



**Government Efficiency and Accountability Review (GEAR)
Board Meeting Minutes**

September 18, 2019
10:00am to 12:00pm
Haslet Armory, Conference Room 219
122 Martin Luther King Jr. Blvd, South
Dover, DE 19901

FINAL

INTRODUCTIONS:

Secretary Geisenberger opened the meeting at 10:00 am and welcomed everyone.

Board Member and/or Designees in Attendance:

Name	Organization	Attendance	Designee Attended
Michael Begatto	Executive Director, AFSCME Council #81	Not Present	
The Honorable Susan Bunting	Secretary of Education	Present	
The Honorable James L. Collins	CIO of Dept. of Technology & Information	Not Present	
The Honorable Colleen Davis	State Treasurer	Present	
Ernest J. Dianastasis	Business Representation, CEO of The Precisionists, Inc.	Not Present	
The Honorable Richard Geisenberger	Secretary of Finance	Present	
The Honorable Michael Jackson	Office of Management & Budget	Present	
The Honorable Michael Morton	Office of the Controller General	Represented	Art Jenkins
Vacant	Delaware Supreme Court	Represented	Evelyn Nestlerode
The Honorable Kara Odom Walker	Health & Social Services	Represented	Lisa Bond
The Honorable Sandra Ross Johnson	Dept. of Human Resources	Present	

Other Attendees Introductions:

Name	Organization
Jim Myran, Executive Director of GEAR Initiatives	Dept. of Finance
Bryan Sullivan, Director Management Efficiency	Office of Management & Budget/BDP
Bobbi DiVirgilio	Dept. of Finance
Jane Cole	Division of Accounting
Chris Cohan	Dept. of Technology & Information
Mike Womer	Dept. of Technology & Information/Dept. of Finance
Chuck Longfellow	Dept. of Education
Barbara McCleary	Dept. of Human Resources

Andrena Burd	Auditor of Accounts
Lisa Elder	Auditor of Accounts
Laura Horsey	Auditor of Accounts
Elizabeth Vasilikos	Auditor of Accounts
Robert Zimmerman	DNREC
Martina Johnson	DNREC
David Edgell	Office of Management & Budget/OSPC
Connie Holland	Office of Management & Budget/OSPC
Miriam Pomilio	Office of Management & Budget/OSPC
Mike Svaby	Office of Management & Budget/DFM
Tripp Way	Office of Management & Budget/DFM
Joshua Berkow	Office of State Treasurer
Dan Madrid	Office of State Treasurer
Tammy Croce	DASA
Troy Mix	UD - IPA

OLD BUSINESS:

Review/Approve Minutes

The meeting minutes from the July 16, 2019 GEAR meeting were sent to GEAR Board members twice prior to today's meeting to ensure the team had a chance to review and make corrections.

Secretary Geisenberger made a motion to approve the July 16, 2019 minutes. The motion was seconded, and received a unanimous vote to approve. The FINAL version will be posted on the Public Meeting Calendar.

Secretary Geisenberger acknowledged Chief Justice Strine and thanked him for his many spirited contributions to GEAR. A new Chief Justice will be appointed in November 2019 and will be added as a new Board member to GEAR at that time.

2019 Schedule:

Director Myran announced that the next meeting will occur on November 19, 2019 at 8:00am in Buena Vista. DHSS & Healthcare, Criminal Justice and P3 – Public/Private Partnerships will be the next groups to provide Deep Dive presentations at this meeting.

Director Myran also reviewed the 2020 GEAR Board meeting schedule. The specific dates and times are very similar to the prior three years. Calendar invites have been sent. Please review and advise us of any major conflicts you may have with your 2020 calendar.

GEAR Team Update:

Director Myran presented the GEAR Team Update set of slides. EdGEAR and Financial Services are presenting Deep Dives today. GEAR P3 Award last May was very successful. The GEAR team is working with GEAR P3 task force and HR to develop an individual contributor category to be added to the annual Governor's Team Excellence Process, Innovation, and Efficiency award. The new award will recognize individuals that have demonstrated a significant continuous improvement contribution without having been part of a traditional team structure.

Secretary Geisenberger noted that since the last meeting, the teams that won the 2019 GEAR P3 award have received their financial awards.

