretation, employee relations, communications, recruitment, training and recordkeeping activities. The expected benefits are substantial.

One benefit will be to relieve front-line supervisors and managers of administrative tasks that take them away from improving the quality and productivity of both law enforcement and licensing and regulatory activities. Another benefit will be improved consistency in human resources policy interpretation and application across the regions, an issue raised during field interviews conducted by the Deloitte team. Deloitte anticipates that the quality of human resource services will improve when delivered by trained specialists and/or when supervisors and managers have the support of and confidence in skilled human resources advisors who are closer to operations.

Update the Training Academy curriculum and other continuing education courses

The DPS Training Academy provides six months of training for new recruits. While many topics are covered, DPS should periodically review the program to identify new training needs that should be addressed. The Academy training program has not been significantly updated in a number of years. Interviewees suggested that the Academy curriculum needs to be updated to include such new courses as training in hand-to-hand combat and other defensive tactics to improve officer safety, as well as training in driving skills associated with pursuit driving and vehicle handling. In addition, DPS should consider providing an abbreviated course for new employees with prior law enforcement experience and for recruits coming from a military background. Such a change could help reduce training costs and aid in recruiting the right candidates.

Beyond the Training Academy, DPS has access to many continuing education programs for law enforcement (via Northwestern University, the Texas Police Association, and the FBI). However, these opportunities are available only to a few, and are attended inconsistently throughout the organization. The Department needs to enhance its approach to the use of such programs.

Finally, the Department lacks training programs in certain key non-law enforcement skills which will be of critical importance as the department undertakes a major change initiative. It should seek to develop or acquire access to training programs in leadership, budgeting, strategic management, performance management, financial management and relevant information technology.

Develop a modern training program that includes a form of remote classroom training such as computer-based training (CBT) or web-based training (WBT)

The vast majority of the Department's training course delivery occurs in Austin. Budget and travel time discourage regional staff from attending courses from which they might benefit. Orientation for new hires is provided in Austin, but not in field offices, where most new hires occur. Employment-related paperwork is often provided to a new employee by their direct supervisor, who may not be well-informed about benefits and options available. Field interviews suggested that some law enforcement staff received limited or inadequate formal training on a new in-car system or new digital radios.

By developing web-based and computer-based training for employees in the field, these geographic impediments can be overcome and the time, cost and effort related to travel will be greatly reduced.

Expand the leadership development program to include more business management and employee development training, as well as rotational programs

Traditionally/historically DPS leadership positions are filled from within. Employees ascend through the ranks because of their outstanding performance as law enforcement officers. However, even the very best new leaders may lack business skills that are essential for leading such a large and complex organization as DPS.

The Department's current management training offerings are inadequate for building the needed skills of future leaders tasked with addressing the myriad organizational challenges DPS faces. It is critical that DPS organize an effective leadership development program to ensure that the future leaders of DPS receive training and mentorship in leadership and management skills throughout their career.

Key benefits of such a program include:

- Development of capable leaders to drive performance and manage change
- Increased retention rates for top talent due to career growth opportunities
- Improved efficiency because capable leaders and their teams are more productive
- Increased employee loyalty driven by effective role models
- Increased identification of organizational improvement opportunities

DPS does not have a formal rotational program for potential management candidates. New managers often assume a new leadership role without having an understanding of how other DPS divisions operate. They often also lack general DPS-specific skills or knowledge of such key functions as strategic planning, budgeting, and resource allocation. Without effective guidance and learning around these critical processes and practices, these new managers risk performing these duties incorrectly or ineffectively. A formal rotational program for both commissioned and non-commissioned management candidates would provide emerging leaders with the opportunity to work in various regions, headquarters, and, if relevant, in different functions. This would expose them to different experiences and learn from those already performing management duties at DPS.

Other Recommendations

Deloitte recommends that DPS undertake a number of other human resource management improvements, as listed in the chart at right.

Other Human Resource Management Recommendations
<ul style="list-style-type: none">• <i>Provide incentives to attract employees to relocate to high cost-of-living areas or undesirable locations</i>• <i>Develop and implement a comprehensive recruiting program to identify, recruit, and provide incentives to high quality candidates for critical workforce segments</i>• <i>Revise the recruitment strategy to target experienced candidates from other federal, state, and local law enforcement and armed forces agencies</i>• <i>Create job descriptions for all roles in the Department.</i>• <i>Review the appropriateness of employee physical fitness quality standards</i>• <i>Revise the employee evaluation process to focus on performance that supports that Department's priorities</i>• <i>Create and update career paths for both commissioned and non-commissioned personnel</i>• <i>Create flexible resource planning, allocation, and deployment models for all divisions</i>• <i>Communicate more effectively with the legislature about resource needs related to new legislative mandates</i>• <i>Rewrite the policy manual(s) to eliminate antiquated policies, update and publish the manual(s) regularly</i>• <i>Standardize and automate HR processes and procedures</i>• <i>Improve training in customer service, driver license program requirements, supervision, and management.</i>

Overhaul financial management processes and systems to provide financial transparency and accountability.

