



Government Restructuring and Operations Review Commission
Meeting Minutes

DAY/DATE: Monday, December 21, 2015
TIME: 1:30 PM
LOCATION: Ethan Allen Room – Vermont Statehouse
ATTENDEES: John Sayles, Jeff Wilson, Paul Costello, Sue Zeller, Ian Davis, Steve Klein, and Stephanie Barrett
GUESTS: Steve Howard, Adam Norton, Doug Hoffer, Mike Schirling, and Doug Racine
PURPOSE: Regular Meeting
DISTRIBUTED: Email and post

Item Number	Item Description	Action By
1.0	1:30 PM - Call to Order	John Sayles
2.0	Review agenda – Doug Racine added and VSEA representative changed to Steve Howard and Adam Norton.	
3.0	MOTION: Approve the minutes from 11/17/2015 as presented: 1 st by Jeff, 2 nd by Paul; unanimously approved	
4.0	John introduced Ian Davis. Ian stated that he is a 2010 UVM graduate who is currently in the MPA program schedule to graduate in May. He will be supporting the Commission doing research on past efficiency efforts and assisting in building the report.	
5.0	<p>Doug Racine - former Sec AHS, former Senator, former Lt. Gov. and business owner.</p> <ul style="list-style-type: none"> • managing in the Executive Branch is very different; • saw opportunities to be doing things better, but encountered barriers; • believe this Commission should address barriers; • you manage by building teams not by edicts – give staff throughout organization freedom to find better ways; • Reorgs are disruptive and frightening and do not necessarily make for more efficiency; <ul style="list-style-type: none"> ○ Example of thing that should have been done: Closer connection between mental health and drug abuse programs. • Big barrier Doug had was gov't tends to work on crisis management rather than planning and strategy; <ul style="list-style-type: none"> ○ Very little time to look at best practices and other organizations that manage well. • Another big barrier: Political expectation of what can be done are not met with resources to do it; <ul style="list-style-type: none"> ○ Directed to do new things: “within existing resources” “thou shalt do new things”. • Budget crunch is met with positions cuts of vacant position which is not strategic. 	

	<ul style="list-style-type: none"> • Liked what Justin Johnson said: Our desire to do what we do is not appropriately staffed. • under resourcing is the biggest impediment to efficiency in govt. • Doug realizes there may be insufficient time today and would like to come back to testify again. <p>Q. Paul – we build budget on last year rather than on the functions and needs. Ideas on more revenue?</p> <p>A. Doug – this is a political perspective – how big gov’t s/b, what are priorities? We end up going to a similar process to come to a bottom line, then they give you the cut you need to meet. Priorities were set off one against the other – which does get you to the prioritized bottom line.</p> <p>Doug ended testimony to allow VSEA to testify as planned.</p>	
<p>6.0</p>	<p>VSEA ~ Steve Howard and Adam Norton:</p> <ul style="list-style-type: none"> • State employees are experts in what they have to do. They can tell us where waste fraud and abuse is. VSEA has in the past offered to bring that expertise to the table – where front line workers could feel safe coming forward w/o retaliation to tell you how to find savings. • Staff is the last to find out about policy changes and then too late for input; • Philosophy is for today – state gov’t has been penny-wise and pound foolish – w/o adequate staffing and trying to find ways around dealing with union workers. <ul style="list-style-type: none"> ○ The feeling is union costs us money – but the real growth is in temporary workers and personal service contracts. Truth is that what is happening is contracts now augment state services. 5% total growth union compensation from FY10 to FY14 – contract increased by 40%. If we held growth of contract to 15% we would have significant savings. Growth in employees, 5% in classified and 11% in exempt FY10 – FY14. Avg. exempt \$20k/yr. greater than classified. Growth in temporaries is astronomical. ○ The cap on # positions by Legislature is not good – the pilot position program has worked for depts. that have managed to money rather than positions. Strongly suggest pilot program is expanded. The exception is DOC – it is a disaster – hiring 150 people per year to fill 300 CO1 positions – hired as temps, no benefits, and massive turnover – FY15 DOC logged 168k hours of OT. <p>Q. John – why is DOC using temps vs. full time?</p> <p>A. Steve – mostly has to do with the cap. Adam – most facilities were staffed at minimum estimate staffing; Steve – understaffing does not save money, it costs more; RIFs do not save.</p> <p>Q. Jeff – is the OT number just DOC classified?</p> <p>A. Steve will check.</p> <ul style="list-style-type: none"> • Some temps stay for a long time – there is no pension; terrible way to treat someone who has stayed; 	

