

Government Efficiency and Accountability Review (GEAR) Board Meeting Minutes

November 16, 2017

Introductions

Director Myran opened the meeting at 8:00am by directing everyone's attention to the agenda. He stated that the focus of today's meeting will be on editing and revising the Annual Executive GEAR Report which is due to the Governor on December 1, 2017.

Board Member and/or Designees in Attendance:

The Honorable Rick Geisenberger, Secretary of Finance, Department of Finance

The Honorable James Collins, CIO, Department of Technology & Information
Jason Clarke, designee for The Honorable James Collins, Department of Technology & Information

Nathan Roby, designee for The Honorable Ken Simpler, Office of the State Treasurer

Jackie Griffith, designee for The Honorable Michael Morton, Office of the Controller General

The Honorable Susan Bunting, Secretary of Education, Department of Education

The Honorable Leo E. Strine, Jr., Chief Justice of the Supreme Court
Evelyn Nestlerode, designee for The Honorable Leo Strine, Jr., Supreme Court

Lisa Bond, designee for The Honorable Kara Walker, Secretary of Health & Social Services, Department of Health & Social Services

Ernest Dianastasis, CEO of The Precisionists, Inc.

The Honorable Michael Jackson, Director, Office of Management & Budget
Bryan Sullivan, designee for The Honorable Michael Jackson, Office of Management & Budget

The Honorable Sandra Ross Johnson, Acting Secretary of Human Resources, Department of Human Resources
Barbara McCleary, designee for The Honorable Sandra Ross Johnson, Department of Human Resources

Other Attendees Introductions

- Jim Myran, Program Director for the GEAR Initiative, Department of Finance
- Donna Owens, Division of Revenue, Department of Finance
- Laurel Burns, Department of Finance

- Glen Gray, Computer Aid, Inc. (CAI)
- Bryan Gordon, Deputy Chief of Staff for Lt. Governor Bethany Hall-Long
- Kimberly Judy, Office of the State Auditor
- Andrena Burd, Office of the State Auditor
- Tammy Smith, Office of the State Auditor
- Laura Horsey, Office of the State Auditor
- Art Jenkins, Office of the Controller General
- Dan Madrid, Director of Customer Engagement and Innovations, DHSS
- Dr. Annie Norman, State Librarian, Division of Libraries
- Judy Anderson, Delaware State Education Association, CPA, Business Manager
- Debbie Weaver, Delaware State Education Association, Program Assistant for Government Relations, Research, Political Organizing and Instructional Advocacy
- Frank Nestore, MathTech
- David Blowman, Department of Education

Minutes

Director Myran introduced the topic of approving the Minutes from the previous meeting on September 12, 2017. No corrections or changes were requested.

Secretary Geisenberger made a motion to approve the Minutes from the September 12, 2017 meeting. All in favor: Unanimous

The Minutes from the September 12, 2017 meeting are approved.

A reminder was given that the next GEAR meeting is scheduled for January 9, 2018.

OLD BUSINESS

GEAR Team Update

Director Myran reviewed what the GEAR team has accomplished since the last meeting:

The GEAR team conducted a number of Idea Factory deep-dive meetings with managers from the Office of the State Auditor, all of which were extremely helpful in the finalization of numbers for the annual

report. The GEAR website launched on October 26, 2017 and is now available to state employees as well as the public for comments and feedback. To access the website, click on the following link:

<http://GEAR.Delaware.gov>.

The website has already received over 150 comments! Now the focus is on developing efficient ways to process all the information for use. Director Myran emphasized how important it will be to forward this information to the right people who can use it.

Three task teams were launched and began holding their first meetings: the P3 Task Team, the Financial Services Task Team and the Criminal Justice Task Team.

Bryan Sullivan explained the implications of a decision to pivot the focus of a Pew Charitable Trust from issues involving the Department of Corrections to issues involving the Department of Health and Social Services. The Pew Charitable Trust has an evidence-based method of researching funding and it is active in 26 of the states. It encourages states to invest only in programs that have successful track records. One issue that will be addressed in Delaware is substance abuse and opioid addiction.