Subsection 4.4

As discussed elsewhere in this report, DPS needs to transform its organization, operations, and technologies. Legislative support and Public Safety Commission leadership will be essential to this effort, as will an aligned and well informed DPS management team. In order for these conditions to be met, the Department will need to do a better job of getting its financial house in order. This will require much stronger financial management processes and systems than those in place today.

DPS is already a complex, billion-dollar business. It will likely continue to grow in size and complexity as new requirements and mandates evolve. Managing the finances of such a large organization requires a level of financial professionalism and technical sophistication which DPS does not currently have.

For example, DPS' several internal accounting systems are old, home grown and not integrated with one another. Some units use spreadsheets and simple PC databases to manage their financial affairs. Managers find it difficult to analyze spending or control costs, much less to plan.

The strategic planning and budgeting processes are not well linked to the Department mission and changing environment. Purchasing practices are antiquated, cumbersome, and fragmented. For example, DPS currently has at least four types of procurement cards — each covering different types of products — but since it delegates purchasing authority on a per-product basis, some individuals must carry and manage all four cards.

Improving DPS's financial functions and systems is a critical element in DPS' transformation, as these support and provide information to control the Department's other law enforcement, emergency management, and regulatory functions.

Key Recommendations

Deloitte's recommendation to create an Assistant Director for Finance was discussed earlier in this report. In addition, Deloitte developed a number of recommendations to improve DPS' core financial management functions. The following key recommendations are most important.

Actively work and communicate with the state legislature, Governor, and other stakeholders to rebuild trust around the stewardship of funds, identify appropriate funding levels and sources, and links between statewide goals and DPS funding

DPS's current financial reporting processes have not supported clear communications or built credibility with the Legislature or Governor's Office. Budget shortfalls have undermined the trust of these key stakeholders in the Department's financial management capabilities, and by extension, in DPS's capability to undertake new and necessary initiatives.

While many of these problems originated in weak underlying financial systems and procedures, they have been exacerbated by the Department's overall approach to communications. Internal cultural divisions, organizational silos, and a tradition of limiting communications on the basis of "need to know" have all resulted in less than effective interactions between DPS and the Legislature and Governor's Office.

As noted in an earlier section, the Department's biennial strategic planning and related legislative appropriations request could be markedly improved from their current compliance orientation. These traditional processes can and should form the basis of a new effort on the part of the incoming DPS leadership team to proactively engage these key external stakeholders in development of its plans and strategies for the future.

The Public Safety Commission can and should play a key role in this effort after governance relationships between the Commission and DPS staff are improved.

Create better linkages between the Department's financial management strategies, the strategic plan, and Departmental priorities

DPS's current budgeting process is not well linked to the Department's strategic goals and objectives. Its Accounting and Budget Control Section acts primarily as a controller and assembler of required financial reports, not as a center of financial management or strategy. Current financial management processes lack connections between:

- Expenditures, purchasing and strategy
- New programs and performance measures
- Investments and outcomes for capital spending, training or new programs
- Current state budget conditions and future state funding options and strategies
- The finance function and the strategic planning process

DPS can take steps to better link finance functions to wider Department priorities. It should expand the role and elevate the leadership visibility of financial management by organizing related financial functions under an Assistant Director who serves as the agency's CFO.

DPS should develop a financial strategy that addresses the weaknesses outlined above. Managers in charge of this strategy should be an integral part of the team which develops the Department's overall strategic plan. The new CFO should drive the Department to take a broader and longer term view of financing, so that attention is focused on laying the groundwork early for needed investments in technology, facilities, equipment and personnel. DPS should strive for transparency in its financial processes and respond to calls for greater accountability by developing and using appropriate internal performance measures as a tool for managing the organization.

Obtain better information technology to support the Department's management of human resources, finance, accounting, budgeting, procurement, and asset/inventory management

Currently, DPS accounting units have a very slow workflow and are hampered by disconnected tools and systems that are not integrated with one another. Employees expend time and effort searching for and processing paper files. They still largely depend on paper-based processes as a primary mechanism for financial control. A high level of effort is required to prepare, track and consolidate these documents. As a result, it is difficult to develop periodic reports on the current

financial position of individual units or the Department as a whole. Such reports are essential in today's increasingly complex environment. DPS must bolster its business operations with technology tools that will give managers across the Department quick access to important financial and operational data.

The Comptroller of Public Accounts is leading an effort mandated by HB 3106 to explore options for a statewide enterprise resource planning (ERP) system. The scope of this major effort is outlined in the box at right. An Advisory Council and several working groups have been formed to develop a plan for a statewide ERP.

A Business Case Study was published by the Advisory Council on September 19, 2008. It recommends replacement of existing statewide legacy administrative systems (USAS, USPS, SPA, SPRS, HRIS, TINS) with a new, fully integrated, commercially-available ERP system that the Comptroller's Office would operate as an application service provider (ASP) for all State agencies except health and human services agencies. Implementation and rollout would occur in fiscal 2010, 2011 and 2012.

