Government Efficiency and Accountability Review (GEAR)
Board Meeting Minutes
July 11, 2018, 8:00am to 10:00pm
FINAL

Introductions

Secretary Geisenberger opened the meeting at 8:00 am. He announced that today's deep dive presentations will be on IT and the Department of Human Resources.

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
Chris Cohan, designee for The Honorable James Collins

The Honorable Ken Simpler, State Treasurer, Office of the State Treasurer
Nohora Gonzalez, designee for The Honorable Ken Simpler

The Honorable Michael Morton, Controller General, Office of the Controller General

Emily Cunningham, designee for The Honorable Susan Bunting, Secretary of Education, Department of Education

Amy Quinlan, designee for The Honorable Leo Strine, Jr., Chief Justice of the Supreme Court

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

Ernest Dianastasis, CEO of The Precisionists, Inc., by phone

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

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

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
- Trudy Mifflin, Department of Human Resources
- Karen Smith, Department of Human Resources

- Debra Lawhead, Department of Human Resources
- Faith Rentz, Department of Human Resources
- Lisa Allison, Department of Human Resources
- Keith Hunt, Department of Human Resources
- Robert Zimmerman, Chief Operating Officer, Department of Natural Resources & Environmental Control
- Syd Swann, Office of Management and Budget
- Colleen Gause, Department of Natural Resources & Environmental Control
- Ken Hoffman
- Jeff Gilmer, Excipio
- Alaina Egolf, Office of Management and Budget
- Kathy McGuiness, Commissioner of the City of Rehoboth Beach
- Glen Gray, Computer Aid, Inc.

OLD BUSINESS

Review/Approve Minutes

Secretary Geisenberger announced that there are two sets of minutes to approve today, one from the March 2018 meeting and one from the May 2018 meeting. The March minutes were amended and reviewed again after the May meeting.

Secretary Collins made a motion to approve both minutes.
Director Myran seconded the motion.
All in favor: Unanimous

The minutes from the March 14, 2018 meeting and the May 15, 2018 meeting are both approved. Mr. Sullivan to work with Ms. Burns on minor edits to May minutes.

2018 GEAR Board Meeting Schedule

Director Myran announced that the next meeting will occur on September 18, 2018 from 9:00am to 11:00am at the Buena Vista Conference Center in New Castle County.

GEAR Team Update

Secretary Geisenberger mentioned that, starting today, the GEAR team will no longer provide printed copies of the meeting presentation. The presentation will be projected on the large screen during the meeting and then it will be available on the GEAR website immediately following the meeting. This decision was made to model ways to save on time, labor and paper, conforming to GEAR objectives. The GEAR website can be accessed at: https://gear.delaware.gov/   .

NEW BUSINESS

GEAR Website Updates

The GEAR team is currently in the process of implementing a new "dashboard" for the GEAR website. In this section, you will be able to view the progress of each of the focus groups through the 4-Blockers that they submit before each meeting. The focus groups are now required to add progress indicators to their 4-Blockers and this information is summarized in the dashboard. A person will be able to view and track the progress of each initiative very easily on the dashboard. This is another step in the effort to be transparent and keep the public informed about what's happening in GEAR.

Mr. Sullivan explained that the Financial Services Delivery Focus Group is expanding by inviting the School Business Managers to attend the meetings.

Secretary Geisenberger added that this information should be considered in the context of the recent findings by the School Consolidation Task Force. The task force came up with many recommendations and one of the suggestions was to have GEAR become involved in some of the non-classroom changes. There was also a House resolution that passed late in the previous session that expressly asked GEAR to follow up on some of the financial services recommendations. Now the Financial Service Delivery Focus Group is trying to pinpoint exactly how it can be of help. Therefore, meetings are scheduled with the School Business Managers, as well as with the Governor.