- State hospital – state employees are paid 20% less than private sector just down the street. One of two pods are closed because we can't find enough nursing staff. The Mental health system built since Irene is not a success. We pay sheriffs to babysit in ERs – rather than nurses in a facility;
- Health care reserve (employee health insurance reserve) taken as premium holidays; admin proposed to take premium holidays to balance the budget; they used the reserve to balance budget and left no reserve - so big increases in premium resulted for state and employees. Montana has health care clinics where state houses docs/nurses in high density communities for state employee clinics - Montana now has 5 clinics – Montana saves money. Helps with the problem of difficulties in finding primary care docs.
- Capital construction – VSEA does not get consulted when new facilities are designed. Barre and St. Albans – rooms for supervised visitation were designed to be next to the exit – so a kid could get kidnapped – the design had to be changed; the parking lot – no one can see anyone coming and going – social workers are being harassed in garage – no one can see.
- Mileage reimbursement for state employees – growth in mileage FY10 – FY15 is 5%. Growth in fleet auto rental and repair is 21% - it is less expensive to reimburse mileage than use fleet but admin keeps pushing fleet.
- VSEA wishes there was an independent person for employees to go to, to share ideas without worrying about repercussions.

Q. Jeff – who supported position pilot?

A. Steve - was admin proposal in the budget 2 years ago; but House says they have not seen enough data to expand. Steve hopes program expands to DOC – and that we lift the position cap altogether.

Q. Paul – wants to see employees be in constant dialogue and communication about changing legacy processes, forms, etc. How?

A. Steve – cultural challenges – top complaint is how to deal with boss who bully's them, survey 1 year or so ago – about retaliation – issued on a Friday – had 630 responses over the weekend. Employees feel like they can't come forward – union reps say it is very hard to prove retaliation & bullying. Even DHR's survey shows fear which hinders dialogue and communications.

Q. Paul – how would we make a vehicle to make this happen?

A. Steve – whistleblower protection would be strengthened – feds have an independent officer for employees to complain to – this position should not be connected to governor or legislature – would allow some of this info to rise to the top. Challenging environment.

Q. Paul – seems like an interesting conundrum – key challenge is protection – rather than a positive vehicle for communication.

A. Steve - some labor management committees have worked well – like AOT – now has classified person on a manager hiring committee. We work with administration more than people think - if

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	<p>frontline state employees are included at the beginning with managers – then this filters back to employees.</p> <p>Q. John – what is working now? A. Steve – labor/mgmt. committees work.</p> <p>Q. John – think about it...Administration and supervisors have raised point that statewide standard supervisor training would help.</p> <p>Q. Jeff – is labor/mgmt an initiative? A. Steve – it is in the contract - there is provision for statewide labor/mgmt. committee for 6 months where there are issues. Below that there is departmental level.</p> <p>Q. John – thanks for your testimony and we have a virtual door that is always open.</p>	
<p>7.0</p>	<p>2:30 – Doug Hoffer – State Auditor of Accounts Provides his observations:</p> <ul style="list-style-type: none"> • KPMG does the CAFR and A-133 audits. AUD does internal things. KPMG and AUD uncovered that when buying a new system are you just asking the same questions as before or do you step back and relook at everything. I think depts. are not doing it; • another one that has come up a few times: centralization – cell phones, workers comp, state energy plan and such – centralization would be better. Results of cell audit – identified savings. Purchasing is central to an extent – would work better with more centralization, but would need more resources; • Dept’s use non-accountants for accounting positions. This is an audit issue; • I am not persuaded that evaluations of state employees happen as they should or are done well. Takes lot of time, but if we want people to reach success – but if we are not doing evals then less than good employees are not identified and dealt with. Supervisors – same point – if they simply do an evaluation w/o training – it is not a quality evaluation. • We get a lot of Fed \$\$ - sometimes – are we getting fed \$\$ to the right people/program and compliance is better – but we have to many repeat audit finding which cost \$40k/each to re-audit; we spend \$500k a year on re-audits. • About 10 years ago the legislature created the Designated Agencies (DAs) – the DAs are accepted as a monopoly. But, do we need 11 separate entities? Just because this is what we have in the past should we still do it? <p>Q. Jeff – performance audits – can we do more? A. Doug – much of what we have done is audit of tools – staff less comfortable with soft costs vs. the hard costs. Headed toward more programmatic/policy side.</p> <p>Q. Jeff – wondering could you do more with more resources; A. Doug - Yes – a lot more, but while budget is struggling I hesitate to ask. Plus, there is no more room in our building. The Legislature has asked for some specific audits. We can do 4 or 5 audits at a time. Matching staff skills with proposed</p>	