While the legislature placed certain restrictions on agencies pending a final direction under HB 3106, agencies are not prohibited from acquiring and implementing financial management software. The Comptroller's HB 3106 workgroup has established a relatively straightforward procedure and a one-page request form for state agencies to request approval from the Comptroller for ERP

investments that are synchronized with the overall statewide effort. The procedure appears to give DPS the latitude and responsibility to plan for interim appropriate investments in financial software, working closely with the Comptroller's office.

Looking to the future, DPS should take a more active role in positioning itself to benefit from the advanced capabilities that would be provided by a statewide ERP solution provided and operated as a service bureau by the Comptroller.

As a first step, the Department should assign additional staff to get actively involved in each of the working groups that have been and will be formed to address particular elements and requirements of a statewide ERP. DPS is currently participating in only one of these groups, Fleet Management.¹¹ Participation in these work groups will raise the chances that the eventual statewide system meets DPS needs, once it is developed. More importantly, involvement in the statewide effort will provide the Department with the information it needs to prepare the organization and budget for participation as a "customer" of the statewide application service provider.

It should be noted that a current study conducted by the Gartner Group will likely result in a number of recommendation for DPS information technology operations. The Department will

Probable Scope of a Statewide Enterprise Resource Planning (ERP) System

The Statewide ERP Advisory Council includes the following applications in its definition of the scope of a statewide ERP:

- General Ledger
- Accounts Payable
- Accounts Receivable
- Budgeting
- Inventory
- Asset Management
- Billing
- Payroll
- Projects
- Grants
- Human Resources
- Procurement
- Fleet Management
- Data Warehousing

¹¹ <http://www.texaserp.org/review/index.html>

benefit from integrating Gartner’s recommendations into the broader change initiatives described in this report.

Restructure the operating budget to allow for better data gathering, reporting, and management

Strong financial management functions regularly and proactively gather and analyze detailed spending data, industry trends, demographics, and other information in order gain perspective and adjust plans and direction. They rely on sophisticated accounting and reporting tools to routinely measure, analyze, review, and improve operations across the organization. They are not just stewards of funds, but developers of strategy and catalysts for change. DPS needs these same capabilities.

However, DPS lacks one of the most basic financial management tools — an adequately detailed operating budget which is used on a daily basis to monitor financial performance against plan and inform real-time management decisions.

The current operating budget is based on appropriations line items and categories, and so is limited to detail about salaries, travel and operating capital budgets at the division, region, and unit level. The absence of a more detailed, operationally focused operating budget creates a number of challenges:

- Lack of timely oversight regarding day-to-day spending decisions
- Inability to set priorities for spending due to incomplete information
- Inability to realize potential gains from bulk purchasing or other cost reduction initiatives
- Inaccurate or irrelevant data gathered to support operational planning and control
- Lack of financial transparency

DPS needs to develop an operating budget that allows management to focus on cost effective operational improvement. It needs to develop better tools to collect data to support timely routine reconciliation, financial analysis, and basic comparison of actual expenditures versus budget. It needs to train and then **retain** talented budget analysts, who today typically leave DPS after just two years.

DPS needs to gather more types and more detailed levels of programmatic and operational data. It needs to integrate such data with financial information to enable evaluation of program effectiveness and regional or unit level performance. It should refocus financial management to allow focus on “effectiveness of spending”, including value for money analysis of new programs and investments. The Department should then use such capability to drive **future** programmatic priorities of the agency.

Reengineer procurement and other resource management processes

Change in the finance function should be accompanied by the transformation of processes and systems in a number of other administrative and financial functions, such as procurement, materials management, asset management, inventory control, facilities management, cash management and grants management. Inefficiencies in these areas will impede effective change, not just in finance, but in the overall reorganization of the Department as a whole. Deloitte developed a number of detailed recommendations related to these functions. These are summarized in the chart and a detailed description is in supplementary materials provided to the Department.

Other Financial Recommendations

- *Implement a Cost Management program*
- *Streamline and reduce the number of procurement cards*
- *Revamp asset and inventory management policies, procedures, and tools to better track and manage resources*
- *Reduce the amount of paper based accounting processes*
- *Automate the time and expense processes*
- *Develop standard cash management and payment methods within the Department*
- *Standardize acceptable forms of payment within each division, including uniformly accepting credit cards as a method of payment*
- *Address known building/facilities issues, including deferred maintenance and campus and facilities security*
- *Establish a Grants Management program under the CFO and reengineer the grants management process*
- *Establish a Risk Management program to better mitigate Department-wide risks of property, liability and workers compensation losses*
- *Implement an integrated approach to performance management that links together metrics at the organizational, business unit and individual personnel levels*
- *Implement a comprehensive risk management plan, including periodic evaluation, mitigation strategies, scenario planning, business impact analysis, etc.*

Create a distinct management structure for driver license, motor vehicle inspection, and other regulatory functions in order to be more customer-focused

Section 4.5

The Department of Public Safety performs a number of licensing and regulatory functions. Deloitte recommends combining these functions into a single Division of Licensing and Regulation, with a non-commissioned management structure, and a renewed emphasis on customer service. Deloitte's major recommendations in this regard are summarized below.

