

2011 - Local Government Redesign Innovation Sessions

Introduction

The Minnesota House of Representatives' Redesign Caucus is collaborating with Association of Minnesota Counties (AMC), Minnesota School Boards Association (MSBA), and League of Minnesota Cities (LMC) to conduct six Local Government Redesign Innovation Sessions this fall. These organizations will partner with support from InCommons and Beyond the Bottom Line foundations (Bush, Northwest, Blandin, Minneapolis, St. Paul and Minnesota Community Foundations) to conduct statewide meetings of local elected officials and leaders about redesigning government and/or government service delivery. Our project manager is Laura LaCroix-Dalluhn.

Purpose

The purpose of these meetings is twofold: 1) to build relationships and trust among elected officials and leaders representing different types of local government; and 2) to create a climate that fosters government redesign and innovation in Minnesota.

Goals

There are four goals of these Innovation Sessions:

- 1) To inform, educate, and challenge government leaders to confront the demands of the "New Normal" by thinking critically and creatively about the structures and incentives of service delivery systems and the barriers to change.
- 2) To "harvest" valuable insights, perspectives, wisdom and motivations from local elected officials and leaders related to government service delivery and the barriers to implementation or scaling up innovation, e.g. creating a top ten list of barriers that keep government leaders from implementing redesign ideas or a top ten list of innovative ideas to implement in Minnesota.
- 3) To promote continued conversations about the systemic improvement of government and impact climate and public debate around redesign.
- 4) To identify opportunities for local implementation, e.g. by creating working groups or arranging for possible implementation funding.

Meeting Dates & Logistics

The planning team has agreed to co-host six regional meetings in November 2011. Each meeting will begin with dinner at 5:00. After an introduction at 5:30 p.m., InCommons will facilitate roundtable discussions until 8:30 p.m. All partners will invite their own members to the meeting. AMC, LMC and MSBA are each committing to secure 20 members at each meeting. A few local legislators will be invited by each House caucus to participate.

Rochester, November 7
Hibbing, November 9
Bemidji, November 10

Marshall, November 14
Waite Park, November 15
Eagan, November 29

Gathering Follow-Up

The information and ideas that are generated during discussions with local government leaders will be compiled, analyzed, and reported to the supporting organizations and foundations. The identified ideas and barriers will prime the environment for in-depth conversations about implementing redesign proposals at all levels of government in Minnesota.

Possible follow up includes 1) planning a statewide summit to engage the public in discussion and implementation of these ideas and 2) using the InCommons website to sustain the dialogue and continue the exchange of ideas outside of the silos of any particular Association.

In addition, there is a desire to form non-partisan working groups to continue study in the following areas: State Government; Local Government; Education; Health & Human Services; and Tax & Budget Policy.

House Redesign Caucus Co-Chairs:

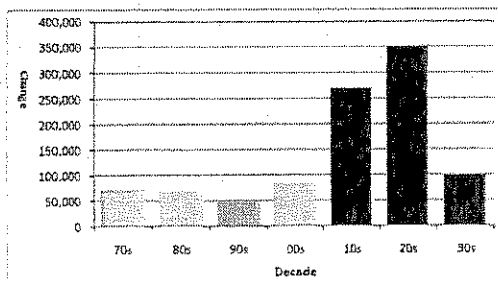
Reps. Carol McFarlane, Paul Marquardt, Dean Urdahl and Diane Loeffler

The bi-partisan House Redesign Caucus was established in the 2010 to discover, encourage and implement the best ideas and innovations in the area of public sector redesign. Meetings will resume in the 2012 Legislative Session.

