



Tina Smith, Chief of Staff to Governor Mark Dayton

Governor looks to big ideas, big changes to improve government

A Civic Caucus Focus on Competitiveness Interview

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Present

Dave Broden, Janis Clay, Pat Davies, Paul Gilje (coordinator), Sallie Kemper, Ted Kolerie, Dan Loritz (chair), Dana Schroeder, Tina Smith, Clarence Shallbetter. By phone: Tim McDonald.

Summary

Tina Smith, chief of staff to Gov. Mark Dayton, offers her insights on a variety of issues, emphasizing reforms and redesign in state services that will help address the challenges of adjusting to the "new normal" of today's economy. She reflects as well on Dayton's leadership style, the administration's focus on results-based accountability, the Mayo Clinic expansion proposal, increased funding for transit, smoothing the transition between high school and postsecondary education, and rethinking postsecondary education.

Background

Tina Smith serves as chief of staff to Governor Mark Dayton and Lt. Governor Yvonne Prettner Solon. Smith previously served as chief of staff to Minneapolis Mayor R.T. Rybak and has diverse experience in the business and nonprofit sectors.

Smith started her career at General Mills, founded a marketing and communications firm that served foundations and businesses in Minnesota and across the country, led Planned Parenthood's public affairs, marketing, and education programs in this region, and is a veteran of dozens of local, state and national political campaigns.

She earned a B.A. from Stanford University and an M.B.A. from the Tuck School at Dartmouth.

Discussion

Organizations are struggling to adapt to "the new normal." Tina Smith started her remarks by noting that every one of the organizations where she has worked was dealing with the reality that the way they had done things in the past was not working any more. They were struggling with how their business models needed to change in order to address the new realities of the new economy and the new demographics, what she called "the new normal."

- Planned Parenthood was struggling with the economics of how to provide health care to poor women. It couldn't afford to do things as it had in the past.
- The City of Minneapolis had major problems with debt in their service areas. The city was borrowing money to pay for ongoing operations.
- The state government is facing the same challenges now, Smith said. The budget has been out of balance for 10 years. Some programs' operations have not been seriously looked at in decades and the Governor and his administration are addressing that. There has been a significant underinvestment in technology and infrastructure that would allow the state to operate like a modern enterprise. The average age of employees in most state agencies is 51 or 52. At best, in some of the state agencies, she said, there are eight percent of employees who are people of color. "That's not the way Minnesota looks now or in 10 years," she said. "We have to adapt to that."

The Governor is a strong executive, going out and finding the very best people and persuading them to work with him. Smith said Dayton has surrounded himself with commissioners recruited because of their big ideas. He's given them the capacity to move those things forward. "He's told them, 'I don't want drop-in-the-bucket government. I don't want all incremental change,'" she said.

Dayton's model, Smith continued, is to recruit and retain the best talent and to give them the opportunity to do big things without fear. "That's hard in the public sector. We have a huge amount of talent within the state bureaucracy, but they've been told to keep their heads down and not make waves or do things that could embarrass anybody. We've been working on thawing out that talent."

Gov. Dayton supports redesign and reform work. "The Governor believes passionately in the power of government to make a difference in people's lives," Smith asserted. "He believes just as passionately in the obligation of government to do a good job. He wants to make it work."

She pointed out that Gov. Dayton brings a background of customer service learned from growing up in the Dayton's Department Store family. He also brings 30-plus years of public service with him. "We approach work in redesign and reform with him at our back," Smith said.

The state's most significant redesign work is in the health care area. Smith pointed out that health care is where the state spends most of its money. She said passage of the health care exchange is one of the most dramatic reforms in the way we're going to be providing health insurance to Minnesotans. "It's massive reform," she said. It's transformational." Not only will individuals and small businesses buy private insurance through the exchange, but almost one million people will be buying public insurance there, as well.

Smith stressed that Department of Human Services (DHS) Commissioner Lucinda Jesson has made big changes in the way the state purchases health care. "We're completely changing the way health care is provided," she said.

DHS and Jesson are now implementing reforms to how the state is purchasing health care for 100,000 of the state's 900,000 Medicaid recipients, Smith continued. "It's a completely different way of purchasing from the health plans, where we're saying, 'these are the outcomes we want to achieve. How much is it going to cost to achieve those outcomes? If it costs less than that, we'll share the savings with you. But it can't cost more than that.' That's a great example of a shift in the way we need to think about how we purchase health care. It's a really great innovation."

The 100,000 people DHS is working with on this reform are the children, families, and low-income adults on Medicaid, Smith explained. "The plan is to move into more challenging populations. But we have high hopes for that."

MinnesotaCare is now in a transition period and will evolve and improve. In response to a question about MinnesotaCare, Smith asserted that Minnesota has been on the forefront of innovation in health care for several decades. MinnesotaCare has given more working people the ability to get health care. As we move into implementing the Affordable Care Act (ACA), she said, we don't want people getting MinnesotaCare to be worse off because of federal reforms.