Secretary Geisenberger added that they are working with the Governor's office on doing an event where the recipients of this year's awards and those who helped sponsor it can be acknowledged. This will hopefully become the kick off for some of the next round of fundraising with the private sector and creating more participation.

Referring to slide 7 in the deck, Director Myran continued with:

- HR Consolidation Update was provided by Barbara McCleary: “HR is “gearing” up for LEAN training.
- HR is working on a number of highly critical processes identified as part of the centralization program, and identified while creating service level agreements (SLA) with agencies.
- HR is also working on recommendations for the compensation study and looking at new strategies on recruitment not just in the “hard to fill” positions but all positions across the state.
- DNREC update was provided by Bob Zimmerman, by introducing Martina Johnson, who recently took a position at DNREC and will be their leader in process improvement. They are going to start moving on their permitting improvement now that the “One Stop” system is out.

No IT Centralization Update was provided this month.

Secretary Geisenberger added that later this afternoon, the Governor would be unveiling the new “One Stop” business licensing and registration system. There has been a business licensing system since 2003 where you could obtain a business license with the Division of Revenue and perform other registration functions with the Office of Workers Compensation and the Division of Unemployment Insurance. The older system was designed more to meet the needs of the agencies rather than the needs of the prospective businesses, i.e. it wasn’t the most business-friendly tool.

The new system has been redesigned, and includes support for activities associated with the Division of Corporations. It focuses on the needs of the “small” Delaware businesses. The team has received very positive feedback on the new design, a result of partnering with the Government of Information Center (“GIC”) and DTI. The system is built using the well-known cloud service, Salesforce. The hope is to take some of the legacy systems in place and integrate them with Salesforce to reduce repetitious questions (name, address, owner, etc.). This is the concept of this new system is “One Stop”.

GEAR Annual Report:

Director Myran presented the slide numbers 8 thru 9 regarding the GEAR Annual Report. The report is required per statute. He thanked everyone for their contributions in prior years. Secretary Geisenberger stated that the first draft will be completed by November to be discussed at the November meeting. Director Myran went on to add that they want to raise the bar by showing more quantifiable outcomes, providing measurements of before and after – reduced complexity, costs, number of errors, or improved quality of service, etc. Secretary Geisenberger stated that sometimes the difficulty with this report is making the report “one voice”. Therefore, the more we can adhere to a standard format the easier it will be to assemble and edit the document.

NEW BUSINESS

Process Modeling and Optimization

Director Myran reminded the attendees that GEAR is developing a standard business process mapping and optimization methodology. The data underpinning these types of activities is stored in a system we feel should become the State standard. By standardizing the methods and tools used, we have the opportunity to create a statewide community of practice, any by participating in the community of practice; agencies can learn from the experiences of tested practitioners and thereby accelerate their business process optimization activities.

DEEP DIVE – The detailed written version of the Deep Dive slides are available on the GEAR website at <https://gear.delaware.gov/reports-publications/> (presentation dated September 18, 2019).

Council on Education Technology

Dr. Chuck Longfellow of the Dept. of Education (DOE) presented slides 13 thru 17 regarding the Council on Education Technology.

Dr. Longfellow began with the overview of what the functions of this council will be, stating that it is a joint effort between DOE and the Dept. of Technology and Information (DTI). They are making a major effort to make sure that statewide they are working in a strategic direction around educational technology to help students learn, be safe and also preserve cyber security. They have had a few meetings with various members throughout the state and have completed their purpose and vision statements. A "Needs Assessment" Subcommittee has been established and looking for this committee to guide through the next phase of major efforts. This subcommittee consists of school district employees and DTI who are working very well together at this time. So far, this subcommittee has been resistant to bringing in an outside source for help and will do this if needed. The challenges are focusing on the future not the past and staying out of the "weeds".

Secretary Geisenberger asked whether there is someone on the committee to represent the financial side. Dr. Longfellow responded that a representative from the Controller Generals' Office and the Office of Management & Budget (OMB) are involved. It helps to have these representatives at these meetings to explain how the budget actually works and how things are done.

Financial Reporting Data Standardization

Dr. Longfellow presented slides 18 thru 22 regarding Financial Reporting and Data Standardization.