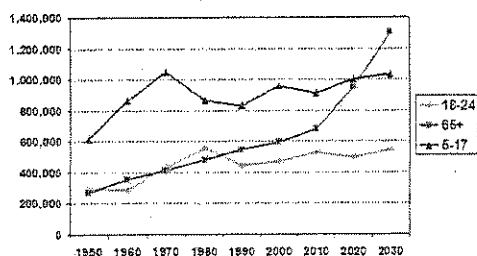
We Are Headed to a New Normal

- The Great Recession is over, but we will not return to where we once were
- We are moving to a New Normal
- Minnesota is not alone—this is a global phenomenon
- Those who recognize this and adapt first will be most successful
- The next four years will be critical

This Decade and Next Will See Unprecedented Increases in Minnesota's 65+ Population

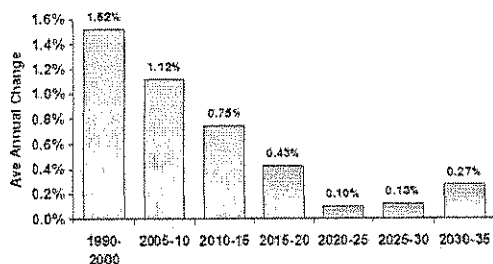


More 65+ Than School Age by 2020



Census counts & State Demographer projection, revised 2007

Labor Force Growth Is About To Slow Sharply



The "New Normal" Probably Means

- Slower economic growth
- Labor and talent will be the scarce resources
- A single-minded focus on productivity
- Chronic government deficits & cuts in service
- Worries about how to pay for past promises
- Disruptive events/innovations more frequent
- A whole new set of opportunities

Productivity Is Not Just Making Things Cheaper

- Productivity is also
 - ✦ Making things better—**Quality**
 - Examples; Increased high school graduation rate, reduce recidivism rates
 - ✦ Making better things—**Innovation**
 - Examples; creative alternatives to the current judicial system, cures for chronic diseases
- ✕ The pressure for disruptive innovation is increasing

**"I skate to where the puck will be,
not to where it has been."**

Wayne Gretzky
Famous Canadian Philosopher

MN Local Government Innovation Forum

Partners, Supporters and Funders

Minnesota Local Government Innovation Forums are a joint effort of Association of Minnesota Counties (AMC), League of Minnesota Cities (LMC), and the Minnesota School Boards Association (MSBA), known as the Big Three. The Minnesota House Redesign Caucus and InCommons have provided support for these forums and the Beyond the Bottom Line Partnership has provided funding.

Partners

About AMC

The Association of Minnesota Counties (AMC) is a voluntary, non-partisan statewide organization that has assisted the state's 87 counties in providing effective county governance to the people of Minnesota since 1909. The association works closely with the legislative and administrative branches of government in seeing that legislation and policies favorable to counties are enacted. AMC also provides educational programs, training, research and communications for county officials.

AMC's REDESIGN History

In 2003, AMC's Board of Directors began a movement to cultivate a culture of innovation and set up programs at AMC to explore and embrace innovative proposals (*i.e. the Minnesota County FUTURES Task Force*). County officials recognized at that time that the current state/county relationship would not be sustainable over the long-term and that counties had to be proactive in being part of the changes that were sure to come.

In 2008, AMC coined the phrase "REDESIGN" as we began the official "Minnesota REDESIGN Project" with the mission of redesigning and restructuring the delivery of public services in Minnesota. It's always been the hope of county officials that these efforts will create a change culture in which the relationship between the state

and counties can be enhanced, innovation encouraged and rewarded, and public policy and program outcomes valued more than inputs. County officials continue to believe that the current local government service delivery models are not sustainable in the future as times, conditions and citizen expectations change. Citizens demand that government provide services as effectively and efficiently as possible.

AMC and its members are fully committed to REDESIGN now and into the future for the betterment of our state, communities, and citizens. As a nation, as a state and as communities, we recognize the responsibility to care and protect those most in need, to provide a public infrastructure that moves goods to market and allows citizens to meet their personal and community goals and preserves the vision that we share with our nation's founders.

About LMC

The League of Minnesota Cities is a statewide membership organization dedicated to promoting excellence in city government. The League serves its more than 830 member cities through advocacy, education and training, policy development, risk management, and other services.

LMC's REDESIGN History

The League has taken a proactive role in supporting local government redesign and innovation efforts, both through state commissions and in its own programs. In 2010, as part of a coalition of local government associations that also includes the Association of Minnesota Counties and the Minnesota School Boards Association, the League commissioned the Hubert H. Humphrey Institute at the University of Minnesota to produce "Navigating the New Normal: Minnesota Local Government Innovation and Redesign Guide." Additionally, in 2010, the League launched its Cities, Services and Funding initiative. Part of the initiative's purpose is to gather ideas from Minnesota citizens about the future of city services—including thoughts about service redesign—through a series of statewide community conversations.

