Government Efficiency and Accountability Review (GEAR)
Board Meeting Minutes
May 18, 2017

Introductions

Secretary Geisenberger called the second meeting of GEAR to order, invited attendees to sit at the table and asked everyone to quickly introduce themselves. He also reminded everyone to sign in on the sign-in sheets.

Board Member and/or Designees in Attendance:

The Honorable Susan Bunting, Secretary of Education
Karen Field-Rogers, designee for The Honorable Susan Bunting

Evelyn Nestlerode, designee for The Honorable Leo Strine, Jr.

The Honorable Richard Geisenberger, Secretary of Finance

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

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

Michael Begatto, Executive Director of AFSCME Council #81

The Honorable Ken Simpler, State Treasurer
Nohora Gonzalez, designee for The Honorable Ken Simpler

Ernest Dianastasis, CEO of The Precisionists, Inc.

Bryan Sullivan, designee for The Honorable Michael Jackson

Other Attendees Introductions

Bryan Gordon, Lieutenant Governor’s Office

Chris Fox, Fiscal and Policy Analyst, AFSCME International
Faith Morris, AFSCME Council #81

Glen Gray, Computer Aid, Inc. (CAI)

Jim Myran, GEAR Director, Department of Finance
Bill MacLachlan, Department of Finance
Donna Owens, Department of Finance
Laurel Burns, Department of Finance
Minutes

Secretary Geisenberger asked if there was a motion to approve the Minutes from the March 23, 2017 meeting.
Secretary Walker made a motion to approve the Minutes.
All In Favor: Unanimous

The Minutes from the March 23, 2017 meeting are approved.

Presentation

Jim Myran went over the agenda and emphasized that the focus is on the New Business.

Old Business

Meeting Schedule

Old Business started with a discussion about the GEAR meeting schedule. Secretary Geisenberger introduced the topic of the meeting dates, especially the July date. Some attendees have mentioned they will be out of town the first two weeks of July. Treasurer Simpler stated that he will not be here then, but will have someone from his office attend. Secretary Geisenberger proposed switching to the second half of July.

Secretary Geisenberger also introduced the idea that it might be better to start first thing in the morning at 8:00am. The starting times of 8:00am, 8:30am and 9:00am were mentioned. Secretary Geisenberger proposed a new look at the schedule and stated that several options would be circulated.

May 1st Preliminary Recommendations Report

Secretary Geisenberger introduced the topic of the OMB/Finance preliminary recommendations report which was submitted on May 1st to the Governor. Copies of the report are provided in the binders. He pointed out that GEAR is an ongoing project, with more than just an initial report. First, the report described the actual the budget reset process where the Governor came out with a proposal that would
include 50% cuts and 50% revenue enhancements along with shared sacrifice with every department and branch of the state government. All of this information is available on the Governor’s website.

The next section is about the challenge of Education. Education is 34% of the state budget. The GEAR team has already met with Secretary Bunting’s staff to discuss balancing the budget. Secretary Geisenberger pointed out that we should look at the Governor’s proposal regarding education as well as recommendations by the DEFAC Revenue Subcommittee. The Legislature may want to create a work group or task force to focus on education. Good report – He encouraged everyone to read it. It’s a full weekend of reading. He mentioned that we have not had to face these issues up to now because we have been able to fund things through Escheat revenue and Lottery revenue. Now, we have a challenge and probably need to revisit the mix of state vs. local and the mix of property tax vs. other forms of revenue.

There is a similar high-level review of Healthcare in the report. Healthcare for state employees is about an 800 million dollar expense and we want to look at Medicaid as well. We want to avoid the adverse effect of pushing the responsibility onto the commercial market or the individual market. The GEAR team has already met with Secretary Walker’s team.

The report also addresses the centralization of IT resources for the state.

There has been a recommendation from Governor’s Office to establish a Department of Human Resources. There was a recommendation for HR centralization back in 2009 but it did not go forward. Changes like this must be approved by the General Assembly. GEAR will want to look at these issues as well.

The final section of the report talks specifically about GEAR and what the GEAR team is trying to do. For example, we have hired Jim Myran to be the Executive Director and we have had Bryan Sullivan of OMB assigned to work with GEAR.

This report is available to the public on the Department of Finance’s website and will also be posted on the GEAR website when it is up.