Key Recommendations

Combine licensing and regulatory functions into one customer-focused License and Regulation Division

DPS performs at least six different regulatory functions, under three different divisions, as described below:

The Driver License Division (DLD) is the Department's second largest division, with 1,696 personnel in 256 field service offices around the state. The Division is responsible for maintaining the integrity of the Texas driver license and meeting the agency's goal of traffic safety through the examination of drivers, the improvement and control of problem drivers, and traffic and criminal law enforcement. Because it maintains records on 21 million Texas driver licenses and identification cards, it is one of the most sensitive and customer intensive operations of state government.

The **Regulatory Licensing Service** is a unit of the Department of Administration which administers the **Concealed Handgun Licensing** program, the **Private Security Licensing** program, and manages registration of metal recycling entities.

The **Motor Carrier Bureau** is a regulatory unit of the Texas Highway Patrol. The Bureau develops statistical data from Commercial Vehicle Enforcement Service activity reports. It creates motor carrier safety profiles from this data. It transmits CMV inspection and crash data to the Federal Motor Carrier Safety Administration. It performs compliance reviews and safety audits on motor carriers operating in Texas; and it prepares enforcement cases and assesses administrative penalties on motor carriers for violations of applicable commercial vehicle regulations.

Vehicle Inspection and Emissions Service is a regulatory unit of the Texas Highway Patrol which supervises the statewide vehicle inspection and emissions testing programs.

DPS Licensing & Regulatory Functions

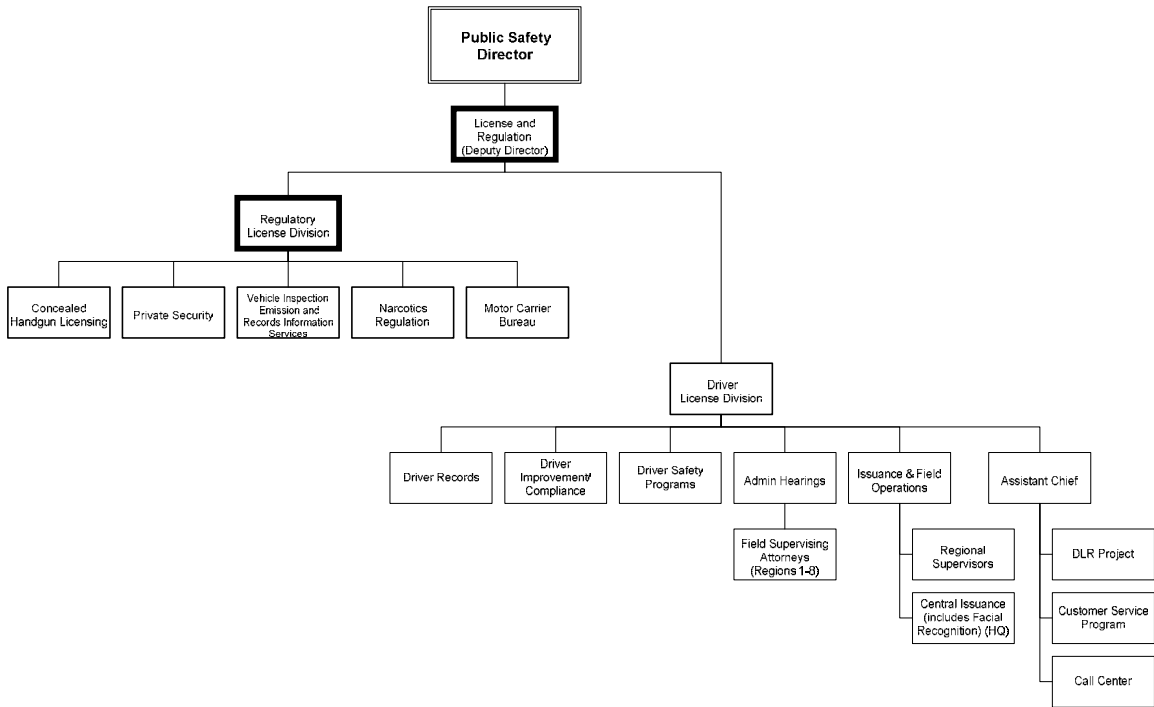
- **Driver Licensing** – major stand-alone division
- **Motor Carrier Bureau** – unit of Texas Highway Patrol
- **Vehicle Inspection and Emissions Service** – Unit of Texas Highway Patrol
- **Concealed Handgun Licensing** – unit of Department of Administration
- **Private Security Licensing** – unit of Department of Administration
- **Registration of metal recycling entities** – unit of Department of Administration

While these programs focus on quite different things, they tend to share many of the following common elements and characteristics:

- Identity verification
- Document examination
- Verification systems
- Application processing
- Qualification examination
- Product issuance
- Monitoring
- Post licensing control
- Records management

These programs also show one common characteristic that distinguishes them from other functions of the Department: the overwhelming majority of their “customers” are law abiding individuals or businesses engaged in a lawful activity (e.g., driving) or occupation (e.g., performing emissions inspections) which is regulated by the Department. Their primary mission is regulation, not law enforcement.

These similar shared traits led Deloitte to recommend that the units be combined into a single division, reporting to an Assistant Director for Licensing and Regulation. The recommended organization structure is below.



