

2003 NASCIO Recognition Awards

Nomination Form

Please complete entire form. All nominations must be postmarked no later than May 18, 2003.

Title of Nomination: State of Delaware Technology Investment Council

Project/System Manager: William Bowden

Job Title: Executive Director

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Category for judging (please list only one): State IT Management Initiatives

Person Nominating (if different than above): Same as above.

Please return nominations to:
2003 NASCIO Awards
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Delaware Technology Investment Council

Executive Summary

Recognizing the increasing importance of technology development to the effective functioning of Delaware's state government, Governor Ruth Minner established the Information Services Task Force to make statutory and organizational recommendations. The recommended reforms included a number of radical changes that needed the approval of the members of the General Assembly to deploy. Delaware enacted legislation that redefined the State of Delaware's IT Management Strategy for the 21st century. This legislation paved the way for sweeping reforms in the way that Information Technology is managed in Delaware State Government.

With the approval and support of the Governor and the Delaware General Assembly we are actively deploying these changes.

Major initiatives include:

1. Redefine the role of the Chief Information Officer (CIO) and hire an executive with the appropriate skills. The CIO position, as currently structured, does not have the required stature. The lack of executive level support for the CIO is one of the reasons Delaware has struggled with its statewide IT direction. The CIO should combine a number of strengths including leadership experience, an understanding of business and technology, as well as good communication and negotiation skills.
2. Establish a Technology Investment Council to evaluate and prioritize statewide IT spending and projects. There is currently no clear, consistent methodology to evaluate the merits of information technology projects on a statewide basis, nor is there an appropriate forum for such evaluations.
3. Create the Department of Technology and Information. This new organization will function largely as a "General Contractor", whose mission is to assure delivery of technology capabilities, including more extensive management of relationships with strategic business partners.
4. Change funding methodologies to allow more fiscal and management efficiencies. Tracking of funds spent on technology projects is currently very difficult. The overall funding process must be simplified.
5. Develop a new structure for managing and compensating technology employees. The State has many excellent technology employees. We need to create a better environment to retain them and to attract new employees over a period of time.

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Description of project, including length of time in operation

The enabling legislation was passed in June of 2001. The first order of business was to hire a new CIO to lead the initiative. In September of 2001, Secretary/CIO Tom Jarrett filled the cabinet level position and the journey to accomplish the mandated reforms began.

- The role of the Chief Information Officer (CIO) has been redefined to a cabinet-level position. The CIO is accountable directly to the governor and has the broad authority that can be found in the private sector. The new CIO has the primary responsibility for delivering technology solutions and chairs the new Technology Investment Council, which will set priorities for technology spending and staff development. Delaware's CIO has authority to establish IT standards across state agencies. The role of the CIO has changed from a straight technology person to a person who's responsible for many other aspects of a government's electronic face. Someone who understands state government and how it works, as well as the needs of the private sector; someone who is a good manager but also knows equipment and understands what we needed and where to go to get it. Tom Jarrett was selected to fill that role in September of 2001.
- A Technology Investment Council was established to evaluate and prioritize statewide IT spending and projects. The CIO chairs this public/private council that has centralized authority over IT budgets and operations. All proposed IT spending that goes before the Joint Finance Committee needs the approval and support of the TIC. The TIC had their first meeting in September of 2002.
- A new Department of Technology and Information, which is exempt it from the state's merit system, was established by the legislation. The CIO will manage the old Office of Information Systems and DTI until June 30, 2003 when OIS will cease to exist. During the two-year transition period, all vacant positions in OIS will be transferred to DTI. No state employee will lose their job during this transition. Gov. Minner gave the department two main objectives: plan and build a 21st-century agency while continuing the day-to-day operations of the state's diverse technology system. This initiative has been very taxing on the OIS/DTI employees, who have been uncertain about their jobs for several years. For the first time, in a long time for many employees, they had to complete a resume and interview for their own job. They had to consider if they wanted to remain in the merit system or move to DTI where their employment and compensation will be based on a "Pay-for-Performance" model. Would they have the skills needed to be successful in DTI? Was DTI the correct career path for them? Over this 2 year period, employees grappled with the answer to these questions that were cause for concern and proved to be very stressful for many. Employees who decided to

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stay within the merit system, worked hand-in-hand with the OIS employees who were asked to join DTI and the new employees that were recently hired. This team demonstrates professionalism and commitment everyday as we move toward the final stages of this initiative. Many employees have been asked to temporarily double-up to cover for positions yet unfilled. When this process was started we had 209 people completing the work and we are currently staffed at 152. At the same time that plans to staff the new DTI were being developed and deployed, the ongoing customer service commitments needed to be met. Even though these employees faced significant uncertainty, their professionalism and customer commitment never faltered as they rose to the challenge to meet or exceed our ongoing commitments to our customers (agencies and affiliates).

- Another initiative has been to change the funding methodologies to allow more fiscal and management efficiencies. The technology investment council will assume responsibility for vetting many agency project requests through a uniform needs assessment and cost benefit analysis. Funding will generally be directed to a new technology investment account rather than to individual agencies.

In order to better manage Delaware's investment and use of IT, guidance is needed on how agencies develop spending requests, adhere to standards and implement technology into their activities. The TIC will fill this role providing the Governor and General Assembly with important information and recommendations for funding of IT projects, status of ongoing IT projects and the adoption of statewide IT standards.

