FOCUS ON OUTCOMES: REDESIGNING MINNESOTA'S LOCAL GOVERNMENT SERVICES

Ideas generated from the 2011 local government innovation forums

LEAGUE OF MINNESOTA CITIES

AMC ASSOCIATION of MINNESOTA COUNTIES
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MINNESOTA SCHOOL BOARDS ASSOCIATION

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Dear Friends,

Minnesota is known as the land of 10,000 lakes, but could just as easily be known as the land of 10,000 ideas. For generations, our state has been a national leader in innovative public service delivery because we're willing to work together across geographies and jurisdictions to find the best possible solutions for our citizens.

From the beginning, our local units of government have been at the front lines of Minnesota's culture of innovation in public services. We've gone from more than 8,000 school districts decades ago to 336 districts today as our schools revised their delivery models to meet modern education needs. We've entered shared service agreements across cities, counties and school districts for everything from police services to information technology and financial management. No matter the issue, our local leaders have demonstrated the creativity needed to make government work for Minnesotans.

Today our state is facing a "new normal" – with an increasingly aging population, growing public service needs, a changing workforce and a shrinking base of taxpayers – and these circumstances are calling us to innovate again.

And our members are rising to the challenge. In November 2011 we brought together more than 400 of our members – city council members and administrators, county administrators and county commissioners, superintendents and school board members – to do just that. Across six meetings, some of Minnesota's most passionate and innovative local leaders came together to share their experiences with redesign and to explore new opportunities to work together across jurisdictions. They shared stories of what's working in their communities, and they shared their hopes for their community's future.

We left these meetings with three critical lessons:

1. **Redesign is facing some barriers to change.** Changing the way services are managed or delivered is never easy, and it hasn't been for our local leaders working to redesign services in their communities.
2. **Leaders agree that five essential elements are needed to redesign local governments.** Barriers are not permanent obstacles, and many local leaders have moved past them.
3. **Minnesota's local governments are ready to innovate. In fact, they're already doing it.** In Beltrami County, local government leaders have redesigned dozens of services from natural resource management to workforce training and more. A consortium of schools in Northeastern Minnesota is joining technology and sharing teachers to offer first-class electives in the state's most rural stretches. Cities in Dakota County collaborated with the county and consolidated the 911 public safety dispatch services.

In the pages that follow, we dive deeper into these important lessons to offer a picture of our members' experiences, exasperations and aspirations for redesign. These forums offered us outstanding lessons about the potential of collaboration and redesign for our members. Now we hope that our state leaders will join us in providing our members with the flexibility and support they need to see it through.

Jim Miller
Executive Director
League of Minnesota Cities

Jeff Spartz
Executive Director
Association of Minnesota Counties

Bob Meeks
Executive Director
Minnesota School Boards Association

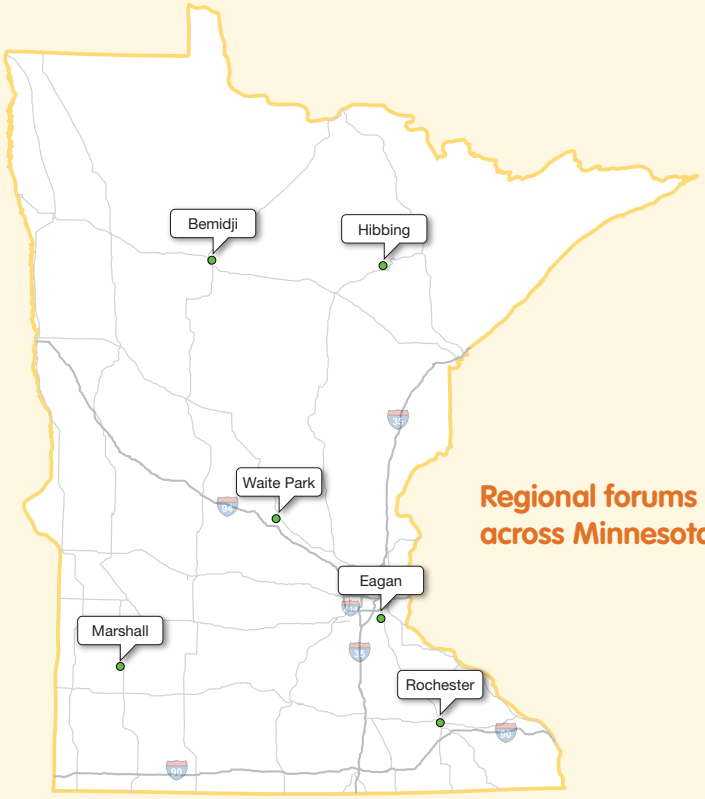
INTRODUCTION

Planning for Minnesota's future

In November 2011, six "Local Government Innovation Forums" were convened regionally across the state. The Innovation Forums brought together more than 400 city, county and school district leaders, including both elected and appointed officials to generate ideas about ways they could collaborate across jurisdictions for better public service delivery.