Treasurer Simpler asked if links will be provided on the GEAR website to previous reports that have been mentioned as background information. The answer was “yes” and that a common library of recommended reading will be created.

**GEAR Communications Update**

Mr. Myran gave an update of everything he and Mr. Sullivan have completed since the last meeting. First of all, they have conducted five “Lightning Round” meetings with smaller groups in individual departments: DOE, DHSS/DMS, DTI, DOF and Judiciary. Meetings with the Controller General and the business community will occur soon.

He gave an update on the GEAR website which will be available to the public and will be a depository for all of the information collected. It may be online by July, at the latest. It will be a place where we can share all our documents with the public.
We did not meet with the agencies for a second round of “Planning Rounds,” as we had planned. We would now like to use that idea, however, to move from the “Lightning Round” meetings into “Focus Area Working Teams.” We will reach out to begin those after this meeting.

GEAR Homework

Mr. Myran thanked everyone for all the work that went into the homework. It has been placed into the Board Member binders. The homework was:

1. List and prioritize all efficiency projects your agency believes the GEAR should address in 2017 in accordance with Executive Order #4.
2. Identify the key process efficiency/optimization initiatives occurring within your agency.

The questions were very well addressed. This information can be used as the foundation for the next round of work.

Treasurer Simpler added that his team brought their copies of the homework to the meeting and will hand them out now.

Secretary Geisenberger pointed out that the homework clarifies that there is a lot of work to do over the next five to ten years. The question is: how do we prioritize? It may be impossible to complete everything through GEAR, but individual agencies can also use the homework to do work on their own.

New Business

Annual Report

Secretary Geisenberger stated that the first order of business is the creation of the report due to the Governor and the General Assembly on December 1, 2017. The Executive Order specifically asks us to look at issues that affect employees and employee retention. We want to look at how we build the infrastructure to sustain this project. The judiciary is doing a lot of things around building the capacity of their staff. If we don’t do this in the first year, we will not get results in years three, four and five. We want to provide continuous improvement as opposed to one-time changes. We also want to look at shared services like IT.

Mr. Myran explained the process and timing that will bring the GEAR meetings to the formation of the first report on December 1, 2017. By June 16, 2017, we would like to have formed the Focus Area Working Teams. By July 13, 2017, we propose that the Working Teams will report on their progress. By the fourth meeting in September, we hope to have drafts of each team’s proposals to be presented to the Board. Then, by November 1, 2017, we would like to see these documents finalized and assembled into the final report. We’re proposing to review the final draft at the November 16, 2017 meeting.

Proposed Report Focus Areas

Secretary Geisenberger introduced the proposed focus areas of the final report. They are:

1. Education
2. Health Care  
3. IT Efficiency  
4. Human Resources Delivery  
5. Financial Services Delivery  
6. Public Private Partnerships (3P)  
7. Legislative Package

A long discussion ensued regarding the seven focus areas and how GEAR would use them to proceed forward. Treasurer Simpler proposed focusing on two or three issues in the first year. He gave the example of performance evaluations and that this issue affects all of the branches and departments. Secretary Geisenberger pressed that we must have working groups that will take “deep dives” into each focus area. The GEAR Board, as a whole, will not be able to achieve the deep look at each issue that the smaller focus groups can do. Mr. Dianastasis encouraged bold and innovative thinking.

Secretary Geisenberger proposed looking in detail at the first focus area: Education. He pointed out that many great ideas come from the state employees. The proposed topics are:

1. Transportation management  
2. Shared facilities management practices  
3. Managed energy purchasing and consumption  
4. Shared Internet bandwidth contracts  
5. Funding mechanisms to address long-term revenue shortfall and student growth

Mr. Myran mentioned that these topics came from the Lightning Round meeting with the Education team.

Treasurer Simpler brought up, again, that there is another way of looking at things. He proposed focusing on the big issues that affect everyone, like employee evaluation.

Lisa Bond proposed evaluating the first two focus areas, Healthcare and Education, using the remaining four focus areas:

1. IT  
2. HR  
3. Financial Services  
4. Public-Private Partnerships

Treasurer Simpler reiterated that he is concerned about everybody spreading themselves too thin by trying to focus on too many issues. It would be more realistic to focus on one or two issues (like employee evaluation) and look at that issue across all the branches and departments.

