

ASSOCIATION OF MINNESOTA COUNTIES



Governance, Transparency, & Flexibility

*Solving Today's Challenges through
Innovative & Sustainable Solutions*

**September 16, 2010
Council on Service Innovation**

Presentation Outline



- **An Unsustainable Status Quo**
- **The Beginnings of AMC's REDESIGN Initiative**
- **Opportunities to Partner & Collaborate**
- **Discussion / Q & A**





An Unsustainable Status Quo



An Unsustainable Status Quo



For years Minnesota's leaders have been aware of pending fiscal challenges.

During the past 10 years multiple reports reached similar conclusions about the long-term unsustainability of government.

— Recent Example: “Minnesota’s Bottom Line”



An Unsustainable Status Quo



So if we were all aware of a pending fiscal crisis, why didn't we focus all of our time and effort on preventing it?

Multiple reasons contributed to the avoidance. Some of those reasons may include:

- The economic boom of the 1990's
- The security focus of the early 2000's
- The sheer magnitude of pending challenges



An Unsustainable Status Quo



The decision to remain passive proved politically expedient for years, but September 15, 2008 ushered in a new economic reality faster than originally projected.



An Unsustainable Status Quo



While the recent economic recession has officially ended, Minnesotans now face a long and slow economic recovery.

Even once the economy has recovered to pre-recession levels in a few years, long-term growth is projected to be subdued when compared to past decades.



An Unsustainable Status Quo



So why will we not be returning to the way things were before the recession?

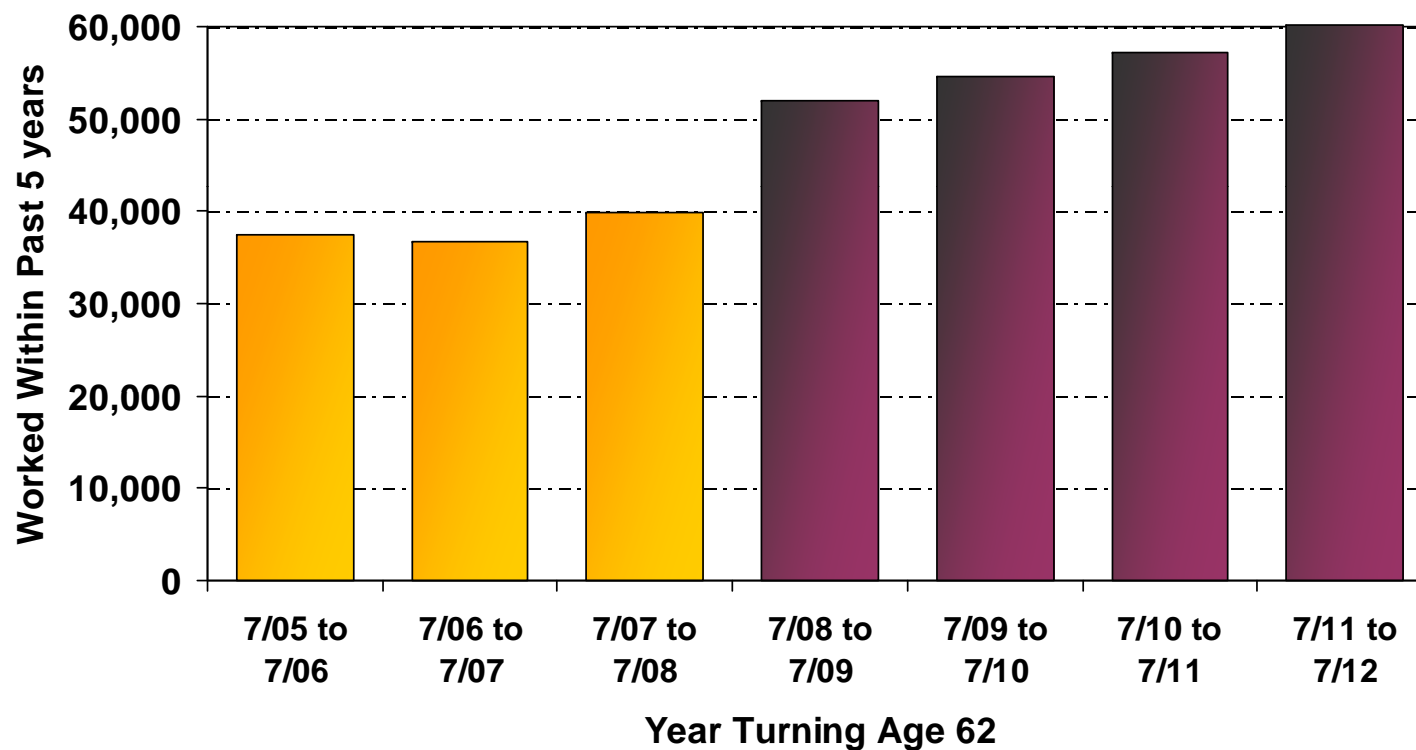
- Demographic changes are driving growth in public service expenditures and reducing the pool of available workers**



