



# Bill Blazar, Minnesota Chamber of Commerce, Ted Kolderie, Education|Evolving, Peter Nelson, Center of the American Experiment, Dane Smith, Growth & Justice

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

*July 22, 2011*

**Present :** Verne Johnson (chair), Marianne Curry, Paul Gilje, Sallie Kemper, Dan Loritz, Tim McDonald (phone), Kristin Schulte

***Summary of meeting:*** *While to many the 2011 session was about cutting, taxing, or doing some of both, a groundswell of opinion has emerged among a cross-section of elected officials and private citizens that suggests for Minnesota to remain strong we must rethink the way state works.*

*The discussion today revolves around a statement recently put together by a discussion group on the topic of redesign in Minnesota. Participants in that group include leaders from non-profit, policy, and government groups across the state.*

*The Civic Caucus sent the statement out to its 2,400 participants. Seventy people responded; 64 of those answered the five questions on the survey. Overall the response was enormously positive as far as the survey numbers were concerned. Fifty responders replied with written comments that show a wide range of views on the definition and content of "redesign" proposals. It is the strongest response we've had to Caucus communications in recent months, the member reported.*

*The Star Tribune has since run multiple columns and editorials on the topic, including:*

***Government Redesign*** , Lori Sturdevant: <http://tinyurl.com/3kl2qpo>

***Time to Think Inside the Box*** , Ted Kolderie: <http://tinyurl.com/4yqp3hp>

**A. Welcome and introductions** - The four speakers today are members of a group that has been meeting monthly for the past two years to discuss opportunities for redesign in Minnesota public policy.

Bill Blazar is vice president of the Chamber of Commerce; Ted Kolderie is a founding partner of Education|Evolving and senior fellow at the Center for Policy Studies; Peter Nelson is a policy fellow at the Center of the American Experiment; and Dane Smith is president of Growth & Justice.

## **B. Discussion**

### **A call for a change in approach to providing state services**

**Blazar:** I think that the essence of the report is this: a fairly broad spectrum of folks say that the state needs to get about the business of redesigning key services to deliver what Minnesotans expect with our changing demographics and the world economy we find ourselves in.

We've run out of time. It seems worthwhile to publicize the statement, but it also makes sense to begin creating a to-do list so that when we get to the start of next session we have legislation ready. The product really does have to be legislation. We've got to get beyond principles and statements, and on to action.

**Smith:** Growth and Justice has always been concerned with expanding prosperity in Minnesota-investing in human capital. We believe that economic and social justice is a business-building agenda. Closely related to that main mission, we've always been supportive of the good government ethic that has prevailed in Minnesota, and the need for constant redesign.

Some of the people I've heard from wondered why there wasn't a stronger revenue-positive tax outcome advocated in the statement. We do believe we need greater revenue to cover the changing demographics-though the feedback I've gotten to the statement and our support of it is mostly positive.

I agree with Bill that we should begin moving forward to see how we can achieve goals.

**Blazar:** Within the Chamber we have had positive response. I think people are struck by the broad range of the people that worked on the statement. I know our plan is to get that to-do list going so we can begin work on proposals for the next session.

**Smith:** As simple and direct as the statement is that the group put together, the process itself was difficult and we all must have looked at dozens of emails as we worked toward this simple statement on the imperative for redesign. We have a new respect for the founding fathers and the work they put in on the Constitution. The drafting of this statement came with some anxiety and a fair amount of internal debate, but we hung together, and we are proud of the end result. And I was glad to see the Star Tribune's Lori Sturdevant, who was briefed on the product, write about redesign twice in the days following the issuance of the statement.

**Nelson:** As an organization the Center of the American Experiment does a lot of things that are similar to those that Growth and Justice does, but we approach these topics from a conservative agenda. We have a broad membership that has been concerned for years about these state issues.

Looking at where we are now, I'm more optimistic than I've ever been that we're moving forward. I think we are in a position to begin passing laws that will make a difference in 4 to 8 years from now.

This past week I wrote a blog post that looked at legislation that did pass and pulled out the redesign components to highlight them. Then this week Governor Dayton signed much of those into law. I began to get worried at the start of this week when I heard that My Life, My Choices was not in the final bills-that had very broad bipartisan support-but in the end about three-fourths of the items featuring elements of redesign were passed.

### **Areas of priority**

**Blazar:** There can be more specifics done regarding medical assistance and health care. I'd put health care on the top of the list of work to do, though the legislators and the governor really think they bent that curve this year.

Second, I would cite K-12 as a priority-there are clear opportunities there.

Then third, in respect to higher education, I think that area has potential as well-though I don't think anyone has put in the kind of thinking over the past few years that is needed for this area.

**Smith:** Number one on our (Growth & Justice) list is how to drive the higher education attainment rate to new levels in this state. We pushed hard this session to get legislators thinking about the need to set a specific goal for overall attainment percentage, or total share of young adults with some sort of credential for a specific kind of job or career, and of course, achievement and performance along the way.

### **Coming work**

**Q:** What is your timetable for action by your organization?

**Blazar:** In health care people have been sitting and admiring the problem for some time, and now people are beginning to draft legislation. I know that redesigning state government is a long-term project, but we've been talking about this for some time. Simply batting around principles and ideas doesn't advance the discussion any more than we have the past many years.