Establish a non-commissioned management and staffing structure for the License and Regulation Division, and reassign commissioned law enforcement officers from regulatory operations into other DPS divisions as appropriate

Today, approximately 224 Trooper positions are assigned to the Driver License Division. Their roles and responsibilities vary, but tend to include driver license fraud detection, office security, apprehension of individuals with fugitive warrants, security of daily financial bank deposits, and management/administration of DL offices.

Combining non-law enforcement regulatory functions into a single Licensing and Regulation Division should allow the department to move to a non-commissioned management and staffing model for these functions. This would permit the reassignment of a significant number of experienced Academy-trained troopers to law enforcement functions.

Other states have demonstrated that non-commissioned personnel can perform most of the regulatory and licensing functions which are today performed by commissioned DPS troopers, including the roles of assessing driver qualifications, driver testing, regulating driver compliance with state law, and fraud detection. It should be noted that the majority of Driver License staff is non-classified today, and perform many of the key front-line customer service functions associated with issuing driver license products.

Establishing a non-commissioned management structure for licensing and regulation should open a more attractive career path for skilled managers, and should give talented personnel in the Division greater incentives for career advancement.

Both the Texas Sunset Advisory Commission and the Governor’s Office of Homeland Security have made recommendations for implementing a civilian management structure for driver licensing. Based on our interviews and research on the experience of other states, Deloitte agrees with these recommendations.

Improve customer service in Driver License field offices

Aside from its distinctive “Black and White” patrol cars, DPS’s Driver Licensing Division is the most visible public face of DPS.

However, the public perception of visiting a driver’s license branch is less-than-pleasant. This perception is well documented by the Sunset Commission and was observed by the Deloitte team during interviews and visits with DPS field personnel.

Lines are long and information systems are antiquated. Credit cards are not accepted. The facilities themselves are old and crowded. Because investments for infrastructure in driver

Recommendations for Improving Customer Service in Driver Licensing
<ul style="list-style-type: none"> ● <i>Allow credit cards as a form of payment</i> ● <i>Formalize and improve customer service training</i> ● <i>Upgrade existing facilities and /or expand the total number of facilities to meet current population needs</i> ● <i>Determine security requirements for each facility and obtain security appropriate to the facility</i> ● <i>Set high customer service expectations and communicate those to the public</i> ● <i>Improve telephone support through a fully staffed toll-free call center</i> ● <i>Build a self-service infrastructure, including expanding internet services, to improve customer service and minimize wait time in the offices</i> ● <i>Identify specific customer segments for their special service needs, such as teenage drivers, elder drivers, and non-English speaking drivers</i>

licensing have not kept pace with Texas' population growth, the worst problems are found in increasingly dense urban areas.

In addition to the preceding recommendation to create a non-commissioned management structure, Deloitte developed a number of recommendations for improving customer service in Driver License field offices. These are summarized in the box above.

Provide driver license field staff with an information system that enables them to easily determine a driver's status, verify identity, and complete the customer service transaction

DPS is in the process of upgrading the information technology supporting the entire Driver Licensing function. A new Driver License Records system is scheduled to be released in the near future, after five years of effort. This is a most promising infrastructure investment for improving customer service and security. It will also be essential in helping DPS to meet the mandates of the Real ID Act of 2005. DPS should ensure that the successful implementation and rollout of the system is a high priority of new Department leadership.

Other Recommendations

Deloitte recommends that DPS undertake a number of other driver license and regulatory improvements, as listed in the chart at below.

Other Driver License and Regulation Recommendations
<ul style="list-style-type: none">• <i>Determine the security requirements for each facility and use appropriate commissioned support from Highway Patrol to provide security.</i>• <i>Upgrade existing facilities and/or expand the total number of facilities to meet current population needs.</i>• <i>Set citizen-customer service expectations and communicate those to the public.</i>• <i>Improve telephone support through a fully staffed toll-free call center.</i>• <i>Build a self-service infrastructure, including expanding internet services, to improve citizen-customer service and minimize wait times in the office.</i>• <i>Develop a robust audit and journaling capability to detect anomalies that could indicate internal fraud.</i>• <i>Identify specific citizen-customer segments for their special service needs, including teenage drivers, elder drivers, and drivers with English as a second language.</i>

Proposed Implementation Roadmap

Section 5.0

Transforming the Texas Department of Public Safety (DPS) will be a considerable undertaking, requiring a multi-year plan to implement the extensive recommendations outlined in the Management and Organizational Structure Study. Some of the recommendations when implemented will have an immediate impact, while others are foundational, enabling improvements down the road or laying the foundation for other recommendations. For example, appointing a visionary leadership team from outside the Department will have both an immediate impact (signaling a change in direction) while enabling other recommendations that will take more time, such as establishing intelligence-led policing capabilities.

Deloitte developed the following proposed roadmap to help the Department plan, prioritize, and manage these implementation activities. The roadmap depicts recommendations for implementation within the first 100-days, as well as what needs to be done in the first two years. Finally, a set of activities and initiatives that will likely require more than two years to initiate because of dependencies and/or funding cycles are grouped under the heading “Longer-Term”.