The TIC is currently engaged in an overhaul of the process whereby state agencies develop the business justification for projects and submit spending requests. This new process will be rolled out to all Delaware agencies in the summer of 2003 and used during the development of agency budget requests for the upcoming state fiscal year.

- The new agency had to develop and deploy a new structure for managing and compensating technology employees. The salary structure for the employees of DTI is unique and significantly more flexible than those of the state's Merit System. The pay plan allows employees to be promoted and paid more as their relevant skill level, responsibility, and productivity increase. The new plan is based on paying market competitive salaries. It also has deployed a new Performance Management Plan that supports a new "pay-for-performance" policy for annual increases and career growth pay. This has been coupled with a new IT recruitment plan that enables the agency to seek out and hire the "best and the brightest" to meet its ongoing IT needs.

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The Senior Team at DTI, which includes a mix of state government and private industry experience, set about the task of developing a new compensation plan that would operate outside of the state's traditional civil service system. We established some criteria to help define what we believed were the needed attributes for our plan. These attributes are: Retention Bonus, Signing Bonus, Market Competitive Salaries, Dynamic Competency Pay, Incentive Pay, Pay For Performance, Growth Pay, and within budget. This proved to be a daunting task that consumed a lot of time as we benchmarked with private industry and government models of best practices in this area. We also had to develop a series of supporting policies and procedures to help manage the new hiring and compensation process. When you tell people you are going to pay-for-performance you need a performance measurement plan that you can have some confidence in.

Our base pay is designed to be market competitive and compensate employees for fulfilling the day-to-day responsibilities of their positions. Most employees can expect an annual incentive pay increase (when budgeted) and some may receive a promotional increase for movement to a job in a higher career band. It is also possible for an individual's base pay to increase through growth of their existing job within their current career band. Growth Pay recognizes a significant increase in responsibility in the complexity or size of the employee's current job, and may recognize the acquisition of dynamic competencies or skills necessary to meet the increasing job responsibility and meet the needs of the business. This provides employees with a vehicle for pay progression within their career band.

The new plan -- the only one of its kind in Delaware government -- is based on paying market competitive salaries for technology employees. In fact, it is one of the only (if not the only) market-based compensation plans in the country operating within the structure of an official executive branch agency, and not a special authority or newly created office. The new compensation structure for DTI

(http://www.state.de.us/dti/pdfs/DTI_Compensation_Plan_Version_2.pdf) is now being looked at as a potential model for other Delaware government entities.

Significance to the improvement of the operation of government

- Recognizing the increasing importance of technology development to the effective functioning of Delaware's state government, this initiative will address the concern much of the State's previous spending on IT was not achieving the desired result. Although there have been some successes in recent years, there have also been numerous project failures, including cost overruns and missed deadlines. The reasons are many. These shortcomings have been documented and the time to address these issues is now. Improvements in vision, leadership, the funding process, project management, accountability,

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and communication are crucial to the success of the State's technology initiatives.

Benefits realized by service recipients, taxpayers, agency or state

- At the onset of a project, there will be a baseline uniform cost/benefit analysis in place. There will be a project plan approved by the Technology Investment Council. Actual progress will be measured against the project plan. Projects are often funded in multiple lines and over multiple years. Although these funds are identifiable in the accounting reports, as they are expended, the project name is sometimes different than the accounting description. Presently, there is not a uniform consistent method for tracking project expenditures against the original budgeted amounts. This problem is exacerbated when funding is over multiple years and when a project is funded in phases.

State agencies do not regularly perform needs assessments and risk analyses for technology projects. As a result, quarterly reporting requirements are not linked to the expenditure of funds nor do they tie into the appropriations process. The General Assembly is not presented with uniform project proposals or status reports when making funding decisions. Currently, there is often no post implementation review upon completion of a project. Such a review should be compared to an original cost/benefit and risk analysis and would also reflect the total project cost.

In the future funding will not be disbursed to a project unless satisfactory completion of status reports are supplied to the Technology Investment Council showing the project is either on track or justifiably in need of additional funding. Furthermore, agencies, with the help of DTI, must complete a post implementation review prior to having new projects placed on the Technology Priority List. The project-tracking schedule would indicate that the project had been completed and show the entire appropriation by year, as well as serve as a useful tool for policy makers. To the extent that agencies lack the ability to perform cost/benefit analysis, risk assessment, and other requirements as developed by the Technology Investment Council, appropriate training is being developed so as to provide those skills to the individuals tasked with meeting the expectations of the Technology Investment Council. Going forward we will emphasize cost/benefit analysis, project milestones, post implementation review and the urgent need to establish true accountability in the management of IT projects. We believe one of the reasons that so many projects have fallen short of expectations is due to a lack of accountability.

Return on investment, short-term/long-term payback

- State and local governments nationwide will spend \$38.8 billion on technology in 2001, representing 5.4 percent growth from 2000. By 2004,

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Federal Sources Inc. estimates that state and local spending on technology will be \$45.3 billion. In addition, spending on information technology (IT) for state and local governments is increasingly taking a larger portion of the overall budgets.

In the State of Delaware, this trend is expected to be no different. Over the last four years, IT spending on hardware and software has nearly doubled to \$144 million. Including technology personnel, total IT spending is approximately \$190 million, or about 8-9% of state revenues. Over the next five years, if total IT spending doubles again and if state revenues grow 3% per year, IT will represent about 15% of state revenues.

With the increased accountability and more robust requirements for project planning and deployment we believe that Delaware will be positioned to get a better return on IT projects selected to help solve our agencies business needs in serving the citizens of Delaware.