

Government Efficiency and Accountability Review (GEAR) Board Meeting Minutes

September 12, 2017

FINAL

Introductions

Secretary Geisenberger opened the meeting at 8:05am by reminding the GEAR members to pick up their packets of new information for their binders. He also announced that members Michael Begatto and Chief Justice Strine would be arriving late.

Board Member and/or Designees in Attendance:

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

The Honorable Rick Geisenberger, Secretary of Finance

The Honorable Ken Simpler, State Treasurer

The Honorable Michael Morton, Controller General

The Honorable Susan Bunting, Secretary of Education

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

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

Ernest Dianastasis, CEO of The Precisionists, Inc.

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

The Honorable Sandra Ross Johnson, Acting Secretary of Human Resources

Michael Begatto, Executive Director of AFSCME Council #81

Other Attendees Introductions

- Jim Myran, Program Director for the GEAR Initiative, Department of Finance
- Donna Owens, Department of Finance
- Laurel Burns, Department of Finance
- Nathan Roby, Office of the Treasurer

- Tom Mraz, Administrative Office of the Courts
- David Blowman, Department of Education
- Mark Cabrey, Department of Technology & Information
- Glen Gray, Computer Aid, Inc. (CAI)
- Joseph Martini, Chair of Delaware Quality Partnership (DQP)
- Bryan Gordon, Deputy Chief of Staff for Lt. Governor Bethany Hall-Long
- Kimberly Judy, Office of the State Auditor
- Barbara McCleary, Department of Human Resources
- Carla Cassell-Carter, Office of the Secretary, Department of Natural Resources and Environmental Control (DNREC)
- Molly Magarik, Department of Health & Social Services (DHSS)

Secretary Geisenberger introduced the newest member of the GEAR team, Acting Secretary Sandra Ross Johnson of the new Department of Human Resources.

OLD BUSINESS

Minutes

A short discussion ensued regarding the Minutes from the previous meeting on July 13, 2017. Treasurer Simpler requested a correction be made on page 7 in his paragraph under Performance Metrics & Data Focus Area. One percent of \$4 billion is \$40 million, not \$4 million.

Secretary Geisenberger asked for a motion to approve the Minutes, as amended, from the July 13, 2017 meeting.

Controller General Michael Morton made the motion to approve the Minutes.

All in favor: Unanimous

The Minutes from the July 13, 2017 meeting are approved.

A reminder was given that the next 2017 GEAR meeting is scheduled for November 16, 2017.

Presentation

Secretary Geisenberger went over the agenda briefly.

Director Myran gave the attendees an update of what the GEAR Team has accomplished since the last meeting:

Secretary Geisenberger met with Governor Carney, who is reported to be enthusiastic and eager to see the GEAR Report on December 1, 2017. They also discussed the possibility of scheduling interim reports to occur between December 1st 2017 and December 1st 2018 to avoid a long gap.

Director Myran explained that a Lightning Round with the State Auditor, R. Thomas Wagner, was conducted and was very productive. DNREC and DHSS met and shared helpful information about ASF optimization. The concept of the "Idea Factory" was created and has produced great results. The GEAR Team participated in a Retreat for the Delaware Quality Partners, progress was made in the 3P Focus Area, and the preliminary steps for utilizing eBoard and the GEAR website have been made. The eBoard will be used to post documents for upcoming meetings in place of the binders. It will probably come into play sometime after the Governor's Report is submitted on December 1, 2017. The website is slated to launch on October 1st, 2017. Its purpose is to make GEAR information available to the public and it will provide a method of obtaining input from both State employees and from the public.

Director Myran detailed the proposed schedule for completing the Governor's Report:

1. The due date for project teams to submit final reports can, if necessary, be moved from November 1st to November 6th.
2. A DRAFT of the report will be discussed and approved at the next GEAR meeting on November 16, 2017.
3. Everyone was asked to HOLD the date of November 28, 2017 as a back-up plan in case the DRAFT cannot be finalized on November 16th.
4. The report will be presented to Governor Carney on December 1, 2017.