Secretary Geisenberger explained that the involvement of the Pew Charitable Trust will give Delaware a chance to access helpful national data. This project is still in the beginning stages and Pew's vision is to expand into all kinds of other areas over time. He mentioned, for example, that Pew has been able to prove that the program, Scared Straight, is not effective at all in preventing recurrence of incarceration in the Criminal Justice system.

Secretary Johnson mentioned software that automatically categorizes information received through the GEAR website by topic and that Barbara McCleary would be a good contact for help with that.

Director Myran noted that about 63% of the comments were from state employees. There were a few anonymous comments as well.

Nathan Roby questioned how comments that are fraudulent or threatening can be identified and sent to the Office of the State Auditor. Secretary Geisenberger mentioned that emphasis will be made on forwarding comments to the appropriate parties and maintaining a high level of safety.

Proposed 2018 GEAR Board Schedule

Jim Myran explained that there has been no dissent concerning the 2018 GEAR meetings, so the schedule below has been adopted and invitations to all the meetings have been sent. Three meetings are scheduled for New Castle County and three meetings are scheduled in Dover. Here are the dates:

Tuesday, January 9, 2018
10:00am to 12:00pm
New Castle County

Wednesday, March 14, 2018
8:00am to 10:00am
Dover

Tuesday, May 15, 2018
10:00am to 12:00pm
New Castle County

Wednesday, July 11, 2018
8:00am to 10:00am
Dover

Tuesday, September 18, 2018
9:00am to 11:00am
New Castle County

Wednesday, November 14, 2018
8:00am to 10:00am
Dover

Secretary Johnson asked if the dates have been checked to avoid any important holidays such as Rosh Hashanah or Yom Kippur. The dates were checked and it was determined that there are no conflicts.

NEW BUSINESS

Annual Report

Director Myran focused everyone's attention on the annual report by explaining that today is the day to review the entire document. If it cannot be completed today, the GEAR members have committed to meeting one more time before submitting the report to the Governor. The Governor will be reading a summary of all of the focus areas which will be written in the Executive style and will be limited to ten to eleven pages. All the other details from each of the focus areas will not be overlooked, but will be published in full on the GEAR website. Nothing will be lost.

Secretary Geisenberger stated that the goal is to include all the pertinent information while staying at the length of ten to eleven pages so the Governor can read through it easily. If, after today, there is a need to follow up with more detail or clarification, we can follow up electronically. Also, we are still waiting to hear from the Governor about whether to expect future interim or annual reports.

Chief Justice Strine and Secretary Johnson promoted the idea of focusing on one issue at a time next year.

Secretary Geisenberger agreed that, this year, having a deadline of December 1st has forced the GEAR team to focus on identification of all the issues but not to go deeply into any one issue. If the GEAR meetings continue, however, we will have the opportunity to focus on one issue at a time.

Director Myran explained that now we're going to go through the DRAFT version of the report and look at it closely page by page. He asked the representative from each focus group to explain to the group what the major highlights are. He asked that they report in alphabetical order because that is the order used in the report.

Secretary Geisenberger invited everyone to look for errors and typos in the document and send edits directly to Director Myran or Bryan Sullivan by Monday, the 20th of November. Then, they will make the changes and send a second DRAFT out to everyone by Wednesday, the 22nd.

Focus Area Highlights

1. Criminal Justice

Evelyn Nestlerode stated that there are quite a few initiatives that fall under the topic of Criminal Justice. Her goal is to reach a FINAL version, organized by topic, which is 15 to 16 pages long AND would include recommendations on legislation and IT.

Chief Justice Strine illustrated this format using the example of one topic: creating a uniform sentencing order. He stated that the Criminal Justice Department already has agreement on that issue and has already created a timeline. The timeline may be a step that other focus groups have not reached yet.

Evelyn Nestlerode walked everyone through the DRAFT version that she passed out and explained the format. She explained that the focus group meeting was extremely helpful and was attended by many participants from outside the Criminal Justice system. Another example given was code reform. Details regarding legislation and IT are also included in the timeline for this issue as well.