About MSBA

"The Minnesota School Boards Association (MSBA), headquartered in St. Peter and founded in 1920, is the eighth-oldest school boards organization in the United States. MSBA's mission is to support, promote and enhance the work of public school boards and public education."

MSBA's REDESIGN History

The Minnesota School Boards Association represents locally elected school board members. Board members take an oath of office and are responsible for the management of local students and schools. School districts have few standard levies and have to go to the voters for additional revenue for local priorities.

Public elementary and secondary education is provided via a financial partnership between the state and 337 local school districts and 149 charter schools. These school districts and charter schools exhibit diversity in terms of enrollment, local property wealth, and expenditure levels. In 2008-09, a full-time equivalent teaching staff of 52,414 served approximately 825,000 students. In 2009, the state and federal governments share in financial partnerships with local districts and charter schools to fund elementary and secondary education. For the 2008-09 school year, the state provided approximately 67 percent of the total costs of elementary and secondary education. Local revenue sources (primarily property taxes and fees for services such as school lunch) provided approximately 27 percent of 2008-09 operating revenues, and the federal government provided approximately 6 percent. In FY 2011-2012, Minnesota schools will receive \$14 billion from the state of Minnesota.

School districts know a lot about change. Minnesota has been key first of adopters of redesign by cooperating and consolidation of local school districts, which were reduced from more than 8,000 independent school districts to approximately 337. Over the last few years the Minnesota School Board Association has supported and been part of the Minnesota State Auditor Collaborative Governance Council and the Collaborative Redesign and Innovation Guide with the League of Minnesota Cities and the Association of Minnesota Counties. The future will present an opportunity to sharpen its focus — or even refocus altogether — to ensure it is providing the services citizens want efficiently and effectively. We simply need to think more broadly about the possibilities.

Supporters

About MN House Redesign Caucus

The Minnesota House Redesign Caucus was established in 2010 to discover,

encourage and implement the best ideas and innovations in the area of public sector redesign. The caucus co-chairs are

Representatives Carol McFarland, Paul Marquardt, Dean Urdahl and Diane Loeffler.

MN House Redesign Caucus's RESIGN History

The Minnesota House Redesign Caucus has been meeting with various stakeholders to hear others ideas for improving government services without jeopardizing the quality of services Minnesotans have come to rely upon. The Co-Chairs of the House Redesign Caucus have supported local government efforts to examine and explore opportunities for redesign and innovation. The House Redesign Caucus will continue their work once session begins in 2012.

About InCommons

InCommons is people and communities learning together and helping each other turn challenge into opportunity. It's a way of being together – in both in-person gatherings and online communities. And, it's

a network of people who share credible tools, knowledge and resources to implement community solutions.

InCommons is a community of purpose, where people come together based on everything we have in common and everything we hope to achieve.

Ways to Connect through InCommons

- Host or participate in a facilitated community gathering.
- "Search and connect" with people and resources on InCommons.org.
- Share your ideas during online Challenges.
- Interact with the growing InCommons community on Facebook and Twitter.
- Share your story. Call us at 612.520.1756, email us at info@incommons.org, post on Facebook...we want to hear from you.

Funders

About the Beyond the Bottom Line Partnership

The Beyond the Bottom Line Partnership is a coalition of six of Minnesota's leading foundations – the Bush, Blandin, Minneapolis, Minnesota Community, Northwest Area and St. Paul Foundations – working to make government more efficient while protecting public services statewide. The foundations are committed to providing ideas, information and resources to state and local leaders, and to educating the public about the possibilities of redesigned public services. The work is founded on three key principles for effective redesign:

- **Make Strategic Choices.** Prioritization is a critical element of government redesign, from assessing the highest public needs to evaluating the best way of providing services.
- **Innovate.** Governments need to think

long-term with their budget challenges, and to be willing to toss out the old rules and try new program structures and delivery systems.

- **Deliver Better Outcomes.** Paying for processes and continuing with the current results won't be enough. Minnesotans want their government to get the greatest possible outcome for every tax dollars they spend.