Director Myran mentioned the annual report that GEAR put together last December and will produce again this coming December and present to the Governor. The GEAR team is working on the creation of templates for chartering continuous improvement ideas. These templates are designed to gather information to include in the report in a quick and easy manner. This will be discussed in more detail at a later meeting. Director Myran encouraged everyone to begin preparing for the annual report soon. He reminded everyone to focus not just on what has already been accomplished, but also on new ideas that are being introduced.

Progress Reporting Tracking

Director Myran reminded everyone to use the 4-Blocker progress indicators to show the importance of each item as well as the progress of each item. These progress indicators were added in order to inform the public about GEAR progress over time.

Employee & Public Comments Management

Director Myran stated that GEAR has received feedback from the public that there is not enough information about the time spans of the projects in the 4-Blockers, so it is important for everyone to use the progress indicators. The dashboard will also improve the presentation.

Government Accountability Act (GAA) Revision

Mr. Sullivan gave everyone an update on the GAA which was one of the GEAR issues in the last legislative session. The Financial Services Delivery team had approved the bill and it was endorsed by the GEAR Board in May. It was introduced in the Senate on June 19, 2018 as

Senate Bill (SB) 263. The Senate passed the bill on June 21st, but it did not go before the House for a vote. Therefore, efforts will be renewed in January of 2019 to re-introduce the bill.

Director Jackson emphasized that much progress has already been made on the bill and that it will not be necessary to start over from the beginning in January. Secretary Geisenberger agreed and added that the bill has benefited from lots of hard work and is in good condition to re-introduce in January. The Honorable Ken Simpler requested an opportunity to submit additional thoughts/edits to the bill to improve its clarity and spell things out more. Director Jackson said that additional thoughts could be submitted as long as they do not limit the flexibility needed for the bill's implementation. A decision was made to continue working on it in the Financial Services Delivery Focus Group meetings. The goal is to preserve the fundamental ideas but also to keep the recommendations flexible enough to allow for future growth.

Secretary Geisenberger also mentioned legislation that did not get passed concerning Criminal Justice. He asked Amy Quinlan for a summary of what happened with the Criminal Justice bills regarding code revision and bail reform.

Ms. Quinlan explained that for the code revisions there were minor changes between the original March 2018 report and the final report that was submitted to the Criminal Justice Improvement Committee (CJIC) in May of 2018. After that, however, the bill was converted into legislative format and it got hung up in discussion before it went before the Senate. In the end, it was not put before the legislature for a vote.

Ms. Quinlan added that the next step is to continue drafting the bill, incorporating ideas from the Attorney General (the Attorney General declined to participate in this code revision effort). The drafting group is working on adding a commentary section that will be cross-referenced to the bill and will diffuse confusion. The goal is to make the categorization of crimes clear and easy to use as a reference.

Secretary Geisenberger commented that, for each of the agencies, it is important to be able to easily locate what is and isn't a crime, especially the agency-specific administrative crimes, and that having the agency-assigned Deputy Attorney Generals involved in the cross-referencing will be very helpful.

DEEP DIVES

IT Efficiency

Secretary Collins and Jeff Gilmer began the presentation about IT efficiency in Delaware. Jeff Gilmer is with Excipio, the company that did the IT assessment for the state. This assessment included both services that are provided by the Department of Technology & Information (DTI) and other state IT staff. The goal is to present a centralized IT system that will provide equitable, efficient and cost-effective services. This includes optimizing the workforce resources in the state. The potential savings could total as much as ten million dollars!

Secretary Collins illustrated areas that are goals for IT development such as business portals, citizen portals and digital signatures. These things are happening here and there throughout the state, but implementation needs to be more consistent. The current IT model is outdated and is exposing the state to risk, lack of quality and overspending. There is a stable workforce available in Delaware to work on making improvements.

Secretary Collins added that the government relies heavily on IT and the time is here to make changes. IT is a strategic asset and the staffing and funding must be equitably distributed. Standards must be set and strictly adhered to for reducing risk and cost. The state must leverage technology and data across silos to target services and improve digital government.