NEW BUSINESS

Annual Report

Director Myran emphasized that the November 6th deadline for the charters is a hard stop. Going past that date will not allow enough time to organize all the entries into a final report. The GEAR team also wants to get the DRAFT of the final report out to the members in a timely manner so they will have enough time to thoroughly read the report before the November 16, 2017 editing meeting. That way everyone will be prepared to edit and make revisions to reach a FINAL product.

Director Myran reviewed the points that are important for everyone to focus on:

1. Shared service opportunities through centralization of functions or collaboration among organizations.
2. Methods to improve recruitment, development, retention of employees.
3. Identify partnership opportunities with businesses to lower the cost of government and promote economic development.

4. Improve efficiency and effectiveness of State Processes and procedures – with initial focus of the efficiency of services delivered in large cost-driver areas (Education/Health & Social Services).

Director Myran made a point of emphasizing that Gear is actually winding up to meet the December 1, 2017 deadline, rather than winding down, to the end of the year.

Proposed 2018 GEAR Board Schedule

The dates for the 2018 GEAR meetings have been tentatively set and are ready for approval from the members. Three meetings are scheduled for New Castle County and three meetings are scheduled in Dover. Here are the dates for Members to consider:

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

There were no objections to the 2018 meeting schedule so it was adopted without changes.

Secretary Geisenberger pointed out that the meetings are growing in size and attracting more and more participants. The GEAR team is looking for locations that will accommodate the growth of the meeting and still be convenient. There was a request for early morning Wednesday meetings in Dover so three of them have been scheduled in 2018. Also, Secretary Geisenberger is looking into a new location on the Delaware Health and Social Services campus in New Castle.

Review Project Charters

1. Financial Services Delivery

Director Myran volunteered to go over the Financial Services Delivery focus area first. Because Delaware State Agencies have traditionally operated with significant autonomy, many administrative and financial functions have been duplicated from agency to agency. Also, there are few benchmarks for financial services that reveal whether our processes are efficient and effective. Therefore, it is difficult to evaluate whether our services compare favorably to other States and/or private sector companies operating similar processes/functions.

Bryan Sullivan explained in detail the importance of Performance Budgeting and the Strategic Planning Process. He stated that this is the ideal time for the State Agencies to begin using these again with the change of Administration this year.

Director Myran explained that the key points the Financial Services Delivery team should focus on are:

- a) Identifying and prioritizing opportunities with the greatest impact and highest probability for success
- b) Migrating redundant financial services to consolidated enterprise solutions
- c) Driving costs down
- d) Getting back to Performance Budgeting and Strategic Planning

The Financial Services steering team has been set. Members are:

- James Collins, CIO of DTI
- Rick Geisenberger, Secretary of Finance
- Mike Jackson, Director of OMB
- Mike Morton, Controller General
- Ken Simpler, Treasurer
- R. Thomas Wagner, Auditor of Accounts
- Jim Myran, Director of GEAR

All members of the steering team have agreed to serve.

The initial focus will be on Accounts Payable and Treasury processes along with Performance Budgeting and Strategic Planning processes.

Treasurer Simpler gave a brief description of the Treasury project. An outside consultant has been hired to give 3rd-partner guidance on banking services.

Director Myran gave a brief run-through of the four phases to come in the AP/Treasury project:

- a) Data gathering
- b) Refining objectives
- c) Detailed planning (this takes 60% of the time)
- d) Execution phase

Comments were made about the importance of a cyclical approach, developing an IT system that is linked to the budget process and coordinating the Sunset Committee with the Joint Finance Committee in phasing out unnecessary programs.

Secretary Geisenberger closed this focus group by stating that he would like to gather the steering committee together for a deeper dive in the next week or so.

