

The Way Forward: Comprehensive Government Redesign

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While Minnesota's fiscal situation has been unraveling, a handful of legislators have been working hard to put the state's Humpty Dumpty budget back together again, with fresh ideas about how government can—and must--be redesigned. Some of those ideas were on the table at a recent meeting of a special task force of NAIOP's Public Policy Committee, where invited guests Senator Terri Bonoff and Senator Ann Rest, both acknowledged moderates, discussed their plans for fundamentally re-inventing the way in which the state delivers essential services.

Senator Rest: We have been searching for economies, ways to share expenses and services, as well as benefits. However, whenever change is discussed, there is always pushback. It's amazing to me how much tradition —“we've always done it this way”—drives the future. I have always believed that innovation is the key, but the resistance to change within government is really strong. And reinforcing that is the fact that, until now, there has been no compelling reason for change on the part of either government or legislators.

Ideas for redesigning government and its functions today are coming from an entirely new generation of politicians—defined, not by their ages, but by how their thinking has been influenced by their personal lives. Their view, which I share, is that it's not a matter of the state doing more with less—it's more a case of doing *better* with less. To do that, we need to reach out to communities all across Minnesota and ask them to join us in fostering cooperation and innovation.

I'm pleased that so many proposals for restructuring and redesign are already coming from local governments and counties. Their proposals suggest that—“yes, we can have revolutionary change”---but realistically, incremental change is much more doable.

Senator Bonoff: Look at school districts and the way they layer cost upon cost. Last year I proposed that every school district in the state be required to engage an outside consulting firm to help them in redesigning their operations. The goal was to determine the best way to restructure our schools on a regional basis, especially for duplicated functions like finance and purchasing, to maximize the use of regionally shared services. On the purchasing side, school districts were worried about abandoning vendors and suppliers in their local communities. We hit a brick wall on the proposal because of opposition from Education Minnesota and SEIU, both concerned that they would lose jobs and become obsolete.

The hard reality is that we have no choice about redesign. This year, I've assembled a broader group to come up with a creative solution, working with representatives of the cities, counties, Minnesota Chamber, and the high tech association, and led by the state's chief information officer. We also want to get the public's input, through social networking.

Government works in a very different way—it's like a dance. "I'll give you what you want, if you give me what I want." In business, on the other hand, you set an objective, a strategy for achieving it, and the tactics needed to get there. The difference makes changing government really difficult.

Senator Rest: The local vendor issue is a main street concern, but school districts and local governments can no longer run their businesses on charity. They can't buy their pencils locally if they are more expensive than from other sources. Yet local governments do that all the time. We have to eliminate the emotional connections surrounding purchasing and other duplicated services. Local governments have to re-examine their place within the economic model. Nor can the state create new obstacles to efficiency, like last year's proposal to require that state government compare internal costs with using an outside vendor, implying that it is cheaper to do things with state employees.

Senator Bonoff: The budget crisis has caused a major pivot in thinking—everyone is now talking about shared services. But to accomplish that kind of exponential change, Minnesota has to ramp up technologically. That's why I introduced a bill to allow us to bond for technology. It would allow us to move quickly and make a 20-year investment, but we've had difficulty getting traction for it.

Senator Rest: To do that we must have an overall plan and a vision, and then make a shared commitment to that objective and to change gradually, over a period of time. *Structural* change in government is essential. I believe *incremental* change is the best way to get there.