Jeff Gilmer explained the background which led to today's status. It started back in the year 2000 with legislation that created the Department of Technology & Information. Then, an executive order in 2010 made it clear that IT consolidation is an overall goal. The problem is that the initiative is incomplete and is based on an unsustainable model.

Mr. Gilmer pointed out that Delaware is not alone in this area. Kansas, Michigan, Pennsylvania and South Carolina were in similar situations before working with Excipio. Information and data from these other states have been used as examples in the report to show what is achievable.

Mr. Gilmer went into detail about how the assessment for Delaware was conducted. It started with a kick-off meeting with management and key staff from over 40 agencies. Data was collected from at least 80% of this group. On-site interviews were conducted and each of the agencies reviewed the findings. Then, an analysis was done by conducting an objective business, technical and financial evaluation. Strategies and recommendations were developed and validated by the agencies' staff presented to DTI senior management.

Director Jackson asked if this assessment was done just on the state government agencies and Mr. Gilmer replied yes, the assessment did not include local school districts.

Mr. Gilmer went on to explain that the scope of the assessment included standards and operational processes. This included over 40 agencies, 22,000 personal computers, over 140 storage or backup devices, 130 telephone systems, over 5900 network devices, over 3200 printers and over 850 servers. The areas that were not reviewed include applications, security, IT procurement and program and project management.

Then, Mr. Gilmer went into the findings. To begin with, strategic governance is lacking in the state, including three levels: the executive level, the financial level and the technical level. For example, the technical level would design the standard for personal computers. They would, then, bring their recommendations to the financial level. The financial level would look at the cost. Once these two levels have been decided, the recommendations would go to the executive level. This is not happening in Delaware today. There are standards, but they are not enforced. Funding requests are coming from multiple sources in multiple areas. Everybody is in their own silo and very diverse.

Secretary Geisenberger asked a question about the funding level. Has Excipio managed to overcome the situation of multiple sources of funding in other states? For example, some funding may come from the federal level and some from the state. Mr. Gilmer explained that this problem has been overcome in other states and he assured everyone that this will be addressed later in the presentation. The funding is not a restrictive as one would think. He said Excipio has already had conversations with the IRS regarding different forms of federal funding and how they can be used in a flexible way.

Mr. Gilmer added that when agencies don't come to centralize IT until they can't find a solution anywhere else, they are being _**re**_active instead of _**pro**_active.

In summary, Mr. Gilmer went on to explain the current IT environment in Delaware is one where the efforts to centralize are made with good intent. There are some centralized systems such as email, network, DELJIS and ERP and the technical teams in existence now are competent but placed in a structure that is not working.

Here are the most significant issues that Excipio identified:

1. Inefficient technology model
2. Unenforced standards
3. Outdated equipment
4. Security risks
5. Immature shared services model
6. Overspending

Mr. Gilmer illustrated the example of personal computers to explain in detail. The state has over 22,000 personal computers and the refresh policy is every five years. This means that, at any given time, the state has over 10,000 personal computers that are over five years old and there are at least 244 different models! Five years is considered _**ancient**_ in today's world of technology and there should be less than 40 models.
It is almost impossible to maintain and service so many models. The state is facing similar issues in data centers, servers, mainframe, storage and network.

The use of Windows 7 is another example of how outdated things are. The state personal computers are all still using Windows 7 and it's over three or four years old. Support for Windows 7 will completely end in January of 2019 and all the personal computers will no longer be able to keep up with security updates. Secretary Collins added that this is a good example of how the state is in a constant major project just to keep up.

Mr. Gilmer explained how this situation is affecting spending. The state is currently spending about 61 million dollars per year on technology. He stated that the bottom line is that the state is always _**last**_ in the list of priorities and that this is a cultural problem. It will be very hard to make improvements in this kind of environment but there are ways to deal with this which can be put in place ahead of time. This problem has been overcome in other states.