Dr. Longfellow discussed that by standardizing reporting data, it becomes comparable -- to the best degree possible -- across local education agencies, including districts and charter schools. Having standard codes will help the schools be more transparent. This will provide a clean and consistent way of mapping expenditures in different reporting categories. Dr. Longfellow went on to thank Jane Cole of the Division of Accounting for a working with them on this effort, and that this work should be of value to other agencies beyond DOE.

Much progress has been made, including having completed the standardization of expenditure codes to be used in FY2020. At this time both the districts and charters are using these standard codes. Instructions are available on their website. There were a few unintended consequences with this and they are currently working through them. They have now started working with Jane Cole on the Revenue Account codes and have starting talking with DTI, Finance, Accounting and Open Data about what to do to expand transactional level data (i.e., trash services, instructional services, legal fees, etc.) for even more transparency along with standardizing Job Codes. Finally, they still have to deal with self-reporting for ESSA and are looking at ways to automate for FY20.

Secretary Geisenberger added that the way he looks at this is the next time the Legislature wants a school consolidation task force, it would be nice to say "we don't need it because we are tracking all of this data, etc."

EdGEAR

Dr. Longfellow presented slides 23 thru 24 regarding EdGEAR.

Dr. Longfellow explained that EdGEAR is a GEAR like organization that is owned by the district and charters schools. Membership has now been established, with heavy membership by the District CFOs being the most interested. At this time, two meetings have been held. Many discussions are occurring, and now is the time to work on prioritizing what is coming out of those meetings. They will need to pick a few ideas and start working on them.

Director Myran added that this is really what GEAR is about. There is no shortage of good ideas, but there is a need to decide what are the top priorities, and what lower priority opportunities exist which can be executed fast to build the momentum of the team. He went on to add that he feels very optimistic about this organization.

Opportunity Fund

Secretary of Education, Susan Bunting, presented slides 25 thru 26 regarding the Opportunity Fund.

Secretary Bunting explained that this is money was appropriated to increase the reading and math proficiency of the English Learner and low income students. They will have very strict applications to keep focused on these two areas. The extra \$5 million will be able to address the mental health of the students. Secretary Bunting stated that this was a much fairer and effective way of distributing the money along with servicing the students that they are really concerned about.

Secretary Geisenberger asked whether some of the \$20 million could also go to mental health services, to which Secretary Bunting confirmed that yes it can. Secretary Geisenberger went on to mention that this was discussed in some degree at the last meeting of the healthcare commission, with one of the questions being “is the workforce available to actually do this work”, it is great to have the money but if you can’t fill the positions, hoping there will be some dialog about this type of workforce.

Secretary Bunting continued with her presentation by adding that they in some districts they can do a “match tax” which is an opportunity to increase the amount of money invested in this project as a whole. A report must be submitted each year, whether the match tax is used or not and with this there will be a three branch accountability system:

- 1- District check-ins with superintendents where they annually look at their performance, review their state test results, and look at their proficiency -- Federal law requires that at the end of ESSA they must reduce their non-proficiency by half. Superintendents will talk with Secretary Bunting about what they are doing for each of these goals. Charters schools now have to undergo the same process.
- 2- Executive Order No. 33 established an Opportunity Funding Community Engagement Committee with very specific participants (12 members). This committee will design a way to visit schools and converse with administrators and practitioners in the buildings to see if they are doing what they said they would do according to their plans.
- 3- Association with a company that will evaluate how schools work. This will give another objective view. The RFP will go out by OMB soon. This company will do annual studies of not only the opportunity funds but also the student grants to see any impact that it might be having. A report will be completed by 2023.

Director Jackson added that the evaluation component for the above is so that the JFC and Legislature can see the transition of this funding to a potential permanent addition to our school funding system help the State to address the needs of a growing portion of our population, which is the English learners and low income students. The accountability component for this is a slightly different approach than normal. Accountability is more around what is working and what is not working, and to be able to duplicate what does work in other school districts. Director Jackson went on to say that he thought this was a very good first step even though we won’t see the results for a couple years.

Secretary Geisenberger asked whether there was a “near” term evaluation component that can share some results quickly. Secretary Bunting provided that through the oversight committee, things might emerge fairly quickly. Also through DOE’s annual evaluation and conversations with the superintendents, this information will come out because they will have to submit a new plan. The superintendents will be looking really closely at what seems to be working and what is not. DOE has mechanisms of broadcasting and sharing the successes with the other districts and charters. There will be constant conversations about what is and is not working and there is an annual opportunity to review these.