Secretary Walker proposed that we use the principals to discuss and create a shared language regarding the focus areas and, then, each agency would make recommendations on changes that could be implemented in each department.

Secretary Bunting pointed out that creating seven working groups that work in isolation will not be effective.
Treasurer Simpler stated that the original executive order highlighted four broad areas to focus on.

The discussion about the proposed focus areas and how they should be categorized went on for quite a while. Secretary Geisenberger made the final point that the important thing is that the GEAR committee is the only thing that makes us accountable for actual changes. We have to come up with a report to submit to the General Assembly and be held accountable for making the changes. Treasurer Simpler added that we need to show that we’re making improvements.

Secretary Geisenberger mentioned the possibility of a #8 being added to the focus areas that would deal with a revision of the administrative procedures.

CIO Collins talked about IT efficiency by introducing the topic of centralization. He mentioned four areas in IT that we should consider: broadband, security, efficiency and delivery. In order to attract people to doing business with the state, we need to offer consistency. He believes that the long-term view is that the state will be seen as a broker of services rather than a deliverer of services. The private sector is way ahead of us.

Treasurer Simpler brought up the basic question about how our state government is organized. Are we going to look at that? Does our organizational structure make sense?

Secretary Geisenberger moved on to the focus area of Human Resource delivery. DTI informs me that there are 24 different systems used in the state government for tracking leave requests. Mr. Begatto talked about looking back to 2008 to see how Human Resources have developed.

Secretary Geisenberger moved on to Financial Services delivery. We need to take a top to bottom view. Are we doing things for no purpose? We will have to prioritize what we think is most important. This cuts across every state agency in the government. Treasurer Simpler pointed out that political decisions often influence the management of our offices.

Mr. Dianastasis talked about the Public Private Partnerships. He said that this focus point should be used as an over-arching topic to look at all the departments. This is the “Wild Card” of all the issues. For example, DEDO is going to be re-organized into a public/private partnership. The state will contribute 2 million dollars and the private sector will contribute 1 million dollars. This has great potential to increase revenue over time. I think a lot of corporations are interested in contributing to this. It’s also important to study other models such as in other states. Vision 2015 is also a public private partnership. There are over 6000 students that are part of that program. This focus group should not just have government people in it. And, a representative from this focus group should be in every other focus group.

Secretary Geisenberger moved on to the Legislative piece, a good chance to look at things like APA and FOIA that affect everybody. We might want to take another look at the Government Accountability Act and the government’s efforts to modernize and reform. CIO Collins agreed that there are multiple governmental provisions that merit revisions. This could be a small inner-focused group.

Treasurer Simpler asked how the GEAR team came up with the seven focus areas. Mr. Myran said that these ideas came out of the “Lightning Rounds” discussions. Secretary Geisenberger mentioned that one of the decisions to be made is who is going to lead each group. Some are obvious: Secretary Bunting would lead the Education group, CIO Collins would lead the IT group, Mr. Begatto might lead the Human Resources group. There has been legislation proposed to create a Human Resources department. I
would be involved in Financial Services. The Chief Justice, OMB and I could lead the Judiciary group together. How will we measure success? Treasurer Simpler pointed out that we need to make recommendations.

Mr. Myran and Mr. Sullivan will reach out to each focus group to add more to these charters before our next meeting. One goal is to have formulated plans from each group to discuss at our next meeting in July.

Secretary Geisenberger promised that the GEAR team will distill all the comments from today and reach out to everyone before the July meeting.

**Public Comment**

CIO Collins asked the Board members if everyone would have access to share information digitally on the e-boards. The e-boards were developed specifically to conduct board meetings and send information electronically.

The Board members responded yes. CIO Collins also explained that there are public and private sections to the e-board, so the general public would be able to access it too.

Mr. Begatto asked if we would have to wait until a Secretary of Human Resources is appointed by the Governor to begin work on the Human Resources focus group. Secretary Geisenberger responded that we should not wait.

Delaware Quality Partnership requested an update at their next meeting on June 6, 2017. Mr. Myran will probably attend all of the Delaware Quality Partnership meetings.

Mr. Myran mentioned that a website is being developed to get recommendations from state employees.

**Adjourn**

CIO Collins made a motion to adjourn.
All in favor: Unanimous
The meeting was adjourned and Secretary Geisenberger thanked everyone for attending.