Next, Mr. Gilmer shared an illustration of future opportunity by explaining the difference between Tactical and Strategic paths. The state is currently on the Tactical path which is characterized by the following:

1. CapEx (Capital Expense) models
2. High overheads
3. Fixed Cost models
4. Insufficient resources
5. Incomplete services
6. Service provider

Where is everyone headed in the future? Ideally, a Strategic path which is characterized by the following:

1. OpEx (Operations Expense) models
2. Low overheads
3. Consumption based
4. Packaged solutions
5. Service broker

He explained that some states no longer fund IT development through bonds but have transferred all IT costs into operating expenses. If it's consumption-based then the expense goes away when something is no longer needed. The state should no longer own its own services. It should be using a "service broker" instead. The state can still set its own standards internally.

The recommended future strategy relies on commoditized services:

- Email, SharePoint, Skype
- Desktop
- Mainframe
- Data Center
- Network

and strategic services that the state should keep under internal control:

- Policy, architecture, and security
- Application development and support
- Service desk knowledge
- Project/program management
- Vendor Management
- Agency IT Liaisons
- IT centralized fiscal planning and chargeback

The results of making all these changes could be a saving of as much as $ 11,234,000!

Mr. Gilmer also made the point that at least some of those savings should be re-invested in technology so that the state doesn't find itself right back where we are today. Technology is constantly changing and requires constant re-investment to prepare for the future.

There was some discussion back and forth about how these recommendations could be implemented in Delaware. Director Jackson mentioned a recent situation where a department asked for a million dollars of funding to replace their personal computers, without taking into consideration any of Excipio's recommendation. Mr. Gilmer compared that to the state of Kansas who also needed to replace their personal computers but did not have the capital to make a one-time investment. They turned that need into an operating cost and used a shared service and now they pay a monthly fee. They didn't have to purchase the PCs and they will be easy to replace when they become outdated.

Secretary Collins reiterated that what we're talking about here is the basic foundation that supports IT throughout the state. Director Jackson expressed the hope that the state will be able to extend this method to even larger projects in the future.

Mr. Gilmer concluded his presentation with six major recommendations for the state of Delaware:

1. **Implement a true shared services model**

- Enterprise centralization plan of IT operations
- Establish and enforce statewide standards
- Service level agreements, Statements of work
- Service Catalogue
- Financial model

2. **Establish/reconstitute technology governance**

- Define the representation
- Agencies involvement
- Centralization of funding and budgets
- Security or regulatory requirements
- Shared services model review
- Project and exception approval process

3. **Centralize all technological resources**

- Single shared services organization
- Leverage resources based upon skill sets
- Strategic geographic locations for improved service
- Enhanced knowledge base available to all agencies
- Provide resources as a strategic service
- Incorporate into Service Catalogue

4. Determine data center strategy

- Should the State be in the data center business?
- Leverage internal facilities at current level?
- Exit facilities with financial or structural risk issues?

5. Evaluate and assess new technology strategies

- Hybrid shared services solutions
    1. Commodities sourced
    2. Strategic internal
- Purchase and fund on an actual-use basis
- Determine asset ownership
- Ability to "turn off" services when not in use

6. Implement enterprise vendor management

- Centralize vendor, contract, and license management
    1. Gains economies of scale
    2. Reduces numbers of vendors
    3. Increases value through increased vendor accountability
    4. Mitigates risk of license violations
- Savings through renegotiation often pay for centralization effort

Secretary Collins concluded by entreating GEAR to form a subcommittee to formalize IT strategy based on the Excipio recommendations. Secretary Geisenberger replied that the cabinet members on GEAR should meet to discuss how to proceed. He asked Mr. Myran to work with Secretary Collins to set up this meeting.

