

## **A Statement on the Need for Minnesota to Commit to a Long-term Strategy to Redesign Public Services and Programs**

**Because the budget agreement does not address the state's long-term structural imbalance it is more imperative than ever that the governor and the legislative majorities, in the next few days, arrive at a mutual commitment to redesign our public systems.**

Redesign is the only long-term way to move forward.

Redesign has been a hallmark of Minnesota's long-standing reputation as an innovative state.

The Governor is linking spending targets to levels of service – his priority is to maintain services and make the tax system “fair.” Maintaining these priorities requires significant revenue increases.

The Republican caucuses in the Legislature are linking spending targets to forecasted revenue levels – their priority is to contain government spending and make the tax system “competitive.” Maintaining these priorities requires significant reductions in projected service levels.

**Yet the root of the state's challenge is structural in nature, and so the longer-term challenge is to find new ways for the public sector to become more cost effective.**

**It is clear, and broadly accepted, that higher taxes and/or spending cuts are not the complete (or preferred) answer to the state's long-term structural challenges. Finding new ways to deliver services and programs must be a part of the solution for Minnesota.**

This requires leadership on the part of the Legislature to require more effective and efficient government, and leadership on the part of the Governor to recommend how to get there.

### **Why leadership on redesign**

**Redesign is a powerful way to bring the parties together**, to reconcile service targets with spending targets – to sort out how to maintain or even improve service outcomes within spending constraints. Without redesign the biennial budget will have a structural imbalance for the foreseeable future.

**Minnesota can lead the country in demonstrating structural changes that respond to the “New Normal.”** As other states and the federal government continue to debate cutting and taxing, Minnesota should again become a leading state by showing that there is a third way.

**Change the focus to what we want to be as a state, not just on how much to spend.** Right now this has become a debate over a number – \$34 billion vs. any number greater than \$34 billion. While how much we spend is important, it pales in comparison to the question “what do we want to deliver for the money?”

What are the essential outcomes that Minnesotans expect from their commitment to pay taxes? What are our aspirations as a statewide community? And for each – how much of the responsibility for achieving these results is personal and how much comes from community action?

**Ultimately this is a debate about the future of our state.** We believe that there is significantly more agreement than disagreement on our aspirations. Let's find out before we build the barricades even higher.

**Change the time frame – think four years.** If the time frame is extended to four years it will provide more time to develop and implement new approaches to delivering state and local programs and services.

**Redesign means getting better results for every dollar spent.** The challenge is how to achieve our aspirations as a state with the money we will have to create a “new normal.” Redesign is fundamentally about innovation – combining expectations for results with flexibility on how to get there. Flexibility on the “how” is crucial to redesign.

## **Build on what has already been done, and draw on outside resources**

The 2011 regular legislative session produced plenty of ideas that should serve as the basis for redesigning services.

The Governor and Legislative leadership will understandably ask for example of redesigns. Individuals and groups in private and civic life are working hard to develop such proposals. They can be a resource for elected officials whose time is scarce.

Some possibilities active this session include:

*Global Medicaid waiver.* Such a waiver could give the state greater flexibility in redesigning its approach to service delivery. Give the Governor the authority to get it, but don't limit how he uses it. Challenge him to use his authority to remake our approach to providing care to those most in need.

*The Governor's executive order to purchase health care services more competitively.* Combine a cap on health care spending with flexibility to achieve a better design that delivers more and costs less.

*The MAGIC proposal to restructure the relationship between the state and its 87 counties.* The Minnesota Accountable Government Innovation and Collaboration (MAGIC) Act would be established to develop and test alternative models for service delivery by counties that are focused on performance measures and outcomes rather than processes for delivering services.

*“My Life, My Choices” redesign of services to people with disabilities.*

*Minnesota-based EdVisions schools have found ways to run economically viable urban and rural high schools with 20 students per grade level.*

*The proposal for school districts' joint operation and innovative delivery of education.*

*The Drive to Excellence program has become a model for governments throughout the world. Expand it from its original scope of administrative processes in the executive branch to include all state, local and education programs. Apply the same successful process to looking at efficiency and effectiveness of programs.*

*Several proposals seek to redesign state government operations:*

- Zero-based budgeting principles – extended to fully implement outcome-based budgeting
- State appropriation bonds (Human Capital Bonds)
- Employee competition for state business in the face of outsourcing
- The state agency value initiative
- Employee gainsharing

With these as a starting point, create as many other redesign opportunities and challenges as possible. Put out a call for ideas.

Minnesota can lead the country with this approach.

***Developed by the Discussion Group on Redesign***

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