It is important to note that all of Deloitte’s recommendations and suggested implementation steps are intended to establish an initial charter and direction for the DPS change initiative. The Program Management Office will need to refine and revise these recommendations and develop more detailed plans, schedules and organizational charts specific to the organization of each Deputy and Assistant Director. As the Department’s new management team is put in place, further adjustments and refinements will need to be made to reflect the priorities and strategies of the team.

Getting Started (100-Day Plan)

Getting started is always one of the most difficult parts of a transformation effort. Answering questions about where to begin and what issues to tackle first are common obstacles.

Organizations wishing to undertake a large scale change effort must overcome natural resistance to change and the natural fear of making mistakes when they first start their journey.

The first 100 days should clearly demonstrate a commitment to change on the part of the Public Safety Commission and Department leadership. The public, the media, DPS employees, the Legislature, the Governor, other state officials, and many other stakeholders will be watching, and they will need to be consulted and kept informed. The first 100-days must also focus on preparing appropriate changes to legislative appropriations requests which may have already been submitted, as well as working with the Legislature on the appropriate level of legislative guidance to support the Commissions plans moving forward.

To move the transformation forward, the Commission may want to consider appointing an experienced transition/turnaround executive or consultant to support the new leadership team over the first two years. Irrespective of that appointment, DPS should address the following items within the first 100-days.

100-Day Plan
<ul style="list-style-type: none"> • <i>Establish initial priorities and plans. Build consensus and gain commitment</i> • <i>Move to quickly identify candidates for New Director, Deputy and Assistant Directors, Intelligence & Counter-Terrorism, CFO, and CIO</i> • <i>Appoint a new Director and begin to assemble the executive leadership team</i> • <i>Work with Legislature to identify required legislative changes along with necessary flexibility to appropriately manage change</i> • <i>Establish appropriate governance approach</i> • <i>Organize and staff a PMO to manage both the initial priorities and the overall transformation</i> • <i>Establish funding priorities, seek funding, and establish appropriate financial accountability</i> • <i>Develop new human capital and change management strategies and plans</i> • <i>Plan for 2-year initiatives and major phases of the transformation</i> • <i>Communicate internally and externally, providing public progress reports</i>

Establish initial priorities and plans. Build consensus, and gain commitment

Agreeing on the direction and vision for the agency is an immediate first step. The Commissioners and the Department’s new leadership must have a shared vision. Rallying and encouraging staff to participate in the transformation is critical, as they are the important element of the ultimate solution. Further, the vision must be shared with the state’s elected officials and key stakeholders (including employees), and their feedback and suggestions taken into consideration. To that point, the Commissioners and DPS leadership may wish to conduct “road shows” to explain their vision and solicit feedback, including initial visits to key editorial boards. It may also be helpful to solicit and enroll volunteers who want to participate in the implementation. The goal is identify champions. The Commissioners and Department leadership cannot do it alone — it will take the help and support of many to successfully manage the size and scale of the Department’s transformation.

Move quickly to identify candidates for a new Director, as well as building a list of potential candidates for other key executive positions

Hiring the right leaders for top-level positions is a “critical path” activity, in that few steps can be taken until this one is complete. The Commission should immediately start identifying potential candidates who can assume the positions of Director, Deputy and Assistant Directors,

Intelligence/Counter-Terrorism Chief, CFO, CHRO and CIO, and Regional Directors. While some candidates may be current DPS employees, the Commission should recruit nationally for many of these positions.

Work with legislature to identify the required legislative changes needed to accomplish the priorities for the first two years, while maintaining the necessary flexibility to move forward with the agency restructuring

The next session of the Texas legislature begins January 2009, giving the Public Safety Commission and DPS staff a very short window in which to address the many needs outlined in this report. The Commission and DPS staff should begin meeting frequently with key legislators and elected officials to facilitate discussions and refine the vision. Given the biennial legislative cycle, the Commission must act to revise its requests now or wait until 2011. Legislative changes and funding will be needed to implement many of the organizational restructuring, employee training, compensation, financial, and administrative recommendations as they are converted into priorities by the Commission. Further, working with the legislature to build initial support for the overall effort will be critical throughout the transition period. Additionally, establishing appropriate financial accountability to manage provided funding priorities will be important in securing the confidence of legislators.

Establish the appropriate governance process

To manage both the Department's day-to-day operations and the transformation effort, a governance and decision-rights structure should be established that clearly delineates the roles of the Commission and Department leadership. This includes enabling and authorizing the DPS Director to make the appropriate operational decisions, determining which issues are to be elevated to the Commission level, and defining how those issues are raised. Further, this process will evolve over time from a level of high level of management oversight involvement to longer term governance which transitions full management responsibility to the Director and the DPS leadership team as they are established.