Human Resources Delivery

Secretary Johnson began by announcing that on July 17th it is the one-year anniversary of the creation of the Department of Human Resources. It consists of five divisions: Diversity & Inclusion, Women's Advancement & Advocacy, Statewide Benefits, Personnel Management, and Labor Relations & Employment Practices.

The Department of Human Resources serves over 125,000 people in the area of benefits, over 56,000 people in the area of insurance coverage, over 25,000 people in the area of training and 16,000 people as state employees.

The Department of Human Resources has four major GEAR priorities:

1. Centralize Human Resources
2. Reset Recruitment and Retention
3. Reduce Healthcare Operating Costs

4. Reduce Workers' Compensation Costs

Barbara McCleary, the Lead for Centralization, began the presentation with the project of centralizing the human resources services of the 16 executive branch agencies. She explained that the goal of centralizing is to provide the best practices in the delivery of human resource services. This would be accomplished by providing excellent customer service, by creating uniform policies, practices and procedures and by utilizing GEAR principles to save time and money. She mentioned that currently they are in the process of combining two separate workforces into one. The existing 160 Agency HR professionals will combine with the new 105 DHR employees to form a new workforce of 265 centralized DHR employees.

Ms. McCleary explained that the centralization process has been divided up into three sections: People, Policies and Processes. Within the People arena, they have been doing a job function survey, conducting a needs analysis and looking at service level agreements. In the Policies arena, they have been identifying, categorizing and prioritizing the over 60 different policies that the state currently utilizes. They have identified several areas in the Processes arena to focus on. These include onboarding, electronic personnel files, timekeeping, complaints & investigations and recruitment.

Ms. McCleary stated that they have been asked several questions over and over, wherever they go:

1. Will employees lose their jobs or have lower salaries?
   The answer is, "No."
2. Will employees be required to permanently relocate?
   The answer is, "No."
3. Will employees' job duties change?
   The answer is, "Maybe."

Secretary Collins asked if the move toward centralization will create new job opportunities for HR staff. Ms. McCleary stated that this will absolutely be so. New opportunities may arise as changes are made and they are also looking at expanding training. They are looking at creating an "HR pathway" for employees.

Ms. McCleary added that the steps to achieve centralization were developed by an HR work group. These steps include:

1. Job function survey
2. Agency profiles
3. Agency visits
4. Draft service level agreements
5. Execute service level agreements
6. Transfer agency HR personnel to DHR
7. Welcome new employees to DHR

The work group is currently on step #3, Agency visits. The timeline for centralizing the remaining agencies is April 2, 2019.

Ms. McCleary also added that the steps in the process are being made very deliberately. They are looking very carefully at what will make sense in a centralized environment as opposed to an agency- by-agency approach. The areas in the Processes arena have been chosen very carefully to be the areas that would benefit most from centralization such as onboarding or timekeeping. For example, the state currently uses at least six different timekeeping systems!

Ms. McCleary explained that the challenges that they are facing are responding to questions through the transition, funding sources for positions, centralized timekeeping and continuous mapping of HR services.

Keith Hunt, the new Director of Diversity & Inclusion, stepped up to talk about recruitment reset. What exactly does that mean? The state needs talent to fill the various positions. The goal is to develop a best practice for filling vacancies in the shortest time with excellent customer service, using technology and GEAR principles. Mr. Hunt described the process being used to achieve this goal as a "LEAN-mapping approach." This approach includes:

- Implementing Pilot Proposals
- Mapping Recruitment Process
- Reducing Time-to-Fill
- Marketing to Increase Applicant Pool

Secretary Johnson explained that, currently, each state agency spends money on recruitment. She offers, "Can we pool all that money together and implement an organized marketing campaign?" She added that the State wants to move forward with one voice.

Next, Mr. Hunt illustrated the steps that DHR is beginning to focus on now:

- Benchmarks for hiring process
- Implement hard-to-fill action plans
- Frequent Communication
- Collaborative marketing & advertising
- Competitive compensation strategy

The challenges include:

- Increase speed of hiring
- Uniform data collection
- Enhance customer service
- Engage applicants
- Address non-competitive pay

Secretary Collins asked if "diversity" is a topic that DHR is addressing. Mr. Hunt explained that it will be a topic but, first, the transactional process must be fixed.