BBL's RESIGN History

In 2011 the foundations released the Beyond the Bottom Line, a report of 16 public service redesign ideas – including re-thinking the state-local government regulatory relationship – with the potential to save state government more than \$20 billion over the coming biennia.

Minnesota Local Government Innovation & Redesign Guide

Navigating the New Normal

A free online resource for finding new and better ways to deliver public services in Minnesota cities, counties, and schools

This new innovation guide covers:

- Why innovation and redesign are critical to the future of local government in Minnesota.
- What “innovation” and “redesign” really mean.
- A five-step approach to developing innovation and redesign solutions.
- In-depth exploration of seven innovation and redesign tools local governments can use.
- Eight factors leading to successful implementation.
- Many examples of successful innovation and redesign efforts for cities, counties, and schools to work from.

Navigating the New Normal is segmented into shorter sections to improve readability and to allow you to target specific innovation topics of interest or relevance to you.

**Explore *Navigating the New Normal*
at www.lmc.org/innovation**

Finding New and Better Ways to Deliver Public Services

As a Minnesota city, county, or school official, you've dealt with serious fiscal situations in the past few years and you know more challenges lie ahead. ***Navigating the New Normal: Minnesota Local Government Innovation & Redesign Guide*** was developed to assist you in finding new and better ways to deliver public services.

True innovation and redesign is not about line-item budget changes; it is about rethinking problems and deciding whether traditional solutions are working. This means taking risks and providing wholly new solutions to public problems. *Navigating the New Normal* is a guide—a compass—pointing you toward those new solutions.

What's in the Guide

Definitions of Key Concepts

In management, words like "improvement," "reengineer," "innovation," "restructure," and "redesign" are used interchangeably. But there are important differences in these concepts that are critical for local government officials to understand.

A good way to think about innovation and redesign is as a spectrum that spans from simple productivity improvements to complex system reform—or, in other words, from *incremental* to *fundamental* change. These concepts and this spectrum of change are explored more fully in the guide.

Redesign is less about improving individual components of existing business processes and more about improving the entire business process using new thinking.

A Five-Step Approach to Innovation

Navigating the New Normal outlines a five-step approach to help you think in new ways that lead to true innovation:

- **Step 1:** Clearly define the problem.
- **Step 2:** State the desired measurable outcome.
- **Step 3:** Investigate why traditional approaches are not working.
- **Step 4:** Identify alternative theories or assumptions that address the problem.
- **Step 5:** Innovate and redesign.

This five-step approach is used throughout the guide to illustrate the innovation and redesign concepts. Examples of real-life problems help bring this process to life.

New Tools for New Solutions

Navigating the New Normal discusses seven innovation and redesign tools. More than half of the guide is devoted to describing these important tools and providing many real-life city, county, and school examples for using them. The tools are:

- **Charges, incentives & targeting:** “Results-inducing incentives” can be better than compliance in achieving public good. This section shows a methodology of using incentives within an organization, with employees and with citizens.
- **Collaboration:** Collaboration and other forms of service sharing are popular redesign approaches. This section provides examples of joint efforts and discusses how they might best be accomplished.
- **Competitive contracting:** Local government needs to decide what is done, but it doesn’t always need to perform the service directly. This section outlines what to consider when it comes to contracting.
- **Prevention:** Not often thought of in terms of innovation and redesign, changing the focus to prevention can lead to effective new approaches. This section reviews the possibilities.
- **Community responsibility:** Over the years, local governments have assumed more and more of what was once private activity. This section suggests ways of focusing on what local government should and should not do.
- **Consumer choice:** For some services, it is possible—and potentially better—to let citizens choose a service provider. This section discusses the benefits and limitations of consumer choice.
- **Performance accountability:** Performance data is needed to define problems and to assess alternatives. This section presents a performance management system for local government use.

To achieve true innovation, you need to think in new ways. Consider what Henry Ford said: “If I asked my customers what they wanted, they’d have said ‘a faster horse.’”

**Explore *Navigating the New Normal*
at www.lmc.org/innovation**

A Collaborative Effort

Navigating the New Normal was written by Jay Kiedrowski of the University of Minnesota's Humphrey School of Public Affairs and Public and Nonprofit Leadership Center and funded by the McKnight Foundation.