Generally redesign and government innovation discussions have occurred only locally, regionally or within a specific jurisdiction — for example, cities and school districts within a county or two neighboring counties collaborating to share a program or service. These forums provided local government leaders an opportunity to meet and explore opportunities around local government redesign and innovation across the state, with a focus on cross-jurisdictional collaboration.

The Innovation Forums were hosted by the League of Minnesota Cities (LMC), the Association of Minnesota Counties (AMC) and the Minnesota School Boards Association (MSBA) in partnership with the Minnesota House of Representatives Redesign Caucus and InCommons, an effort of the Bush Foundation and its partners. The events offered local government leaders a unique opportunity to learn about the potential of redesign for their work, and to foster information and idea-sharing among a diverse group of leaders from across the region.



Regional forums held across Minnesota

The Bush Foundation provided funding for these Innovation Forums with additional support provided by Beyond the Bottom Line, a partnership of the Bush Foundation, Minnesota Philanthropy Partners (The Saint Paul Foundation and The Minnesota Community Foundation), Northwest Area Foundation, Blandin Foundation and The Minneapolis Foundation.

"We need to define why we need the change while honoring the past. And doing that in such a way that the community understands why this is going to give a better product, why it is going to be a better service and what are the efficiencies that come about because we are going to do it differently." — *BREANNA BLY, ROCHESTER SCHOOL BOARD MEMBER*

The innovation forums

Each regional forum featured equal representation from cities, counties and school districts. Local leaders were seated in small groups to intentionally encourage cross-jurisdictional conversations. Legislators, nonprofit and local government associations, and other key local redesign stakeholders were also invited to join the forums to learn from the ideas generated.

Relationship building was an essential focus of the meeting design – and a critical element to successful systems change. The Innovation Forums created spaces to build and strengthen relationships among local government leaders in order to better understand how they could work collectively to meet the evolving needs of communities with anticipated fewer resources.

Forum participants were provided a baseline of information on population changes and economic factors – sometimes referred to as the "new normal" which are placing unprecedented pressures on government. After a short presentation, small groups of six to eight local government leaders engaged in a facilitated conversation which focused on identifying 1) new ideas for shared public services, 2) barriers to redesign and innovation, and 3) the necessary elements to support change at the local level.

The report that follows is a synthesis of the ideas for and barriers to redesign, as well as the elements of change, offered in the Forums' facilitated discussions.

"We can't keep doing things the same way. We're running out of money, we're running out of young people… Times are changing and we need to redo what we do. It happens all of the time in the private sector and the public sector is coming along, too."

— *DAVE BARTHOLOMAY, MAYOR OF CIRCLE PINES*

KEY PRINCIPLES

Making the case for innovation and redesign

The new normal

Minnesota's state and local governments have faced growing budget deficits in recent years as they struggle to address the State's long-term, structural budget deficit. In particular, according to state demographer Tom Gillaspy, state and local budgets are facing several converging factors that stand to have a lasting impact on how public services are managed and delivered in the years to come. These factors include aging populations, an evolving economy and increasing service demands.

Aging population
In the decade from 2011 to 2020, more Minnesotans will turn 65 than in the past 40 years combined, and even more Minnesotans will turn 65 in the decade that follows. The aging of Minnesota will place growing demands on public services from healthcare to transportation to housing and more.

An evolving economy
Experienced, but aging, Minnesotans are leaving the workforce for retirement while the very nature of our economy is transitioning from the Great Recession. As these high-earning employees leave the workforce, and tax rolls, to be replaced with younger, lower-earning workers, it's likely that the state's tax revenues could stagnate, as well.

Increasing service demands
The Great Recession combined with the state's aging public infrastructure is placing increased demands on public services from healthcare to road maintenance and repair and many more.

According to Gillaspy, local leaders have four possible responses to these challenges, two typical and two often unexpected:

- Cut government programs.
- Raise taxes.
- Increase economic growth. That is, equip our workforce to do more, be more productive and make Minnesota an economic leader.
- Increase government productivity. That is, redesign the way we deliver services to ensure the greatest possible outcomes for every tax dollar spent.