Lisa Allison stood up to explain how the State came to the current compensation plan. It goes all the way back 1986 when the State implemented a "Mid-Point" based compensation plan. The mid-point was the amount a seasoned employee would expect to be paid based on the market. Employees expected to reach the mid-point within five years. Unfortunately, this pay plan was only funded for five years. Since then, increases have been inconsistent and unpredictable and market surveys were abandoned in 2007. To further complicate matters, the State has 52 collective bargaining agreements and 8 compensation bargaining agreements.

A total compensation study was conducted of the Executive, Legislative and Judicial branches along with elected offices. The study looked at benefits, compensation, classification and gender, race and ethnicity within the 16,000 state employees.

Ms. Allison explained that the changes have been broken down into two steps:

> **Step I**
> Competitive Wages & Pay Plans
>
> **Step II**
> Best Practices & Equity

Combine these two steps and the result is competitive and equitable compensation and classification.

Ms Allison introduced a timeline for the total compensation study beginning on April 11, 2018 and ending on February 22, 2019 with a presentation of final recommendations to Secretary Johnson.

Next, Deputy Director of Statewide Benefits, Faith Rentz, took over to talk about the objective of the Statewide Benefits committee:

"Offer employees/retirees/dependents adequate access to high quality health care at affordable cost while promoting healthy lifestyles to engaged consumers."

Ms. Rentz explained that there are over 25,000 people who take advantage of statewide benefits and that health cost projections show that the expense is growing. Since 2016, the number of people engaging in Open Enrollment has increased by 27%!

The next steps that the Statewide Benefits will focus on include:

1. Developing centers of excellence network
2. Developing transparency & consumerism tools
3. Evaluating the impacts of our health policy
4. Seeking value-based contracting

The challenges that have been identified are:

1. Continuing to educate and engage
2. Balancing benefit plans & fiscal responsibility
3. Ensuring compliance with State & Federal mandates

Secretary Geisenberger recommended identifying numbers to show how much improvement has been made.

Debra Lawhead director of the Insurance Coverage Office, explained that the objectives concerning Workmans' Compensation insurance coverage is:

1. Reduce lost time days
2. Reduce cost of workman's compensation injuries

Ms. Lawhead went on to explain that, up to now, the State has been self-insured with over 56,000 participants. In FY 2018, the State incurred a total of 32,058 lost days at a cost of $37.7 million.

Ms. Lawhead stated that, already, the DHR has managed to reduce the number of lost days from an average of 54 days to 52 days. Also, they have been able to keep the overall cost under the usual medical inflation rate. They have also provided 16 monthly safety trainings that reached 232 employees.

Secretary Geisenberger asked if she could do a deeper dive with the Financial Services Delivery team at its next meeting (August).

Ms. Rentz added that the main points they are planning to focus on are are trainings in safety and risk management and incident reporting, inspecting properties for safety, returning employees to work and communicating the results of these efforts.

Secretary Collins commented that the State is going through a fundamental change in how government provides services. The hard work is just beginning and will need legislative support to continue.

PUBLIC COMMENT

Robert Zimmerman, Secretary of DNREC, brought up the topic of employee engagement and how to engage the workforce as a whole. He stated that the State needs to do better to engage management and to promote GEAR directives for everyone.

Secretary Collins added that this could be promoted in employee performance reviews.

Erin Goldner from the public asked GEAR to address three important points:

1. Protecting people's confidential information
2. Ensuring compatibility in all the areas of technology

3. Better utilizing volunteers

ADJOURN

Secretary Collins made a motion to adjourn and Secretary Geisenberger seconded.

The meeting was adjourned at 10:57 am.