2. Education

Secretary Bunting explained that public education is about one-third of the overall state budget. The client base is ever expanding and many children come with special needs, which adds to the challenge. The Department of Education is in the process of “slimming down.” She noted that one new requirement this year is the addition of a new Office of Innovation & Improvement. The Department of Education also has a Consolidation Task Force dealing with the question of whether to consolidate the school districts.

Two areas that we have identified for significant improvement are:

- a. Charter School Office Transportation
- b. Council on Education Technology

David Blowman of the Department of Education gave a brief description of how they are generating savings by making the Charter Schools collaborate and consolidate bus routes. They have already seen some savings.

He also touched on the collaboration and savings on core technology services which has led to a partnership with DTI in such areas as content filtering, which is what prevents students from going to bad Internet sites.

Secretary Collins introduced Mark Cabrey, Director of Network & Engineering for the State and pointed out how involved he is in the development of content filtering. Mr. Cabrey mentioned that this is an area that is growing in cost by a factor of 10. This means that by 2020, we will need another 8 – 10 million dollars just to sustain the standards that we have now!

Chief Justice Strine commented on the importance of coherence among the school districts. He compared school districts to military agencies and pointed out that we do not use numerous training techniques for basic training. It should be the same in the schools. This GEAR committee is the only group that has the power to do this. It can't be left up to the districts.

Secretary Collins reminded everyone that we need to capture the benchmarks in the education focus areas before any further changes are implemented.

Director Jackson also commented about the importance of looking at how we fund our schools. It's not just about saving money, but also about what's best for the students. Secretary Bunting cited a situation where four school districts collaborated by pooling their funds to purchase technology equipment. It has turned out to be a great success and is now expanding.

3. Criminal Justice

Chief Justice Strine started out by emphasizing that we need to include all branches of the criminal justice system, including the State Police and Homeland Security.

The first area to focus on is electronic filing. We need to make it available in all types of cases. Another area is establishing one adult sentencing order that is legible. Technological sharing is essential as well as a revision of the Criminal Code, which would include bail reform as well as sentencing reform. Revising the Criminal Code will ***not*** invalidate anyone's sentence because it would only apply to future convictions. Also, what can we do to improve the process of re-entry into society after incarceration? There is a lot of room for improvement. He explained that he wants to use the partnership with the University of Delaware to continue to find opportunities for simplification and savings in time and money.

Chief Justice suggested changing the usage of the fuel tax by broadening the areas where it can be used. He also brought up the possibility of eliminating the position of Clerk of the Peace as an example of tackling bigger structural issues. He also mentioned creating one hot-mapping system for Wilmington to track crime. He said most people do not understand these issues when they hear about them and can't see how changing things would make it better. He emphasized that we should not settle for "small ball" and that we should keep in mind the public who we serve.

4. Public/Private Partnerships (P3 Task Force)

Ernie Dianastasis talked about such programs as Vision Coalition of Delaware and Pathways which are good examples of ongoing P3 partnerships. He introduced the program steering team which will be comprised of the following members:

- Ernie Dianastasis, CEO, The Precisionists (GEAR member)
- Rod Ward, CEO, CSC Global
- James Myran, Director of GEAR
- James Collins, Cabinet Secretary & CIO, Department of Technology & Information
- Tom Corrigan, CFO, Christiana Care
- Gary Stockbridge, President, Delmarva Power
- Chip Rossi, Delaware President, Bank of America

Additional members may be added in the future.

Mr. Dianastasis highlighted such issues as broadband usage throughout the state and intellectual property transfer. He mentioned Get2.com. He also emphasized how important it is to study other states and other countries. The steering team will create a 100-Day Action Plan and put it into action.

5. Division of Health & Social Services

Lisa Bond stood in and spoke for Secretary Kara Walker. She explained that DHSS is composed of eleven divisions which have all been working independently to reduce costs. But, now, it's time for all the divisions to work together. DHSS will focus on both increasing efficiencies and increasing revenue. Each division will be making recommendations on how to work together. This work was started in July and

they have started with divisions that work with similar populations. They are planning to deliver a comprehensive list of options for changes to Secretary Walker in September.