"In the next decade Minnesota will see as many people turn 65 as we have had in the past four decades combined. And in the decade after this, we'll have even more. That's a significant shift, and it has significant implications for public services." — *TOM GILLASPY, STATE DEMOGRAPHER*

Key principles for effective redesign

Forum participants offered dozens of ideas for redesign and innovation ranging from simple management alignment opportunities to complex, multi-jurisdictional program redesigns. Many of these ideas could be implemented without legislative approval, while others will require intentional partnerships with the state. Still, all ideas may not be good ideas and all good ideas may not make strategic sense for a local government, a region or the state.

The following key principles were established by the Beyond the Bottom Line funders as a tool to help state and local government leaders, nonprofits and citizens effectively evaluate the true potential of redesign ideas.

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.

LESSONS

Lessons from the local government innovation forums

Redesign is facing some barriers to change

These Innovation Forums generated a sense of collective thinking, and a shared vision that change is necessary and "doable." Yet, throughout these conversations, local government leaders also offered observations about the barriers faced in pursuing redesign initiatives. Across the forums, five barriers to redesign consistently emerged from partners.

Process, not outcomes, drives services
Above all, the most common barrier to redesign noted by Forum participants was the focus on process over outcomes. Elected leaders, in particular, cited both the nature of state funding streams and the process-oriented culture within state and local government systems. This culture limits innovation and rewards the status quo.

Limiting beliefs
Local leaders identified many behaviors, habits, and thinking that get in the way of working together in new ways. Several cited turf issues that exist across jurisdictions and the desire to protect ones own assets and ways of work; the small and big town rivalries that perpetuate negative stereotypes; and strong culture identities within communities that create a reluctance to collaborate.

Eroding state-local relationships
Several event participants explicitly noted feeling that the state-local government relationship has eroded over recent years. Consequently trust is low and blame is high. These local government leaders are eager to see signs of cooperation from the state, and to find ways to work collaboratively on redesign.

Focus on preventing liability
Both fiscal and political liabilities were barriers noted by several Forum participants. For these participants, fiscal liability concerns are exemplified by the costs and complexities of liability insurance, which often spiral in cross-jurisdictional collaborations. Political blame and liability were also noted as key barriers to change. Administrators noted that exposé stories on a government program or activity gone awry foster a fear of innovation among government staff. Elected officials, on the other hand, noted constituents' anxieties around proposed changes to service delivery, which often manifest themselves in calls of anger or even electoral defeat.

"[Both state and local leaders] are all so afraid that we'll all be caught in some kind of a failure, that we'll let some mistake get past us, that [it seems like] we are spending 90 cents on controls for a dollar product."

— AMY CAUCUTT, OLMSTED COUNTY

Lack of a statewide plan
Concern was raised by several participants over the evolving priorities at the state level which change as often as people in

"There's the identity issue, there's turf, and there's ego, and there's the fear change. We've got to get people to understand that we've got to change to stay alive."— JO EMERSON, MAYOR OF WHITE BEAR LAKE

office change. Local leaders were concerned that, without a statewide vision, priorities would continue to shift and local governments' redesigns of one year could be based on funds or policies undone the next. These leaders expressed frustration with the frequent and sharp changes in Minnesota's policy and funding directions, which in turn limit local governments' ability to make the long-term decisions and investments required of thoughtful redesign. A statewide plan outlining shared goals and outcomes was identified as important in guiding government redesign efforts.

"Folks, we all have to start working together to solve each others problems. County commissioners, cities, school boards, townships, we all have to start working together because the fiefdoms – no one wins."

— ROGER SKRABA, ELY MAYOR

Five essential elements are needed to redesign local governments

Ideas alone are not enough to ensure success, particularly in light of the barriers shared by Innovation Forum participants. Still, Minnesota's local government leaders are dedicated and optimistic. Despite the barriers to redesign, participants also offered their ideas and expertise on the five elements – ideas, behaviors and attitudes – needed to work past barriers and successfully implement local redesign ideas big and small.

1 Embrace change
Creating new public service systems, structures and delivery models is no easy feat. Seeding transformative redesign in and among Minnesota's local governments must begin with courageous local and state government leaders willing to take on this essential challenge. Across the Forums, local leaders shared an understanding for their essential role in fostering change – and an ambition to rise to the challenge.

2 Commitment to innovation
Yesterday's solutions simply can't solve tomorrow's problems. Local government leaders recognize this fact, and several noted that a shared commitment and vision among leaders – both state and local – to investigating new approaches and rethinking old structures is essential. This type of committed leadership is integral to success.

3 Focus on better outcomes
Cutting costs alone is not reform or redesign. Instead, quality redesigns should begin with a clear definition of the desired outcomes from the program, and those outcomes must serve as a guide throughout the redesign process. Minnesotans value our high-quality state and local public services, and Forum participants believe that the outcomes of those services should be at the forefront of any redesign.