Eventually, MinnesotaCare will transition, Smith said. "We have a vision for a unified, streamlined program in which low-income people will be able to get affordable health care with more efficiency and smoother transitions as their income increases. Right now we're dealing with an awkward transition period, where families sometimes lose eligibility for certain affordable health plans as their income increases. We need our federal partners to help us ease that transition so people can get health care they need at an affordable price."

Health care quality measurements will be an important innovation. An interviewer commented that Minnesota has a strategic opportunity in health care that no other state has. The capacity we've built up over several decades of measurement of outcomes and cost and the expertise in the Legislature are unique to Minnesota. "That's a game changer," he said.

Smith responded that the quality ratings the state Department of Health is working on should be valuable. "You can measure the quality of what you're getting and apply those measures to what you buy as a purchaser of health care," she said. "That's going to be a really important innovation over the next couple of years."

An interviewer commented that the quality measures must take into account new procedures, new pharmaceuticals, new training and other improvements in health care. "We're getting so tied to what's being delivered today that we're not looking at what's going to be delivered tomorrow," he said.

The Dayton administration has been working hard on results-based accountability: what is it you're trying to change and what progress are you making in changing it? "You need to think about what's the curve you're trying to bend," Smith said. "We're not setting a goal and when we hit

that goal we're done. Are you measuring all the time whether you're getting better? And you should be constantly adjusting if you're not getting better. If you are getting better, you figure out what you're doing that's working. It's an ongoing process."

Public funding should go to things that work. An interviewer commented that there is a distinction between doing better and doing more. When the system is capable of doing more things, then there's a desire to have those things paid for publicly. He said looking ahead, the big policy question is not so much the equity of financing, but what is going to be reinforced publicly.

"In theory, you'd pay for things that work," Smith responded. Using the example of special education, she said there is intense pressure around treating autism. "Very passionate advocates believe certain things are demonstrated to help with autistic kids. Other people question that. It's difficult for a public policymaker to say no to parents with an autistic child who think the new therapy will help their child. That's the challenge you see in the public schools with burgeoning special education costs.

Companies must make factory work more attractive to young people. An interviewer commented that the renaissance in manufacturing is opening up good jobs. Smith replied, "Students don't think of going into factory work. It's up to the companies to make that more appealing and more attractive."

An interviewer explained that in Finland about 40 to 45 percent of students follow a vocational track. "It's not considered inferior; it's good for the country," he said. "It's a balanced concept."

Grades 11 to 14 initiative is aimed at giving students better information on the opportunities available to them. Smith noted that the state Department of Education, the Office of Higher Education and the Minnesota State Colleges and Universities system (MnSCU) are working on an initiative focused on students in grades 11 to 14. The initiative is aimed at helping students learn what opportunities there are and how they should plan to move toward those opportunities. It's also geared at making a smoother transition for students moving from high school to a MnSCU campus, she said.

Match standards for entrance and exit in education. An interviewer commented that our standards in education have been exit-based, e.g., what do you have to do to finish high school? Outside of the K-12 system, there are all kinds of postsecondary choices students want to pursue, but admission to those programs is based on entrance standards that are not necessarily aligned with high school graduation criteria.

"We must make the standards for entrance and exit the same," Smith responded. The Minnesota Chamber of Commerce and the Department of Employment and Economic Development (DEED) are working together to find out what jobs are available and how they match up with the training available on MnSCU campuses. She asked what the role of businesses should be in providing internships and apprenticeships to let students get some job experience while they're in school.

The Governor believes in a public/private partnership to make sure the Mayo Clinic grows in Minnesota. Responding to a question about the Mayo Clinic's proposal for a public role in subsidizing its future growth in Rochester, Smith said, "The Mayo Clinic is a jewel. It's an incredibly powerful engine of economic growth in the state. It's a center of innovation and the largest private employer in

the state. Mayo has proposed a new and innovative idea. It's a little different from the old-fashioned economic development tools. The questions are what is the appropriate role for the state and how do we pay for it."

There are intense pressures on higher education institutions to think differently about how they are operating. Smith said the new Massive Open Online Courses (MOOCs), free college courses available to anyone who wishes to enroll, are among those pressures, along with rising tuition, student debt, and unemployment among college-educated young people.

One of the most important competitive advantages for a region is a transit system that works. In response to a question about the proposed sales-tax increase in the metro area for transit, Smith said transit spurs economic development and shows a clear return on investment. Regions around the country able to grow jobs and attract young workers have good transit systems. She said the sales tax increase would provide a stable source of funding for transit operations and equipment, not just for light rail, but for buses, as well.

Thanks. The chair thanked Ms. Smith for sharing her thoughts with Civic Caucus.