The guide was collaboratively created to assist local government officials and staff who believe that innovation is necessary within their jurisdiction but are unsure about how to transform that belief into a successful outcome. Representatives and staff from the Association of Minnesota Counties, the League of Minnesota Cities, and the Minnesota School Boards Association reviewed drafts of the guide and provided feedback from the perspective of local officials. The local officials who served on the project's advisory committee were:

Carol Bomben, School Board Member, Eden Prairie
Kevin Donovan, School Board Member, Mahtomedi
Sara Folsted, County Administrator, Renville County
Matt Fulton, City Manager, Coon Rapids
Shawn Gillen, City Administrator, Grand Rapids
David Minke, Deputy County Administrator, Anoka County
Tom Nelson, Interim School Superintendent, Stillwater
Roz Peterson, School Board Member, Lakeville
Tom Renier, President, Northland Foundation, Duluth
Terry Schneider, Mayor, Minnetonka
Nancy Straw, West Central Initiative, Fergus Falls
Jack Swanson, Commissioner, Roseau County

**Explore *Navigating the New Normal*
at www.lmc.org/innovation**

Minnesota REDESIGN

Governance, Transparency, Flexibility, Innovation & Outcomes.

Minnesota Accountable Government Innovation and Collaboration (MAGIC) Act

"Unleashing the Creative Power of Minnesota's Governments"

The **Minnesota Accountable Government Innovation and Collaboration (MAGIC) Act** is a practical application of the Minnesota Redesign Project which focuses on finding better ways to provide services for all Minnesotans through:

- Bold **local** leadership.
- Increased **collaboration**.
- Improved process **efficiencies**.
- Structural **changes** to the status quo

The MAGIC Act is a legislative initiative that will enable counties and the state to cooperatively test and implement more efficient models of program delivery.

The MAGIC Act recognizes that the state should focus on deciding **WHAT** to do and then enable counties to determine **HOW** to best achieve those desired outcomes.

Collective county support for and action under the Redesign Project banner has to date resulted in select opportunities to focus on the outcomes associated with innovative local government efforts instead of maintaining long-held fixations on the inputs that are ultimately a poor indicator of government effectiveness. As the next phase of progress in Redesigning government in Minnesota, the MAGIC Act unifies those various Redesign efforts through a holistic approach that incentivizes local government innovation to the fullest extent possible. Ultimately, the MAGIC Act creates a framework within which government will harness the creative potential of state and county professionals by encouraging them to create new business models that enhance the provision of government services in Minnesota in ways that can be tested, measured and replicated.

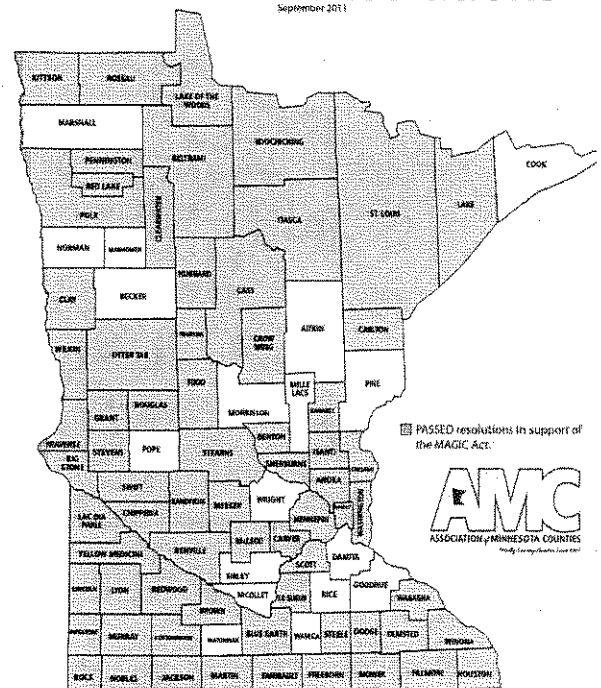
The **MAGIC act has two major components** designed to address a specific barrier to innovation under the current state supervised-county administered model of service delivery:

- 1) **Implement the Cooley Doctrine** which would allow counties to do anything for the health, safety and general welfare of the public that is not prohibited or prescribed by state law. Currently Minnesota operates under the Dillon Rule which prohibits counties from doing anything unless it is explicitly authorized by state law and replacing it with the Cooley Doctrine.
- 2) **Authorizes counties to receive waivers from current rules by adhering to a strict process** that includes the submission of detailed business plan with clear outcomes and performance measures, a mechanism for state input and a reporting component to allow for adequate legislative oversight of this new framework and a methodology for sharing the results of the experiments in innovation.