	<p>audits has impacts. Also we are conscientious of Legislative schedule. F&M had some problems with Medicaid recommendations – but otherwise we do pretty well with results.</p> <p>Q. Paul – appreciates the way AUD has been careful and tactical and not political. Also knows Doug’s work previously done on economic & livable wage previous to this position. Have you looked at Human Service challenges on policy stuff? A. Doug has tried not to use the staff to do current policy issues. Does not think that is appropriate. Doug looked at VT Training Program (ACCD) – it wasn’t an audit – identified some problems. Does not think Legislature will take this up this year – Doug does not want to cross the line between citizen Doug and Auditor Doug. He is a non-voting member of Debt Affordability Committee. Committee is not doing the analysis of economic impact of funding this capital project vs. another. Also concerned about how actions of other states could impact our Bond Rating.</p> <p>Q. John – employees having a place to go – you have a whistleblower program – does it happen? A. Doug – doesn’t happen much – but we are just completing the first audit that started from a whistleblower. As to protection he does not see any punishment for supervisors for retaliation against employees.</p> <p>Q. Paul – any suggestions? A. Doug – the work the Chief Performance Officer does is critical. Some departments do better than others. Not all use the best data and or may use it badly.</p>	
<p>8.0</p>	<p>Mike Schirling – Chair of the Special Committee on Utilization of IT in Government.</p> <p>John – explained what this committee is doing and says IT work is part of what this Commission is doing, too. We did not want to wait for IT Committees 1/15/16 report to hear from It Committee.</p> <ul style="list-style-type: none"> • Mike – we have started to parse out what report will look like – but not agreed on specifics just general themes; • Committee has been meeting bi-weekly since September; • scope was very broad, so we reduced scope...we are staffed by admin; • General themes: <ul style="list-style-type: none"> ○ First & foremost – we (community/citizens) only hear about negative IT; we are seeing some good things and good people who have good sense about how to do things and performance based systems and organizations – but you don’t hear that. One recommendation will be – better communication about victories and communicating 	

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	<p>scope depth and specifics of project and benefits from the outset.</p> <ul style="list-style-type: none"> • Some things that will drive our recommendations: <ul style="list-style-type: none"> ○ State is enormous operation ○ one thing state has not done is embrace technology as a core competence and component of operating today – ○ A quote Mike likes is: “Dominos is a technology company that also delivers pizza” – everyone is in the IT business today – gov’t is no different – but state has yet to widely acknowledge and embrace that. ○ When we undertake IT projects they are viewed as “how can IT help do our job vs. reimagining the ideal state and iterative with best practices”. ○ View of IT is as a tool but because it is not central – is not seen as a tool for data collection and analysis. This is not always part of the design. ○ For Transparency we tend to think of as illuminating what gov’t is doing – but with good IT and a data portal we can put that data out on open platform where we can let other people look and analyze data – when research org. like UVM looks at that data they may reveal something else we did not see – so we need to think about transparency as more than we do now. As they say - we don’t know what we don’t know. <p>Q. John comments – like crowd sourcing state data analysis]</p> <p>A. Mike yes – there is the old dichotomy of push/pull for centralized or decentralized decision making.</p> <ul style="list-style-type: none"> • 24% of IT people work in DII – but is the total \$\$ to DII’s budget 24%? We don’t know what total IT costs are. • Where are we heading; what is the balance of centralized and decentralized control? • What would be interesting to adopt – would be a continuous improvement model of operating gov’t with IT a part of that – you create the framework at the outset – then you have a framework to help projects succeed. Example – State has central GIS capabilities, but we have multiple maps with multiple layers. Should this be central or decentral because different departments use different maps? • The commissioner of DII does many disparate things – he is also the Chief Innovation Officer. Should this be separate? DII is executor of projects but not the forward view/strategy. How do we make a team to achieve the blended part of gov’t – the business needs vs. the technology? Does it require a cabinet level CIO – how do you make IT not peripheral but essential? • Need to change IT funding – currently it is piecemeal GF or federal grants that we can fit into 	
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	<p>our plans, and the then there is bonding capital. The efficacy of capitalizing 20-30 year for 5-10 year systems is not good. Finding creative funding mechanisms: 1% of inflow directed to IT; shorter bonding?</p> <ul style="list-style-type: none"> • look at physical vs. cloud; cloud subscription vs. software upgrades; • legislative oversight – the legislators are not ready for prime time yet. Maybe have legislative IT boot-camp. Legislature should adopt framework they trust and let the implementer (agencies/departments) do their job; • Agencies/Departments need to speak to Legislature with a common voice – that is not happening now and causes problems. <p>Q. John – have you looked at other states? A. Mike – we heard from Gartner and NASCIO (National Association of State CIOs) all saying the same – states who are further ahead had a chief executive (governor) with IT background to push it forward and make it a priority.</p> <ul style="list-style-type: none"> • It is not really about the IT projects. I had an opportunity to speak with the Ambassadors from Estonia – Estonia started from scratch – they built an entirely electronic gov’t using citizen ID cards – now citizens are pushing their gov’t to innovate faster – why can’t I do this on-line with my card? The focus is community rather than privacy. <p>Q. John - Thanks and look forward to committee report.</p>	
9.0	<p>Doug Racine continued testimony:</p> <ul style="list-style-type: none"> • AHS had its own strategic planning process – in AHS – opportunity for working with others. • As to Mike’s comments, the tension was strong between DII and depts. Doug fought the IT takeover of AHS staff by DII – what happened was they settled on DII taking the hardware/desktop staff which became part of DII but not IT staff for policy and business applications – they stayed in AHS. This hybrid state is probably the best. IT policy/business services should be staffed in agencies – it is important to develop business processes to better serve and reach outcomes. Advantage to using off the shelf is that it is tested – but what AHS does is new – coordination of services (Integrated Eligibility) – making it all a central process you would lose if it were just a tool. • Look at AHS – large and complex – no CIO, no planning at the beginning, but I changed that. 	