4 Frequent communication among stakeholders
The process of implementing a redesign is typically long and change is often difficult. Local government leaders have found that success ultimately requires constant communications between city/county/school elected officials, staff and constituents about three key themes: why redesign is needed, what is being changed and how the constituents will be impacted. Without this communication, participants believe their constituents and stakeholders can become frustrated or feel lost within the process.

5 Patience and Perseverance
Redesign, by its very nature, is not neat or easy. Some new ideas may not produce the outcomes planned; others may take years to generate significant cost savings. Local leaders who attended the Forums recognize this fact, and they believe that successful redesign efforts help constituents, staffs and other stakeholders understand it, too.

With these essential elements in place, Minnesota's local government leaders have proven redesigns are possible across the state when they protect public service outcomes and save taxpayer dollars.

"There's definitely a willingness among local units of government to work together. At the legislature, they need to know that there are people in local government that want to work together, and I think that message needs to go out to our stakeholders at the local level, too." — KEVIN DONOVAN, MAHTOMEDI SCHOOL BOARD

"The idea of communication with the public [was a major opportunity that came up]. Get the public in the side of why we need to redesign, the needs that they want, meeting those needs but understanding that resources are limited. We need to have these collaborations."

— PAUL HETLAND, CITY ADMINISTRATOR, COLD SPRINGS

Minnesota's local leaders have ideas for innovation

Beyond barriers and elements of change, the Local Government Innovation Forums were about giving the state's local government leaders a chance to come together and share ideas for how to best collaborate. Throughout the six meetings, local leaders offered hundreds of ideas to make public service delivery more efficient and cost effective while preserving program outcomes – from small process changes to full-scale program overhauls. Ultimately, the greatest opportunities for redesign and innovation fell into six key categories: Health and human services; Children, youth & education; Transportation; Public safety; Administration and management; and Government boundaries and structures.

All of these ideas will require thorough examination by local and state government leaders to assess their viability but present a foundation for continued discussion.

Health and human services

Health and Human Services range from public health nursing to medical assistance for the state's most needy citizens; and from food stamps and housing supports to flu shot delivery and restaurant health inspections. Many of the local leaders who attended the Innovation Forums are looking for ways to redesign the delivery of these services by creating single points of contact, streamlining program paperwork, and otherwise managing the needs of citizens requiring human services. Ideas explored by participants aim to make services more accessible and user-friendly for citizens while lowering costs and improving program outcomes.

- ***Redesign public health and/or human service departments to focus on outcomes*** and consolidate administrative functions regionally.
- ***Create publicly funded health care purchasing*** pools to provide health care coverage for citizens and employees.
- ***Combine health care services in schools with county or city public health services.***
- ***Combine social workers functions in schools and counties.***

Example of innovation around health care:

Prime West is a model of county-based purchasing. County-based purchasing is a vehicle by which counties bring medical services to people on public assistance. County-based services brings cost efficiencies that stand alone counties can't access.

— Example provided during Waite Park Forum

"Right now we're working with other school districts in Itasca County and the region in Deerwood, Nashwauk-Keewatin, Floodwood, Hill City, Greenway, and Northland Community School. We're linking via technology and together we're sharing teachers and courses. Our students are getting electives and opportunities that a lot of large school districts in the Metro don't offer because we've worked together and used technology to do more with what we have."

— JOE SILKO, SUPERINTENDENT, GRAND RAPIDS

Children, youth & education

Education and learning are key services for all Minnesota communities, and they were a key topic of discussion at the Innovation Forums. Above all, local government leaders voiced a strong desire to see every Minnesota child receive a top-notch education. For these

leaders, redesign and innovation ultimately aim to both channel more dollars and opportunities into the classroom and streamline duplicative programs (e.g. library services) to concentrate resources on providing optimal services. Several redesign ideas were generated encouraging both flexibility and a holistic approach to preparing young people to lead in their communities and to move on to higher education. For example:

- Increase ***flexible learning options to students,*** their families, and community members at large.
- Engage community partners to provide ***early education and after school or summer learning and enrichment programs.***
- ***Consolidate library services*** across jurisdictions, e.g. schools, cities and counties.