Here is what has been identified as good areas of change so far:

- a) Re-structuring FLEET usage. This is definitely an area that can be made more efficient and save some money.
- b) Overtime policies and what causes the need for employees to work overtime in each department.
- c) Underutilizing federal Medicaid funding for State purposes, which includes restructuring the State fee schedules as well as using federal money to staff positions.

DHSS is using the SMART Goal strategy for looking at each of these issues. They may have to reach out to the HR Department to look at revisions to the merit goals. DHSS is a large organization and would appreciate input from other divisions. They are even going to look at things that they have tried to change before but were not successful. Nothing will be left off the table.

6. Human Resources

Acting Secretary Johnson announced that today is her 37th day on the job and she has appeared today with her colleague, Barbara McCleary, who is steering the whole “centralization” part of this. She explained that there are three guidelines that the new department is using:

- a) Statutory provisions, relating to the creation of the Human Resources Department
- b) Ivy Report
- c) Diversity Inclusion

Acting Secretary Johnson has hired a Deputy Secretary named Trudy Mifflin and she, herself, is hoping to transition from “Acting Secretary” to “Secretary” in January.

One area that the Human Resources Department will be focusing on is Women’s Advocacy. Someone has been hired from the women’s law group in Washington. A new division has been created called Director of Women’s Advocacy. Candidates are being sought for that position now. This will be an amazing new position!

Secretary Johnson has been encouraged by many comments made in today’s meeting. She mentioned the four quadrants that must be represented: creation, innovation, operations and media. To sum things up, she described her new department as “building a plane and flying it at the same time.”

Secretary Geisenberger reiterated how excited he is to have Secretary Johnson on board and the creation of the new department to deal with revisions in the merit system and other personnel issues.

Chief Justice Strine also brought up the issue of FLEET as an example of an area that is in great need of revision and updating.

7. IT Efficiency

Secretary Geisenberger pointed out that Secretary Collins is a member of every single task force, illustrating the importance of the development of IT technology in all areas of the state. Secretary Collins explained why we also need a separate charter just for IT. One of the most difficult tasks is just getting an idea of what the State's IT span is and our current benchmarks. There are 611 full-time employees working in IT in the State and 297 of them are in the DTI Department. DTI is searching for an experienced partner to help with the process of data-gathering and analyzing as well as taking a look at models of other states. They're taking a hard look on contracts such as one for phone and broadband services with a potential savings of over 2 million dollars. They're trying to do a better job of leveraging the State's buying power.

Secretary Collins is asking the same question in every focus group: What is the data telling us? Therefore, we really need to concentrate on gathering reliable and complete data. We really need more data scientists that can help agencies learn from their data.

Secretary Johnson and Chief Justice Strine both reinforced how important the data-gathering process is and the analysis of that data. There was widespread agreement among the members of GEAR.

FUTURE MEETINGS

Secretary Geisenberger explained that GEAR will continue to work on the focus group charters so that they will be completed by November 6th at the latest. He proposed that a legislative package will emerge from each focus group as well as performance metrics and data, therefore eliminating the need for separate focus groups in those areas. He asked if there were any objections to eliminating those focus groups and concentrating solely on the seven remaining: Criminal Justice Charter, Education, Financial Services Delivery, Health & Social Services, IT Efficiency, Public-Private Partnerships and Human Resources Delivery. There were no objections.

PUBLIC COMMENT

Secretary Geisenberger made a point of introducing Joseph Martini with the Delaware Quality Partnership and explained that this organization will be intimately involved in the GEAR process. Secretary Geisenberger and Director Myran participated in a DQP retreat where they discussed how DQP can interact with GEAR. Mr. Martino commented that DQP is looking at leadership, the teams, and the enforcement of some of the decisions made by GEAR. They are working on a paper now that will go into detail on all these areas.

ADJOURN

The meeting was adjourned at 10:30am.