An Unsustainable Status Quo



Minnesota's Aging Workforce

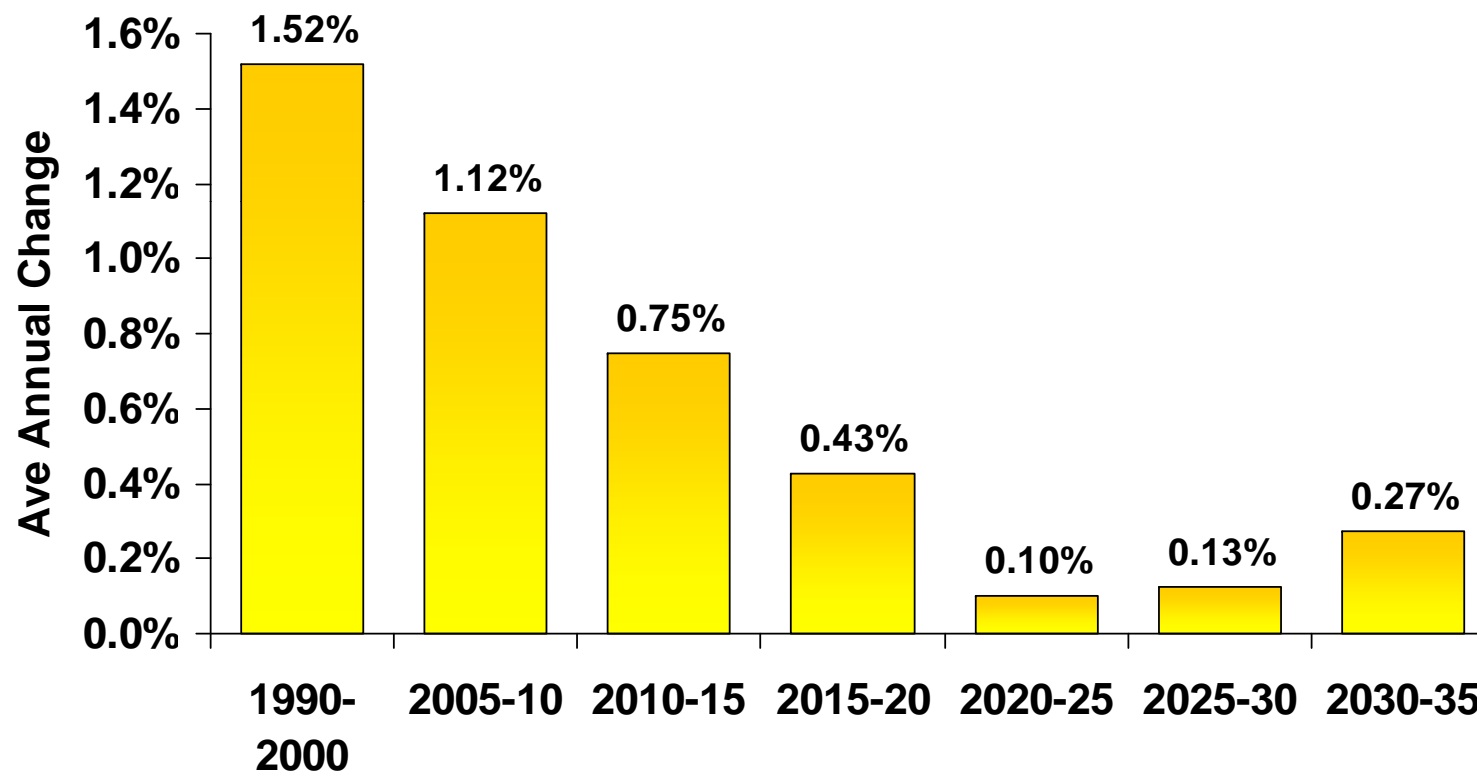


Source: Stinson/Gillaspy Presentation, July 2008



An Unsustainable Status Quo

Declining Labor Force Growth



Source: Stinson/Gillaspy Presentation, July 2008

An Unsustainable Status Quo



A Troubling Dependency Ratio

The dependency ratio, which is a measure of the population that is traditionally active in the labor force versus those who are not, is currently at a record low.