This legislation will create an environment where state and county employees focus their energy on outcomes rather than processes and where decisions are made by local communities to the extent possible. This represents an important shift in philosophy that will encourage state agencies to act as technical advisors to counties who are investing resources to explore new service delivery systems. At the same time, county boards and employees will be required to accept a heightened level of accountability in exchange for the freedom to innovate.

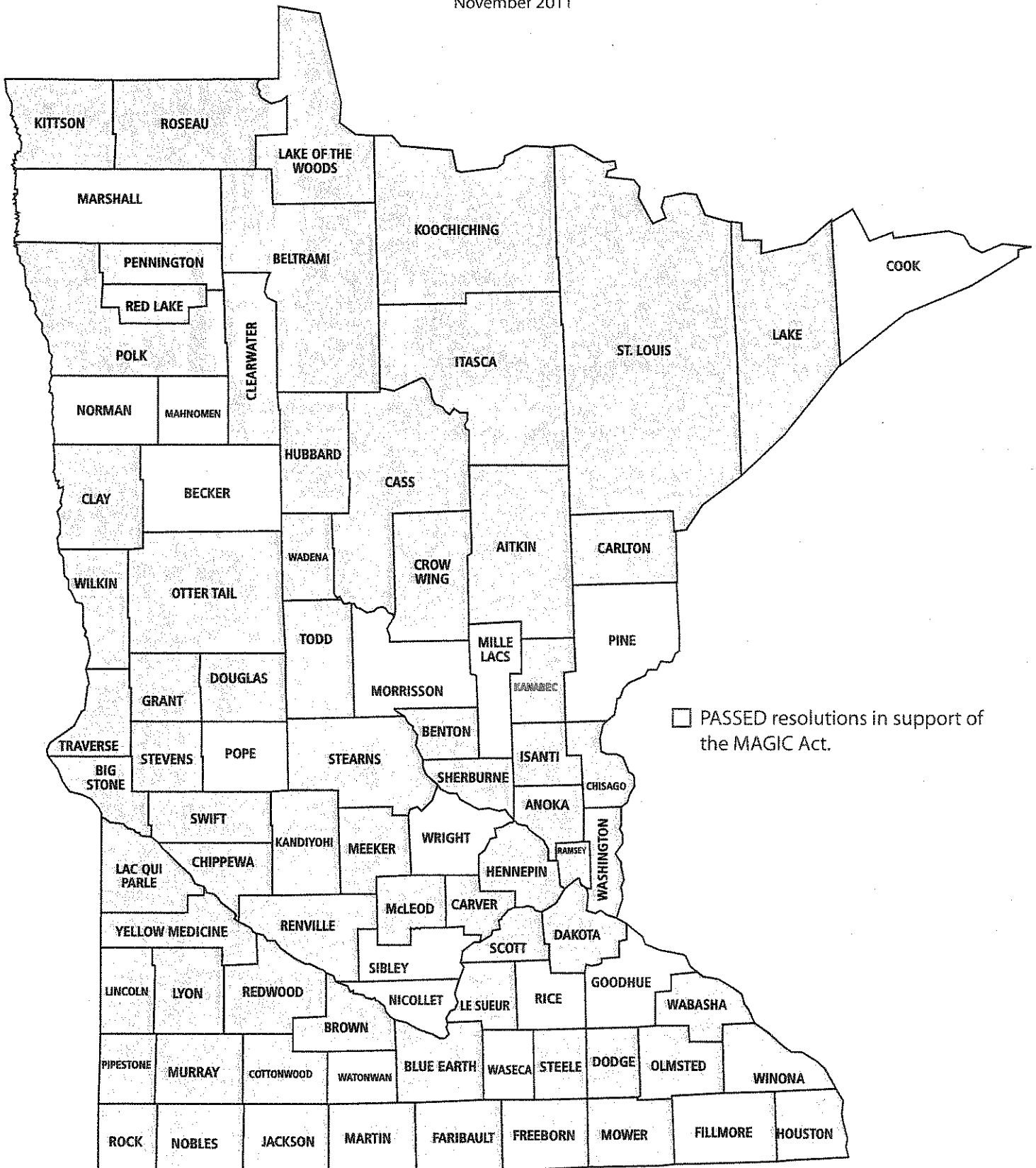
MAGIC Act Resolutions

September 2011

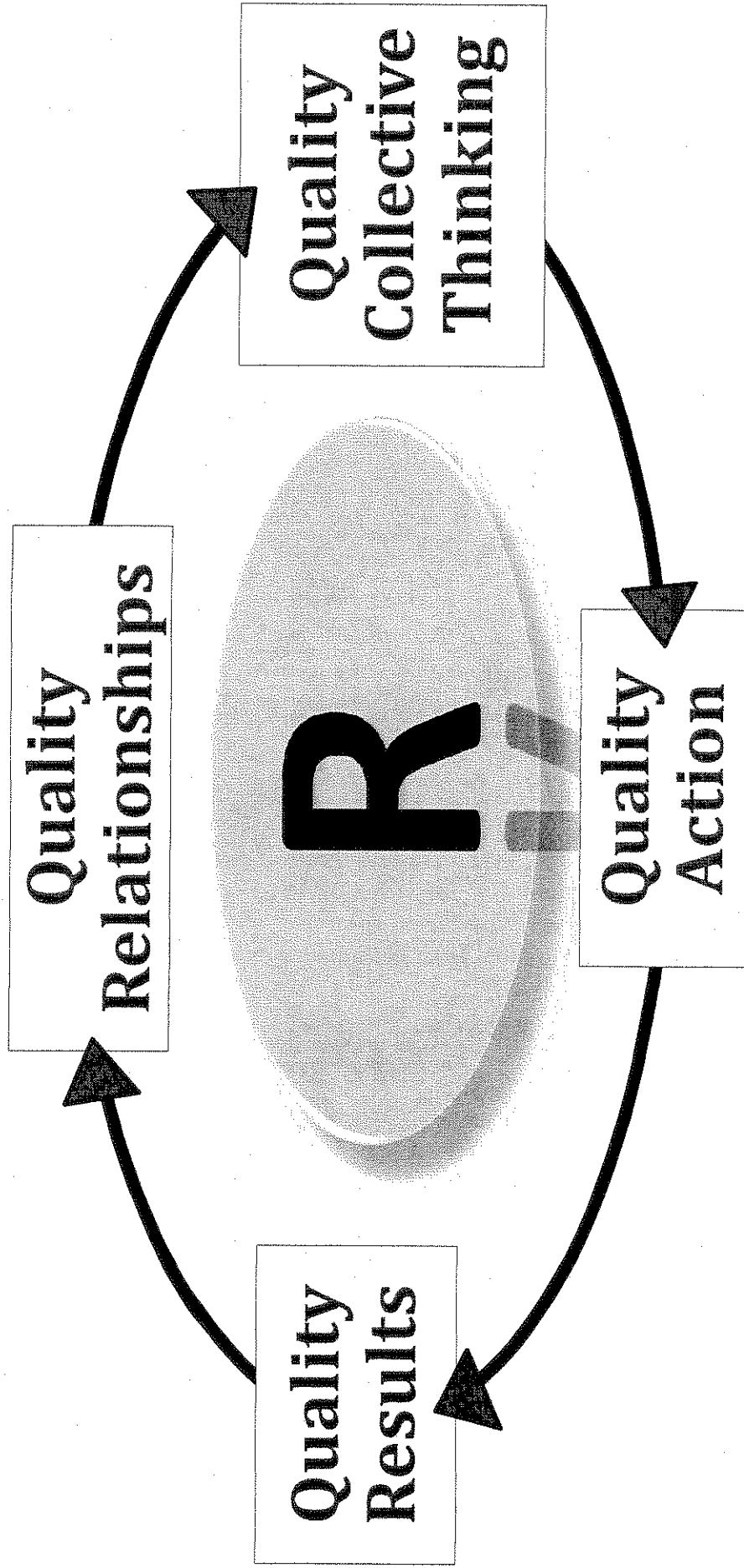


MAGIC Act Resolutions

November 2011



Redesigning Government Needs A Thoughtful Approach

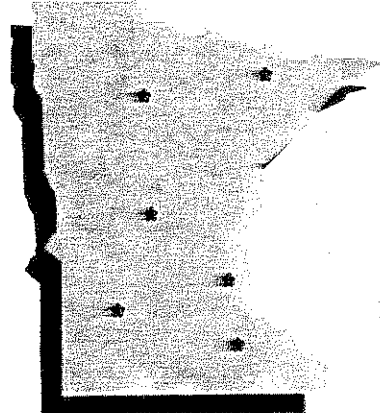


Local Government Innovation Forums

City, County & School District Leaders Talk Redesign

Throughout November 2011, six "Local Government Innovation Forums" were convened across the state. The Forums brought together regional city, county and school district leaders for the first time to talk about ways they can collaborate for better services in the wake of shrinking state budgets and increased service demands. The conversations focused on both identifying new ideas for shared public services and finding solutions for potential barriers to redesign.

- **Regional Forums were held in:**
 - Hibbing – Northwestern MN
 - Bemidji – Northeastern MN
 - Waite Park – Central MN
 - Marshall – Southeastern MN
 - Rochester – Southwestern MN
 - Eagan – Metro MN



Benchmarks for Effective Redesign

