A Similar MN in the Future

Highly Educated
Healthy
Clean Environment
Productive Workers
Less Crime
Reduced Traffic Fatalities
High Voter Turnout
Rich Cultural Arts
Supportive Nonprofit Sector
A Different MN in the Future

Older, More Diverse
Fewer Wage Earners Proportionately
Less Well Educated
More Relative Unemployment
Higher Tuition for College
Less Affordable Health Care
Greater Income Disparity
Less Affordable Housing
More Congestion
Different MN Finances in the Future

State Revenue-Expenditure Structural Deficit
Economic

Projected Average Compound Growth Rates of Minnesota State Finances between 2008 and 2033

% Growth rate (5 yr average compound)

<table>
<thead>
<tr>
<th>Category</th>
<th>% Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3.9</td>
</tr>
<tr>
<td>Health Care</td>
<td>8.5</td>
</tr>
<tr>
<td>Education</td>
<td>4.8</td>
</tr>
<tr>
<td>All Other</td>
<td>2.7</td>
</tr>
<tr>
<td>Total Spending</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Source: Analysis from Minnesota Management & Budget (MMB)
## Future Problem (12-10)

### Budget Forecast, FY 2010-13

<table>
<thead>
<tr>
<th></th>
<th>FY 2010-11</th>
<th>FY 2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$447</td>
<td>$674</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>30,493</td>
<td>32,004</td>
</tr>
<tr>
<td><strong>Spending</strong></td>
<td>30,266</td>
<td>38,591</td>
</tr>
<tr>
<td><strong>Budget Reserve</strong></td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Cash Flow Account</strong></td>
<td>266</td>
<td>266</td>
</tr>
<tr>
<td><strong>Budget Balance</strong></td>
<td>$399</td>
<td>($6,188)</td>
</tr>
<tr>
<td><strong>Structural Gap</strong></td>
<td>- - -</td>
<td>($6,587)</td>
</tr>
</tbody>
</table>

*($ in Millions)*
Former Finance Commissioners
Reaction to Deficit

Kiedrowski  Gunyou  Ingison  Wheelock
Different MN Finances in the Future

State Revenue-Expenditure Structural Deficit
More Revenue Volatility
Local Government Aids in Trouble
Human Services Changes Coming
Need for Rethinking Local Government
“I’ll be happy to give you innovative thinking. What are the guidelines?”
What is Innovation and Redesign?
How Do You Innovate?

- Are we doing the work right?
- Are we doing the right work?
- A productivity question
- An innovation & redesign question
1. Clearly define the problem
2. State the desired measurable outcome
3. Investigate why traditional approaches aren’t working
4. Identify alternative theories or assumptions that address the problem
5. Innovate and redesign
Innovation and Redesign Guide

**TOOLS:**

- Charges, Incentives and Targeting
- Competitive Contracting
- Collaboration
Collaboration

Continuum of Relationships

Informal: Cooperation, Coordination, Collaboration

Formal: Partnership, Consolidation
Collaboration

(Ernst & Chrobot-Mason, 2011)
Collaboration

- Examples
Collaboration

The *Minnesota Commission on Service Innovation* has recommended that the state establish a Shared Services/Consolidation program for state and local government entities.
Innovation and Redesign Guide

**TOOLS:**

- Charges, Incentives and Targeting
- Competitive Contracting
- Collaboration
- Prevention
- Community
- Funding Consumers
- Performance Accountability
Possible Performance Management System
Draft Performance Measures

- In 2010, the Minnesota Legislature created a Council on Local Results and Innovation.
- By February 2011, the Council will establish 10 performance outcome measures for Minnesota cities and counties.
- Upon the establishment of these strategically chosen performance outcome measures, the Council will create a model local government performance management system.
- If cities and counties create performance management systems and submit results on the 10 performance measures, they can receive up to $25,000 from the state and be exempt from levy limits.
Draft City Performance Measures

**General:**
1) Rating of the overall quality services provided
2) Citizens’ rating of the overall city appearance

**Police Services:**
3) Part I and II crime rates and/or Citizens’ rating of safety in their community

**Fire Services:**
4) Insurance industry rating of Fire services and/or Citizens’ rating of the quality of fire protection services

**Streets:**
5) Average city street pavement condition rating and/or Citizens’ rating of the road condition in their city:
   - 6) Citizens’ rating the quality of snowplowing on city streets

**Water:**
7) Citizens’ rating of the dependability and quality of city water supply
   - 8) Operating cost per 1,000,000 gallons of water pumped

**Sanitary Sewer:**
9) Citizens’ rating of the dependability and quality of city sanitary sewer service

**Parks and Recreation:**
10) Citizens’ rating of the quality of city recreational programs and facilities
Draft County Performance Measures

**Environment:** Recycling rate

**Library:** # of annual visits per 1,000 residents

**Taxation:** Level of assessment ratio *(between 90% and 105%)*

**Elections:** Accuracy of post-election audit

**Public Safety:** Part I and II crime rates or Citizen’s rating of safety in their county.

**Public Works:** Average pavement rating or Citizen’s rating of the road conditions

Hours to plow complete system during average snowfall

**Parks:** Citizen’s rating of the quality of parks, recreational programs, and/or facilities.

**Probation/Corrections:** Percent of offenders (adult and juvenile) with a new offense within 3 years of discharge or intervention

**Public Health:** General health indicator TBD

**Social Services:** Change in Self-support Index over three-year period (MFIP & DWP)

Percentage of children where there is a recurrence of maltreatment within 12 months following an intervention
Honoring the innovation of Minnesota cities, counties & schools.

Up to 18 awards to be given out for innovative work in SERVICE REDESIGN

Brief Application available online due February 4, 2011

www.incommons.org/LocalGovernmentInnovation
Questions and Comments?