Transportation

Minnesota's roads involve a myriad of ownership and maintenance responsibilities, with townships, cities, counties, the state, and Minnesota's sovereign nations each maintaining their own stretches – and the staff, budgets and maintenance equipment needed to support those roads. Other public entities are involved in providing transportation services like school and senior citizen bussing services. In their entirety, transportation services are often overlapped, complex, and local leaders believe they are ripe for redesign. Some ideas for innovation and collaboration raised in the Forums aim to reduce costs and duplication, while others provided new ways of meeting constituent needs using existing resources. For example:

- ***Share snowplowing equipment or coordinate plowing services*** among cities, counties, school districts and the state.
- ***Use school busses to meet larger transportation needs in communities,*** e.g. transport seniors to community centers or hubs for medical appointments or to purchase food or to engage in social activities.
- ***Engage in co-operative fuel purchasing*** among cities, counties and school districts to reduce costs and eliminate paying taxes on fuel.

Example of innovation around safety:

"We have a great example of a citizen centric model (of law enforcement) in the city of Blackduck. And how the county works with the city council in Blackduck. Basically they have a police officer and you can't tell if it's a city or a county officer because it's that blended, but it's an example of that citizen-centric approach."

— Tony Murphy, Beltrami County Administrator

Public safety

There is already great coordination among public safety and law enforcement agencies, especially around emergencies. However, several participants also noted additional opportunities for collaboration.

- ***Create public safety districts and share police, fire and ambulance services.*** Regional public safety districts could create efficiencies in service delivery and potentially save resources through cross training of all emergency services.
- Create new ***law enforcement models*** by consolidating the number of public safety authorities.

Administration and management

From financial management staff to technology tools and resources, Minnesota's local governments all rely on several core operational functions that, often times, can be shared across jurisdictions to save time and dollars. In each forum, participants offered numerous ideas for streamlined administrative and management functions, including:

- ***Share information technology, human resources functions and/or financial management services*** across jurisdictions or with groups of cities, counties or school districts.
- ***Share facilities*** to create opportunities to co-locate services.
- ***Utilize non-profit organizations to increase service delivery.***
- ***Collaborate to address constraints of Minnesota's Data Privacy Laws,*** which limit data sharing across jurisdictions.

Government boundaries and structures

Local government participants noted the existing boundaries sometimes created artificial barriers. Participants stated they were interested in ensuring citizens received high quality services, and believed government boundaries and structures should not be the limiting factor in delivering high quality services.

- ***Explore opportunities to consolidation school districts, cities, counties and other jurisdictions*** to maximize public service delivery and administrative savings.
- ***Consolidate duties within and/or across jurisdictions*** to eliminate redundancy and gain administrative cost savings.

CONCLUSIONS & RECOMMENDATIONS

Flexibility is required to move ideas into action

Minnesota is changing. It is essential that local and state government leaders engage the general public and their stakeholders in serious conversations about the possible responses to these changes.

Through the events and everyday actions local government leaders are acknowledging the importance of redesigning public services. They have generated numerous ideas around innovation and redesign. And they are ready to partner with their state colleagues. The time to act is now.

The following recommendations aim to support the ideas generated during the forums and continue the courageous conversations that took place across the state. The recommendations provide suggestions for addressing the long-term needs of citizens and communities. They also provide local and state government leaders highly visible "wins" that will encourage future actions and build trust.

Above all, the Forums have demonstrated that Minnesota's local government leaders are eager to pursue public service redesigns that save costs and provide the outcomes that Minnesotans expect. However, pursuing these redesigns will take patience, flexibility and support from our state leaders, our associations, and our constituents. In particular, the League of Minnesota Cities, Association of Minnesota Counties and the Minnesota School Boards Association offer the following recommendations:

1. **Minnesota's state government officials should work with local government officials to provide more flexibility, allowing for innovation.** Too many state policies outline how services should be delivered and do not focus on the outcomes of delivering services.

2. **State and local government leaders should create opportunities to strengthen their partnerships.** This will increase state and local government leaders' understanding of each other's responsibilities, barriers and possibilities – enhancing collaborative opportunities.

3. **The Minnesota Accountable Government and Collaborative (MAGIC) Act should be passed.** This is an important tool that allows counties to test ways of providing services. Experiments or pilots will take place over a period of three years around service delivery.

4. **Minnesota's House Redesign Caucus and its Senate counterpart should thoroughly examine the innovations and redesign ideas generated during the Forums,** and make recommendations to the appropriate House and Senate Committees for further exploration with local government leaders.

5. **Funding from the legislature to assist local units of government implementing innovative ideas should be secured.** Flexible funding is necessary as local units of government seek to make changes.

6. **A statewide task force should be created to help strategically guide local government innovation and redesign efforts in Minnesota.** This task force would help coordinate redesign efforts and provide strategic advice as key experts and stakeholders.

7. **A statewide plan articulating a vision for government services and defining state and local outcomes should be created.** A plan and shared set of outcomes will ensure priorities are consistently being addressed and public resources are working for citizens.

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