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	<ul style="list-style-type: none"> • As to the • VSEA – mistrust is real – some is also VSEA leadership – but I had lots of complaints – a lot is concerns with how supervisors do what they do – to manage properly – discipline properly – creates a real tension. At the same time – complaints of lack of resources, and policies that were not right – that too is a natural tension between labor and management – it was a challenge to work with. • Many things are working – LEAN process in DEC involved the actual people doing the job. AHS has a similar program called AIM – I supported it and hopes it continues. AIM uses employees to identify inefficiency in their operation – 30-40 programs looked at each year - identify problem, identify solutions, vet the solutions, do a presentation, adopt the solutions. One project – WIC had only 60% people show up for their appointments – AIM developed an email, phone, pre-notice system – brought attendance up to 80%. Running the agency with good business processes. • How to work as an agency? Make people part of the team – inclusiveness. • Doug talked about DAs (Designated Agencies) spoke about them as regional monopolies – plus the SSAs, CAPS, AAA, Parent-child centers, non-profit housing. Doug spoke to one DA director who said “my board thinks I am doing a great job – but I don’t have a clue if my agency is doing a good job vs. the other DAs.” Developed teams to look at simplified outcomes. RBA one tool – it is essential. Talked about car dealer group – to meet and look at performance of each member vs. everyone. Accountability is key – for partners – so we can compare and leverage. • Let cell phones and travel and stuff like that be centralized. • To finish – IT desperate for relationship with DII and having the staffing and resources for big IT projects. Legislature doesn’t get it. Vendors don’t always get it right. • Back room operations – manage contracts and grants – they need staff too; • The best ideas come from national groups – involve workers • like idea of auditor’s office having more staff. • Take position caps off. • Last thing – disconnect between legislature and executive branch – like to have boot-camp for management, too. • Lack of communication between both branches • Neither have clue about each other’s side, motivation and challenge. Founders set up checks and balances between branches not parties. 	
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10.0	<p>New Business: John will send out potential dates for next meetings.</p> <p>Commission should start looking at themes for the February Report due to the Legislature.</p> <p>Paul wants to look at Regionalization vs. centralization, county gov't. Peter Gregory from Quichee would be good to speak to.</p>	
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This summary of the meeting forms the basis upon which we will proceed. Please respond with changes, corrections or questions to the originator within 5 working days. If no corrections, changes or questions are received within 5 working days, these minutes will become part of the permanent record.

By: Sue Zeller
Cc: Committee Members