As baby boomers reach retirement age and Minnesota's labor force growth rates start to decline, the dependency ratio will begin to rise.

This will mean that the earnings of the working age population will need to be stretched further to support the state's economically dependent population.

Source: MN Budget Trends Study Commission, January 12 2009



An Unsustainable Status Quo



A Troubling Dependency Ratio

As the demand for services targeted toward seniors increases there will not be a corresponding decrease in the demand for other essential state services, such as K-12 education.

Current trends signify that by 2020 the number of seniors in the state of Minnesota will exceed the number of school age children for the first time.

Source: MN Budget Trends Study Commission, January 12 2009



An Unsustainable Status Quo



Minnesota's future budgets will be affected by these unavoidable demographic shifts.

- 2012-2013 biennium: An estimated \$5 billion deficit is being projected**

Even worse, spending is projected to continue outpacing revenue beyond 2012-2013.



An Unsustainable Status Quo



So what's the bottom line?

- Assuming policymakers increase revenue by raising taxes and vigorously cut programs and services, it remains highly improbable that the state will be able to structurally balance long-term revenue and spending projections.**

Transformational reform—REDESIGN—must be a part of the long-term solution.





The Beginnings of AMC's REDESIGN Initiative



The Beginnings of AMC's REDESIGN Initiative



In 2003 the AMC Board began a movement to cultivate a culture of innovation and setup programs at AMC to explore and embrace innovative proposals.

County officials recognized that without significant changes to the status quo, all levels of government would begin struggling to meet citizen expectations.



The Beginnings of AMC's REDESIGN Initiative



In 2008 the culture of innovation at AMC led to the formal creation of the Minnesota REDESIGN Project. The project's goals were:

- To devise means for serving citizens within a future of significantly reduced resources**
- To enhance governance, transparency and flexibility within local and state government**
- To demonstrate that county officials could provide leadership devoid of partisanship to improve the long-term outlook of MN**



The Beginnings of AMC's REDESIGN Initiative



There has been agreement during the past two years from a vast array of stakeholders about the need to REDESIGN government so that it can sustainably meet the needs of its citizens.

Significant ideological, institutional and statutory barriers to innovation still exist, yet AMC members remain resolute in their support for the REDESIGN initiative.



The Beginnings of AMC's REDESIGN Initiative



During the summer of 2010 AMC will continue developing potential REDESIGN policy initiatives and cultivating an innovative culture amongst county officials and others committed to a sustainable future for MN.

Ultimately, by initiating multi-stakeholder discussions in non-partisan forums, the likelihood for successful outcomes will remain high.





Opportunities to Partner & Collaborate



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Efforts to REDESIGN government are-and should be-challenging, and counties realize that they alone will be unable to achieve their desired ends of a sustainable future for MN.



Opportunities to Partner & Collaborate



AMC spent the first two years of the REDESIGN Project focusing its efforts on fostering a culture of innovation within counties and pursuing a limited number of initiatives.

The need to develop stronger partnerships is now the highest priority.

Opportunities to Partner & Collaborate



Some REDESIGN initiatives will be intra or inter-county, but others should be county-city, county-union, city-township, etc.

Whatever produces improved outcomes!

Opportunities to Partner & Collaborate

IT'S EASIER IF WE ALL PULL TOGETHER



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Opportunities to Partner & Collaborate



So how specifically can we work together?

Here are five suggestions:

- 1. Continue regular conversations such as what is occurring at the CSI meetings.**
- 2. Encourage your associations to engage and partner with AMC on REDESIGN initiatives. Counties cannot come up with a full list of good ideas without the input and support of other stakeholder organizations.**

Opportunities to Partner & Collaborate



Other suggestions:

- 3. Actively engage in any REDESIGN discussions that pertain to your jurisdiction. Many of AMC's initiatives require participation from outside the county community.**
- 4. Support individuals that are willing to take informed, calculated risks that are intended to improve the long-term sustainability of MN. REDESIGN is hard, but a future devoid of innovative, sustainable solutions is something no citizen or elected official wants to experience.**

Opportunities to Partner & Collaborate



Final suggestion:

5. **Determine the highest priority, long-term outcomes for your organization and discuss those priorities with your county and AMC. REDESIGN does not mean that all groups will get everything they desire, but it is an opportunity to identify and ensure the long-term sustainability of core priorities.**



Thank You for Listening Questions or Comments?

www.mncounties.org/redesign

Ryan O'Connor
Association of MN Counties
occonnor@mncounties.org
(office) 651-789-4339
(cell) 651-303-4854