Financial Services Delivery

Targeted Real Estate Lease Renegotiation: Michael Svaby, Director of Facilities Management with OMB, presented slides 28 thru 33 on this matter.

Director Svaby started with giving credit to Director Jackson, State Planning Director Connie Holland and her group (Office of State Planning Coordination, OSPC), along with OMB/DFM’s technical expert, Tripp Way. He stated that by looking at all of the state leases, this gives the State some leverage in the handling and renegotiating of other leases. . Current accomplishments for the renegotiated leases (13 year average duration) includes hard dollar rent savings of \$17.3 million (an average annual savings of \$1.3 million) and soft dollar rent savings estimated at \$2.6 million (an average annual savings of \$204,000) for improvements like paint, carpet, lot restriping, access control systems. They have made many improvements for the employees that work in these buildings. They are starting to move forward

and looking at additional leases that will have both hard and soft dollar savings: in process for additional renegotiated leases are estimated to have hard dollar rent savings of \$6.6 million and soft dollar rent savings of an estimated \$956,000.

Director Myran followed up with a question about whether when saying “soft dollar savings”, does it mean that it is “actual” avoidance of “actual” spend dollars? Mr. Svaby responded that it is, by giving employees amenities that we would have otherwise had to spend money on.

Director Jackson added that, first; savings in OMB is different than what others think of savings. With this, OMB is trying to create capacity within the budget to save money and the departments can keep the money. Second, regarding soft dollar savings when talking about things like paint, carpet replacement, etc., one of the Governor’s initiatives is to be able to start reinvesting in our facilities. The budget on this has gone from about \$5 million to about \$20 million over the last two years to reinvest in our facilities. What we struggled with was not just the buildings we own, but also the buildings that we leased. There have been a few that were in very bad shape and we have gone as far as to break a lease because of the shape the building was in and the landlord did not want to make improvements. What you are seeing with all of the leases that are being renegotiated (to Mr. Way’s and Mr. Svaby’s credit) is that it isn’t just “we are going to hand you a check every month”, it is that “we are going to hand you a check but we are also going to expect some things in return” things to keep the facilities in the condition that our employees would want. Director Jackson felt that it was actually enhancements to the leases themselves, we are paying a certain amount but we are also getting something in return.

Director Svaby reported that his office is now able to recognize where the State has leased property vs. owned property. He noted that Mr. Way is currently working on finding locations that are “build to suit”. There has been success in this with the Department of State (DOS) and the Department of Homeland Security (DSHS). OMB/DFM moved three of DSHS’s divisions to brand new buildings that were a much better environment for less money. He added that another ongoing challenge is recognizing the partnerships in real estate and how to leverage partnership information held by other agencies. For example, on the DOS website you can gain access to this information for a fee. Working with DOS to get access to this information would be helpful.

Secretary Geisenberger advised that they probably would need to get in touch with the State’s Economist and the Cash Management Policy Board rather than DEFAC for some of this information. The better opportunity to exploit at this time would be to getting the access to the public information available with the DOS’s Division of Corporations and the Department of Finance’s Division of Revenue.

Establish Centralized State Land Inventory Database: David Edgell, Circuit-Rider Planner for Kent County of OMB/OSPC presented slides 34 thru 43 on this matter.

Mr. Edgell started with the overview of this project and OSPC’s attempt to create a land inventory database and its limitations. He pointed to slide 37 which show a “snapshot” of the current estimate from OSPC’s data of the amount of State-owned land. This snapshot shows that the State owns 2,223 parcels of land totaling 132,662 acres (basically, this totals 207 square miles, equaling 8.3 percent of the State’s total land area). DNREC is the largest State land owner with 1,171 parcels. He noted that OMB/OSPC hired the University of Delaware’s Institute for Public Administration to look at the current status of managing State land use data. The University’s report found that there is not an “authoritative inventory” of all land owned by the State. Each agency has their own way of collecting and maintaining this information. There are many benefits with having a one database with all of this information and the University’s recommendation is that there be established a central land inventory database. Mr. Edgell ended with noting some of the challenges with this project: moving forward with the employees invested in the current agency-specific databases and needing a cultural change to make sure that the database is used. The final challenge will be the cost associated with creating this type of database.