**Q:** Does Growth and Justice have a specific plan?

**Smith:** Higher education-and further, post-secondary education-is a priority.

**Q:** On higher education, do you have any thoughts on this idea of redefining when high school ends and college begins?

**Smith:** In general we're interested in this idea of blurring the lines, putting less emphasis on when high school ends and putting more on college or some other post-secondary program completion.

We need to pay less attention to the pieces and more attention to the whole; we've got to be focused on the goal line, which is some form of certificate from a post secondary program.

The barrier to entry is that the cost is prohibitive. The most promising area of redesign in higher education, I think, is that of early college course options in high school.

**Q:** Did the Health and Human Services bill undergo dramatic change this year?

**Nelson:** Yes, but I'd say rather that it has *potential* for dramatic change. There are things we can do in the existing system such as bidding out care for managed contracts. There is no accountability in the program now to see how money is actually being spent, and that should be added. Before the feds passed the Medicare waiver program, we were moving forward with some other changes. The state has a history of reform, so these efforts should be a natural outgrowth of ongoing work.

### **Why 'redesign'?**

**Kolderie:** I think the session was positive for redesign in a really interesting respect. All the realists have denigrated redesign with the notion that practical people will only tax or cut. In the end they didn't either tax or cut. They shifted, borrowed and 'stole'. It seems to me this does bring redesign higher up on the agenda.

I think we do have a vision for the state-not in the sense that there is an end-state plan of what everything will look like 20 years out, but what we're working toward. We are going to be a high-productivity state with a high capacity for institutional innovation. If we're all working for that we don't need to agree on what the end-state looks like.

It's important to get general ideas about redesign into the discussion along with the specifics. We need both. Each helps the other. To me the term redesign is the most general term: 'doing different'. Under 'doing different' come, first, what Walt McClure describes as "getting the incentives right", and then both innovation and continuous improvement. (See McClure Civic Caucus interview at: <http://tinyurl.com/3tz2mqy> ).

Looking back I see a time up to the 70's when everything was about redesign though we didn't use that label-that term didn't emerge until the late 80's, when the attention moved from the system structure to the operating side. As attention shifted the term 'redesign' emerged.

But if you look at the time before the label became commonly used, we reformed a lot of things-financial systems, governance systems, the Minnesota Municipal Commission, then Metro Council. That's past history, but it shows you that we have a capacity to make major changes in the way Minnesota is organized and operates.

### **A distinction between "spending" and "investment"**

A member suggested that acceptance of much of the changes proposed under the "redesign" banner would be enhanced by emphasizing "investment" in human capital instead of "spending" on programs.

**Kolderie:** That may have merit, but 'investment' is sometimes a term used by interest groups to describe any spending, productive or not.

**Smith:** We need to emphasize the importance of our investment in human capital.

## **Conclusion**

**Smith:** I think that we need to keep redesign efforts going. We've had great success in getting different "tops spinning" in redesign, as Ted likes to say it. We've quietly shaken the establishment. There are a whole lot of great things going on.

**Nelson:** This discussion group is an example of the importance of people agreeing on outcomes without needing to agree on the process for getting there. It has been about people sharing ideas. There's no way I would have grabbed on to Lutheran Social Service's *My Life My Choices* proposal if I hadn't been involved in this group-I wouldn't have been involved in talking with legislators about it.

This group was instrumental in helping create the label for the House Redesign Caucus. That caucus is deserving of a thank-you for helping to air these ideas.

**Kolderie:** There just wasn't any disagreement back in the 60's that we had a metro area that was outgrowing its old governmental structure. That needed to be redesigned. . The question was how to fix it. That's what the question is now-how? We're in a hole. I think everyone understands we're in a hole, especially for a state this size. Again I think the redesign discussion is looking pretty good. It could be a way to answer the question *how is Minnesota going to become a leading state?*

**Q:** How do we sustain that pressure when the economy recovers?

**Kolderie:** That's a concern. The history has been one of starting, then stopping. That's what caused everyone to abandon the Brandl-Weber report. One of the big challenges we have is that when we have a rainy day we run out to fix everything; then it stops raining and we put the umbrella away. I think we realize now that redesign has to be an ongoing activity.

Redesigning the services and programs is good, but strategically the structures need to be redesigned. This is McClure's angle. We need to change structures and incentives so that organizations are continually seeking productivity improvements.

**Smith:** I think we've had a ten-year economic decline. This may help to keep us from getting complacent.

**Nelson:** And it depends on who is elected. We're in a position now where the public elected new people into both the legislature and the executive.

**Smith:** I think it's true that both Mark Dayton and the legislators are interested in the redesign concept. I think that this conversation is going on in the Governor's office.

**Kolderie:** I remember a former governor telling me one time that when the public gets clear in its mind what needs to happen, the elected officials become very important because they can make it happen. But in the period we're in now where the public is not very clear about what it wants and where it wants to go then elected officials will hesitate.

So the people that are important now are the people that are forming that public consensus.

A participant suggested that redesign doesn't have to be something done in the legislature-and perhaps it shouldn't be. To get something done in the next session it will be necessary to get involved with the committee chairs that are most interested in these things and with the people most involved in these issues in the state departments.

**Thanks to everyone for a good discussion.**