Implement a PMO to help manage the complex transformation and conduct additional planning

The transformation effort will be significant and DPS needs professional project managers to organize, coordinate, and manage several simultaneous efforts. Specially designated team members need to be assigned to the project on a full-time basis; they must have experience in project planning, project risk management, and other program management office (PMO) disciplines. The PMO staff would be the designees of the Commission and Director for planning and managing the change, allowing the Commission itself to serve as the ultimate sponsor of the transformation. The PMO should quickly establish a project governance style and implement the various tools needed to manage a project the size/scale of DPS' effort. The PMO should also create cross-functional teams, made up of DPS employees and other stakeholders, who will provide support and expertise for the various initiatives driven out of the implemented recommendations. Since skilled PMO resources are few in number at DPS, the Commission may need to hire additional staff to support this function, or contract for additional support.

Develop new human capital and change management strategies and implementation plans

The initial priorities must be to review the existing studies on commissioned personnel compensation, and develop a complete compensation strategy to make and keep the Department competitive with other state and local law enforcement entities. Additionally, a study of

noncommissioned compensation should be commissioned so that an appropriate compensation strategy can be developed there as well. Of equal importance is securing the necessary external help to quickly develop a change management strategy which will apply across all the entire spectrum of change and can be quickly put into place by the end of the 100 day period.

Plan for two-year initiatives and major phases of the transformation

To organize for the next steps of transformation, the Commission, DPS leadership, and the PMO should begin developing detailed plans for the initiatives that will be accomplished over the first two-years. These initial plans will provide direction and will be essential in managing the overall change effort. The plans should include information about the timeline, detailed activities, resources required, dependencies, and other information required to manage and control the project. The PMO and project teams should be responsible for developing the plans during the first 100-days, as they will also manage and track the plans moving into the two-year phase. These plans should serve as the baseline for a longer-term plan to achieve the initiatives, yet they will require periodic refinement and adjustment in the two-year phase.

Communicate internally and externally, and provide public progress reports

Communication is a cornerstone of the transformation effort in the beginning, and through the life-cycle of the implementation. The Commission and DPS should prepare a detailed communications plan and strategy to help focus key messages and to target various audiences throughout the effort. The communication plan should provide status, but it will also serve a change management function. A high-quality communication program can actually turn around individuals who were previously resistant to the change.

The First 2 Years

Over the first two years, the transformation should focus on initiatives (projects) in each “thread” of the transformation. The transformation threads align with the five high-level recommendations, while the initiatives are comprised of either individual or multiple detailed recommendations, as highlighted in the table below. Action on these activities does not have to wait; in fact, the first 100-days should include the creation of teams and development of initial plans for each initiative.

Some improvements can be made in DPS with minimal cost or effort. Known as “quick wins,” these improvements should be identified and tackled as soon as a new management team has been assembled. Experience suggests that fertile fields can be found in the procurement process for small dollar items, employee time record keeping, forms redesign (or better, elimination), facilities improvements, and simple staffing changes in customer service-intensive functions. Changes in these areas can be highly visible evidence to large numbers of staff that positive change is underway.

Key Recommendations	Initiatives
<p>1. Restructure</p>	<ul style="list-style-type: none"> • Complete the Division Restructuring • Design and put in place “Theater of Operations” Alignment • Establish Risk Management Unit • Establish Strategy and Innovation Unit • Establish Innovative Financing & Grants Unit

Key Recommendations	Initiatives
2. Information Sharing and Intelligence-led Policing	<ul style="list-style-type: none"> • Establish Counter-Terrorism and Intelligence Division • Fusion Center Development and Expansion • Data Access Review/Refinement • Begin Preparation for acquiring a Law Enforcement Case Management System
3. Administrative and Financial Management	<ul style="list-style-type: none"> • Modernize the IT function, with CIO in charge • Overhaul financial management, with CFO in charge • Restructure the Operating Budget • Implement an On-Going Cost Management Program • Standardize Forms of Payment • Begin Preparation for acquiring basic ERP functionality • Implement Performance Management, Risk Management, and Enterprise-wide strategic planning programs
4. People Practices	<ul style="list-style-type: none"> • Complete Non-commissioned Compensation Study and Plans • Revise Law Enforcement Recruiting Program • Revise Training Academy Curriculum • Develop Leadership and Management Development Programs • Put in place modern training programs for ongoing training • Establish broad performance measures across the enterprise
5. Driver License and Regulatory Structure	<ul style="list-style-type: none"> • Develop Plan for New Driver License/Regulatory Division Structure • Develop, Pilot, and Implement New Driver License/Regulatory Structure • Call Center Improvements • Cutover to new DLR System • Driver License Customer Service Improvements • Facilities Improvements and Expansion