State Planning Director Holland added that having a central land use database system could really help all agencies and school districts. They had a presentation of FirstMap and would need to work with DTI to make sure that FirstMap is current. Everything starts with the land, whether it is collecting data to figuring out where the environmental issues are it can touch all finances. If they can go forward with this system, it will help with much more visibility in the state and save a lot of money.

Director Jackson added that this sounds very simple to do, but it is not. Obviously DNREC and DeIDOT have a little bit more of a sophisticated system, OMB knows what buildings we own as a state and DHSS knows what buildings they own and maintain, but what we don’t have is all of this information together.

The reality is that this will really help our financial statements and insurance coverage. This is more of a “vote” of a commitment from the agencies involved to let go a little bit and help move forward in this direction.

Secretary Johnson stated that she thought this is an excellent idea, because of prior experience they have had a situation where an agency was bidding on property and the opponent was another State agency working through a broker. They were able to try to work with the other State agency once they discovered that, but it took a little bit of work to find out who the opponent was. So, Secretary Johnson stated that she applauds this group and they certainly have her full support. She did question whether (on the insurance side) they are anticipating a different assessment management construct, where you can get all of the data and inventory here. Sometimes they have discovered that they have properties with building structures that are not on their insurance policies.

State Planning Director Holland responded to Secretary Johnson stating that she “hit it right on the nail”, yes this system would show that so that we would know what we buildings we have, what insurances we have, etc.

Secretary Geisenberger stated that this system would be helpful when they are doing the annual payment in lieu of taxes with Wilmington, Georgetown and Dover. At this time, we are in the slightly embarrassing position of asking every year what properties we own in that city, so we can figure out how much we owe. Secretary Geisenberger added that he fully supports this project and feels that OSPC need to quantify what the project is, thinks that OSPC have only begun to see what the opportunities are with this type of system; and a cost benefit analysis should be completed to show a very comprehensive list of all of the savings opportunities that can be realized with a system like this. There was some discussion on how to do this among the members.

Secretary Geisenberger made a motion for GEAR support of this project. Seconded. Unanimously approved.

Lisa Bond of DHSS added that a system like this would also help to have a “statewide” look at not only what the State owns, but who resides there. Apparently, there are lots of deals, not in writing, to bring non-State entities into State facilities rent free. These entities should at least help pay for custodians and other facility services.

Senior Financial Officer Roundtable/Travel and PCard Review: Jane Cole, director of the Department of Finance's Division of Accounting presented slides 44 thru 50 regarding this matter.

Director Cole stated that the Division of Accounting and GEAR repurposed the Financial Advisory Committee (FAC) within DOA with fiscal personnel from State agencies and school districts to look at some critical areas. Four areas were identified at this point with highlights on travel policy and PCard today. Under the new PCard contract DOF/DOA has succeeded in eliminating the separate travel and purchasing cards. Currently working to continue to drive some changes in the way the State will pay all of its providers (decrease use of checks/ACH and encourage greater use of Single Use Account (SUA). As of July 1 revisions to the two chapters in the Budget and Accounting Policy Manual which impact the policies regarding travel policy and PCards have been completed. DOF/DOA will be emphasizing the use of the PCard rather than personal reimbursement as there is more transparency in doing this. The PCard company, JP Morgan, Chase can immediately notify DOF/DOA when a card is being used for something that may be fraudulent. Also will move towards getting a travel management company to help ensure that the travel polices are being followed along with helping with the booking of flights, hotels, etc.

Director Cole ended by stating the FAC will continue to need the support of GEAR to encourage the participation of the different agencies and school districts on the Financial Advisory Committee.

Director Cole presented slides 52 and 53 regarding Onerous Processes and Account Coding. She stated that the FAC are continuing to look at ways to be more efficient in various financial processes (open orders, after-the-fact waivers, missing receipt affidavits, etc.). It is also working close with the Department of Education (DOE) and a lot of State agencies to ensure that they are getting things coded properly for reporting to be more consistent.

Secretary Geisenberger thanked Director Cole for her leadership on this project.

Banking Architecture Redesign: Joshua Berkow, Director of Transformation Services of the Office of the State Treasurer (OST) presented slides 54 thru 59.