Evelyn Nestlerode created this template herself, using examples provided by Director Myran and Bryan Sullivan. She tried to include all the issues that would be pertinent to the Governor. Other initiatives that are addressed include reducing recidivism and looking at the organizational structure of the Criminal Justice system. She mentioned that one issue, in particular, that came up was whether or not the Drinking Driver program is located in the best spot. She reiterated that we have to look at each issue from a legislative, regulatory and budget-making perspective.

Director Jackson commented on the role of the budget in deciding the location of some programs and organizations. The goal is to find the right balance between the department where a program is housed and the amount of supervision that it requires. For example, OMB is currently trying to evaluate whether it is still efficient to have guardianships divided up between adult and child guardianships. Is this economic? He mentioned that, in general, the more a program is divided up between agencies, the less effective it is.

2. Education

Secretary Bunting noted that her focus group approached things very differently because of the existence of certain task forces that are already underway. The Department of Education recently got involved in the reform of the federal mandate, Every Student Succeeds Act (ESSA), and that project required a great deal of community involvement. There is also a School Consolidation Task Force that is looking at the issue of grouping students more effectively and efficiently in Delaware.

Secretary Bunting explained that the main issues have been IT in education, transportation and charter schools.

Secretary Geisenberger mentioned that he has been attending meetings of the School Consolidation Task Force. He feels that the emphasis of this task force is to improve education rather than to save

money. He introduced the idea that the Financial Services focus group in GEAR may be the place where we can really look at ways to save money. A long discussion ensued regarding the consolidation of school districts and whether or not GEAR is the place to address this issue.

CIO James Collings added that he has estimated a savings of at least 2 million dollars if we implement reforms in transportation and content filtering. David Blowman contributed details regarding the current transportation system. It does not meet the needs of our contractors, our districts or our parents and students. We need to start over after a complete review. The transportation system is currently determined by building and by schedule and by regulations around routes. For example, there are two separate radiuses in which students are eligible for busing, one mile for elementary school students and two miles for older students. This causes great difficulty when families have siblings from both groups and they are treated differently.

David Blowman also provided details on the topic of content filtering. He claimed that the school districts are willing to work on consolidating the system because they all desperately need greater band width.

3. Financial Services

Secretary Geisenberger thanked everyone in the Office of the State Auditor for all their hard work, as well as the State Treasurer, Ken Simpler, who could not attend today. This focus group also has input from the Department of Finance, the Office of Management and Budget and the Controller General's Office. Five different financial officers have provided input.

Bryan Sullivan explained how performance planning can be used to provide better data to make financial decisions and that this is the focus of GEAR in making better decisions in the budget.

Barbara McCleary asked if this includes a performance management system at the employee level. She noted that Human Resources has received a lot of feedback about the need for it at the employee level. Bryan Sullivan said that that is one of the topics that's being considered.

Director Jackson pointed out that there have been many demographic changes since the previous Act in 1996. He feels that it's more important to look at practical applications than at legislation in this matter.

Nathan Roby explained how the Cash Management Policy Board has recently done a sweeping review of the state's entire banking structure. It was a comprehensive study that includes the collection, disbursement and management of funds that run through the state. The DRAFT report was provided on October 24, 2017 and is still being reviewed. Issues include the overall organizational structure, the policies and procedures, the IT gaps that accompany that process and increasing accountability. Some dollar amounts of savings have been mentioned. This project will probably go into the next fiscal year.

Director Myran emphasized that the Financial Services Team is intent on identifying areas of duplication in the financial services of the various departments in the state. GEAR wants to consolidate and migrate these financial services to generate dollar savings.

Judy Kimberly from the Office of the State Auditor spoke about an internal control system. One problem that has been identified is the lack of consistent data. For example, she is confident that we could be getting better kickbacks on our Pcard usage if we were more informed and more consistent.

Secretary Geisenberger emphasized how important it is for the financial officers to work together. Chief Justice Strine added that every department needs help managing finances.

Nathan Roby pointed out that it has been at least 25 years since the last overall study of managing finances was done.

Judy Kimberly also mentioned that the funding of teacher positions in the school districts is another area that needs reform. She mentioned controls that could be put in PHRST that would help track this. Also, there is a lot of data around the use of the Pcard for travel expenses.