Forum attendees agree: with limited resources, service redesign is essential to continuing to provide the same top-notch public services Minnesotans want and expect. Leaders should follow these three key principles for effectively redesigning Minnesota's public services:

1. **Make Strategic Choices.** Prioritization is a critical element of government redesign, from assessing the highest public needs to evaluating the best way of providing services.
2. **Innovate.** Governments need to think long-term with their budget challenges, and to be willing to toss out the old rules and try new program structures and delivery systems.
3. **Deliver Better Outcomes.** Paying for processes and continuing with the current results won't be enough. Minnesotans want their government to get the greatest possible outcome for every tax dollar they spend.

Examples of redesign successes already underway on flip side ⇒

Local Government Innovation Forums

Redesign In Action — Saving Costs & Improving Services

Many attendees have already found ways to effectively redesign their services, through collaboration and innovation, in ways that result in cost savings *and* improved services. For example, some stand-out examples of redesign include:

- **Streamlined Human Services.** In Beltrami County, to cut costs and reduce duplicated efforts (e.g. case workers for each program, payments for multiple programs, etc.), the county government has merged the health and human services departments and staff so that every individual receiving services has one point of contact for all programs.
- **Consolidated Information Technology.** Crow Wing County, the cities of Brainerd and Baxter, and Central Lakes College have created a successful partnership where all entities share server space and information technology resources (programs, staff), saving each entity and the region's taxpayers thousands of dollars every year.
- **Shared Facilities and Buildings.** In the Grand Rapids area, rather than cities, county and school districts each maintaining their own fleet fueling system, the entities have consolidated into one fueling station that is equipped to electronically record fuel usages/purchases for each local government entity. This consolidation reduces costs and avoids waste and duplication.
- **Added Education Opportunities.** In Itasca County, a cooperative of schools are sharing resources by sharing elective courses. For example, through video technology, a French teacher can instruct multiple classrooms at separate schools at the same time. The technique improves education without compromising school budgets.
- **Combined Public Safety/Law Enforcement Services.** Douglas County uses its 122-bed jail to host inmates from its neighboring counties. The partnership cuts costs for all counties and helps Douglas County's debt service.

More to Come

A full report that compiles the outcomes from the Forums in greater detail, including compelling ideas for redesign and an outline of potential barriers, will be released at the end of 2011/early 2012. For more information on the For the Local Government Innovation Forums, contact Laura La Croix-Dalluhn at Laura.LaCroixDalluhn@gmail.com or Kevin Frazell at kfrazell@lmc.org