Director Berkow began by summarizing that the banking services were unnecessarily complex. There were many different vendors providing the same services and a lot of redundant services. An RFP was fielded for general banking services, stored value card, local bank services and PCard. All contracts for the general banking, stored value cards and PCard have been completed and the local banking contracts will be executed by the end of the year. Director Berkow highlighted that that this will be a multi-year project which can be a challenge. Therefore, OST will need additional OST resources and to sustain the participation of the subject matter experts and improve the banking behaviors of the agencies. They also know and understand that some matters are more important than others and will need to come up with a schedule that works for everyone.

Merchant Services Modernization: Dan Madrid, Director of Performance and Planning, of the Office of the State Treasurer presented slides 61 thru 65 on this matter.

Director Madrid reported that this is an emersion area for the Office of the Treasurer that they are presenting on for the first time. Basically this is the ability to use technology services to collect credit card payments throughout the State—some \$300 million is collected annually across 200 million transactions. OST will be looking at the processes including hardware, software and security requirements around that system. OST is currently working closely with DTI, as they find vulnerabilities in the current system and actively fixing those vulnerabilities. He added that the next step will be to look at a couple large scale RFPs for this project:

- 1- Consulting contract for the Cash Management Policy Board, OST and State agencies – trying to build business acumen throughout the state.
- 2- A comprehensive study on the merchant services, to go in to each agency and map out metrics, security touch points, risk, etc.

While reviewing the challenges, Director Madrid stated that OST will need to establish a team around the issue of ongoing liability of data breaches. Director Madrid advised that OST would like the GEAR Board members to help create awareness within their own agencies as OST will need everyone's involvement.

Secretary Geisenberger stated that he thinks that there is opportunity on both the security and the financial side here. There was some additional discussion on this.

Governmental Accountability Act: Bryan Sullivan, Director of Management Efficiency of OMB presented slides 67 and 68 which provided the update on this bill. The bill (HB 133) was passed by the House but was not voted on in the Senate in the most recent legislative session. The plan is to continue to work the bill through this next legislation session.

Improve Data Integration and Mapping: Miriam Pomilio, Principal Planner/GIS Coordination of OMB's OSPC presented slide 70. DelDOT has approved a \$76,478 contract with the University of Delaware's Institute for Public Administration and the project kickoff meeting held on September 11, 2019 went very well. Soon the core group will start reaching out to GIS users in the agencies with surveys and one-on-one meetings to further this effort along.

Require all State Agencies to use Delaware Population Consortium Projections
Connie Holland presented slide 71 and reported that Senate Bill 71 passed in April 2019 (which took a long time to get through) and was signed by the Governor in May. There will be one small fix that needs to be made for the bylaws and this will be done in November 2019 when the law takes effect.

IRAS – Integrated Revenue Administration System

Mike Womer of DTI/Division of Revenue presented slides 74 thru 78 regarding the IRAS project with the Division of Revenue. At this time, the project is doing great and is on target. The project will be broken down into three phases after the initial start. Mr. Womer stated that DTI/Division of Revenue negotiated a very "State friendly" contract; they were able to get a lot of extras in the contract that the State does not have to pay for. The vendor is now on-site and work has started. The first phase should begin in the next 30 days.

Mr. Womer added that the good thing is that some other states have already modernized and they have connected with some of the states that are either in the process of or already completed their

modernization and use their lessons learned, etc. for this project. He also stated that they will need to focus on platform security, partnering with Microsoft and DTI, all coming together as a group.

Secretary Geisenberger stated that right now this project is focused on DOR with their collections and refunds; there are only two national vendors that work with states all over the country that they probably already have a system that they can modularly fit it into our system. Once DOR's system is modernized, they can then possibly create modular capabilities that can work with other state agencies. DOR has already been in discussions with the Department of Labor ("DOL") on this type of thing.

Mr. Womer went on to add that they are hoping to have 85% of the system completed in the second phase.

He ended with stating that they have a great team working on this project with a very comprehensive plan.

Secretary Geisenberger added that this is a partnership with DTI.

Open Topics Discussion - None

Public Comment - No public comment.

Motion to adjourn. Seconded. No objection.
Adjourned at 12:10 p.m.