4. Division of Health & Social Services

Lisa Bond described DHSS as a large department with eleven divisions which really needs to engage in strategic planning that works across all the divisions. She has broken things down into work groups: Economic Services, Special Populations, Healthcare Financing and Healthy Communities. Three of the four work groups have already submitted their findings and the last one will report back on December 12, 2017. Right now, the focus is on reducing costs, increasing revenue and/or efficiencies and the challenges associated with these. In January, we are hoping to move toward a template similar to the one that the Criminal Justice Task Group is now using. It would include the initiatives, the next steps and a timeline.

Lisa Bond explained that right now they are looking at reducing operating expenses. One area of concern is overtime. Also, there are over 40 leases statewide that need to be managed efficiently. Over the last five years they have been forced to move over \$900,000 into leases from other areas. DHSS is working with OMB to improve this process.

Another topic is reducing the use of FLEET services. Also, the fee structure is desperately in need of reform. What this boils down to is that they need to raise fees to at least cover costs. There are over 75 fees that are collected. They have not been evaluated in over 10 years and, sometimes, a legislative process is required to make changes. One idea is to change the legislative process so that fee increases will be easier to implement in the future.

Park fees were an example that was mentioned. Entrance fees to the parks cannot be raised without legislation, but fees for programs and nature centers in the parks can be raised by the Secretary of DNREC.

Another area that needs change is the management of federal funds like Medicaid. Right now, DHSS is doing an inventory of programs and how they are funded. Sometimes, the state is required to match funds in order to get federal funding and DHSS is looking at ways that we can use private funds to meet those requirements.

5. Human Resources

Secretary Johnson explained that there are about 16,000 active state employees, with about 14,000 in the executive branches and about 2,000 in the courts. The creation of a Human Resources department is a great opportunity to consolidate everything. One project that will begin in January is desk audits in five different departments to determine the impact of centralization. Secretary Johnson hopes to develop

contractual relationships with these departments that will result in savings. Secretary Johnson is also working on training and development. One of the biggest concerns is the “Blue Collar” funds and how they are managed. The Human Resources department is dedicated to promoting diversity and inclusion and the advancement of women. A new position has been created in the state, Chief Diversity Officer, and it is currently in the process of being filled.

Secretary Johnson stated that centralization will be a wonderful change. One example she illustrated is in the area of onboarding. This is the term used now for when someone is newly hired. The process of onboarding will be streamlined over all the departments. Human Resources is also creating a Service Center Help Desk to assist employees and supervisors when they don’t know what to do. These services will even be expanded to include the Department of Education.

Another project that Human Resources has undertaken is the conversion to electronic personnel files. The onboarding process will take place completely on the computer and will result in electronic personnel files. This will be much more efficient and will include periodic check-ins with new employees to evaluate progress even after they have been hired.

Recruitment will begin now and we are headed toward a pilot program.

6. IT Efficiency

CIO Collins gave an update on the development of IT in the state. DTI is in the last stages of interviewing three different vendors for an independent review of DTI. They plan to make a selection in December and have a kickoff. CIO Collins mentioned that this should be added to the summary.

7. Public/Private Partnerships (P3 Task Force)

Ernie Dianastasis explained what, exactly, the P3 Task Force is, and what occurred at the first meeting three weeks ago. The focus group has agreed to divide everything into three buckets:

- 1) Aspirational Goals. These are the goals that will take place over at least ten years and will transform life in Delaware.
- 2) Strategic Goals. These goals address the systemic quality of life and will take place over the next two to three years. Costs can be reduced anywhere from \$2 million to \$20 million.
- 3) Tactical Goals. These will take place over the next one to two years and will reduce costs anywhere from \$50,000 to \$2 million.

He emphasized that we need to be sure to include goals from all of these categories.

GEAR RECOMMENDATIONS

1. GEAR will recommend to the Governor that GEAR be expanded next year to enable more agencies to get involved.
2. GEAR will not ask for more funding in fiscal year 2018.

Director Myran summarized the following important points:

1. November 22nd is the final deadline for input on the report.

2. Be sure to substantiate your savings.

PUBLIC COMMENT

There was no public comment.

ADJOURN

The meeting was adjourned at 3:18pm.