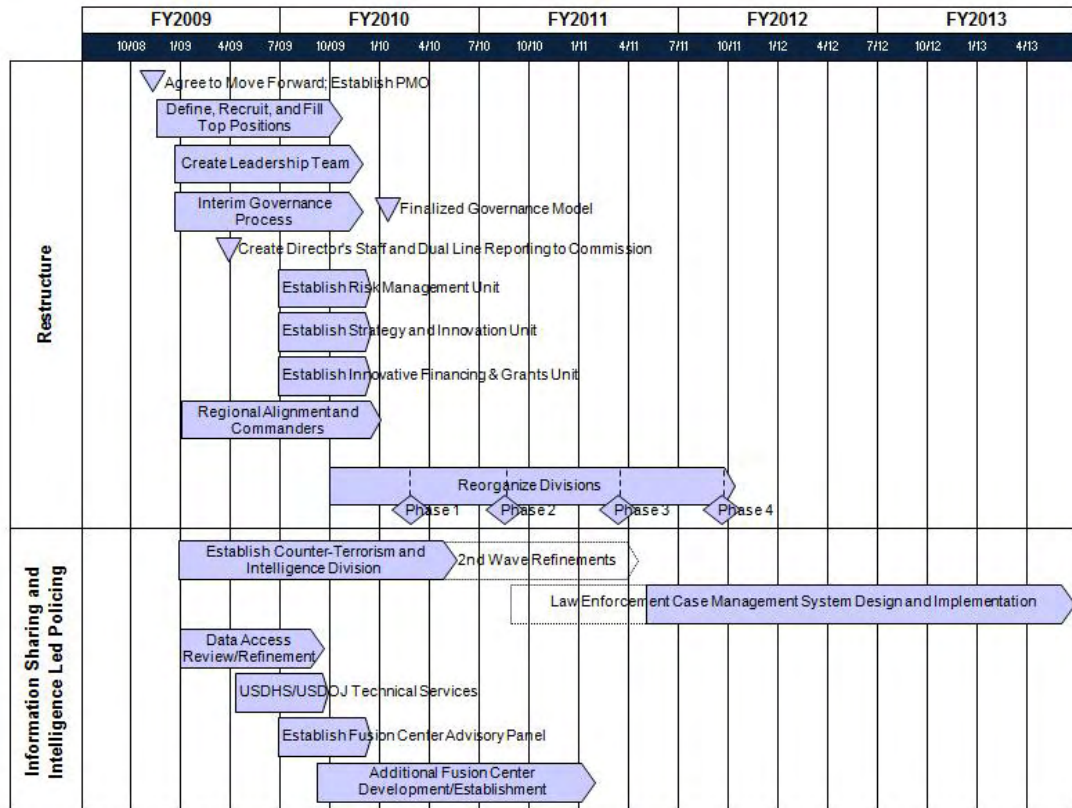
Longer Term

The longer-term plan, beyond two-years, focuses primarily on technology and information sharing solutions that will probably take multiple years to procure, design, and implement. In addition, significant lead time is needed to plan for and budget the needed resources, particularly in Texas’ bi-annual legislative process. To that point, the major systems implementation efforts (i.e., enterprise resource planning functionality and an integrated law enforcement case management system) will likely not begin until FY2012, since budgeting for such systems cannot occur until the next legislative appropriations request is submitted during FY2010. That said planning can begin in earlier stages for these systems. Where funds exist, initial design phases and scope definition efforts could also begin, subject to appropriate approvals.

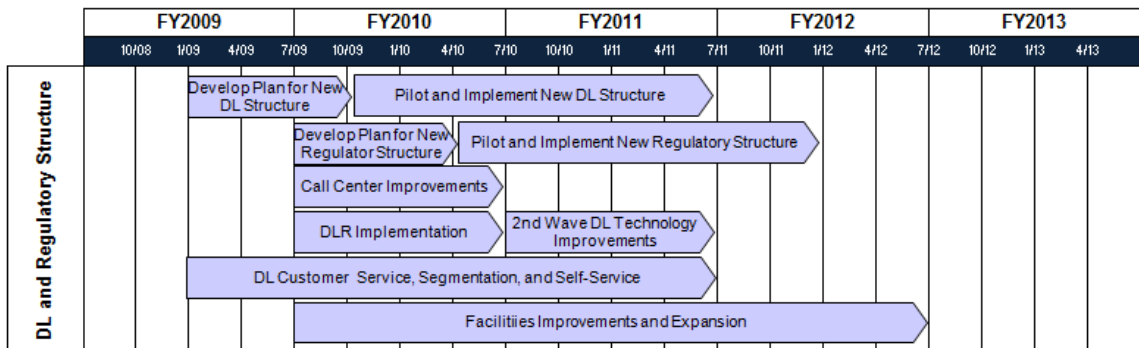
Probable Long-Term Initiatives
<ul style="list-style-type: none"> • <i>Enterprise Resource Planning system</i> • <i>Integrated law enforcement case management system</i> • <i>Driver License system Phase 2 improvements</i> • <i>New Facilities for Driver License and other customer service functions</i> • <i>Other new technologies to support Intelligence-led Policing</i>

Planning and Phasing

As previously mentioned, the overall transformation is a multi-year effort. Accordingly, it is critical that DPS plan for key initiatives and various phases of the transformation. As a high-level implementation plan, the following is provided for guidance and direction-setting. It is a starting point to stimulate the Public Safety Commission and DPS to begin the planning efforts in conjunction with the Gartner information technology study and prioritization of other initiatives by the Commission.



While many the previous threads make significant changes to the law enforcement operations, there is also a major program thread dealing with driver licensing and the regulatory function.



Addressing the fundamental business and people needs are two program areas for implementation activities. The threads below are needed to support the overall direction and operations of DPS,

but they also enable the restructuring, intelligence/counter-terrorism, and Driver License/Regulatory functions.

