



Summary of Meeting - Jim Mulder, Exec. Director, Association of Minnesota Counties

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

Friday, November 13, 2009

Present: Verne Johnson, chair; David Broden, Janis Clay (by phone), Marianne Curry, Paul Gilje, Jim Hetland, Dan Loritz, Jim Olson (by phone), and Bob White

A. Context of the meeting : The Civic Caucus will be giving priority attention to redesign of public services, as a way to maintain and improve quality within severe revenue constraints. The Association of Minnesota Counties has recently issued a report (<http://bit.ly/41Bf7O>) on how services at the county level might be redesigned.

B, Welcome and introductions —Verne and Paul welcomed and introduced **Jim Mulder, executive director, Association of Minnesota Counties (AMC)**. Mulder was born and raised in Renville, MN and is a graduate of the University of Minnesota. He holds a Bachelor of Science degree and has earned a Masters degree from the Hubert H. Humphrey School of Public Affairs. Jim is currently working towards a doctoral degree in Public Administration at Hamline University.

Mulder has been the executive director for AMC for over twenty years. Prior to holding this position, he served as county coordinator for McLeod County and worked for the Minnesota House of Representatives as a researcher and a committee administrator for the House Tax Committee.

C. Comments and discussion — During Mulder's comments and in discussion with the Civic Caucus the following points were raised:

1. Current local government service delivery models aren't sustainable —Going back to 2001 the AMC began recognizing that the way services are delivered at the local government level cannot be sustained, Mulder said. Available revenues are constantly falling short of meeting mandates from the Governor and State Legislature. County governments in Minnesota currently levy a total of \$2.5 billion in property taxes every year, of which \$800 million is collected to satisfy requirements of the state, he said.

The structure of local governments and their numbers is not adequate. There's no transparency in the system. The public has no clue as to which level of local government is doing what. The Legislature

spends way too much time on specifying how services should be delivered and very little time on increasing performance.

The world has changed, with vast improvements in the availability and transfer of information. Our local governments need to change, too.

Mulder distributed an AMC memo (<http://bit.ly/3NIXku>) outlining the need for:

- Clear responsibilities for each type of government
- Specified outcomes
- Holding officials accountable to their constituencies
- Delivering services at the most appropriate level of government
- Open decision-making
- Ability to tailor services to local needs

2. Overlapping responsibilities between counties and cities —In one county in western Minnesota, between the county sheriff's office and the city police forces the county has a total of 37 officers for 19,000 people, or one officer for every 514 people. That's four times as many officers as the national average of one for every 2,000 people.

3. Social workers spend way too much time on paper work —Social workers in counties spend about 45 percent of their time filling out forms required by the state, he said. They submit forms to two separate state offices. One state office checks up on whether county social workers are working and another state office checks up on whether the county social workers are doing what they should be. The state rewards a structural focus: who is doing what. The state isn't paying attention to what are we getting at the end of the pipe.

4. Too much money being spent trying to cure people with chronic problems — Mulder mentioned a northern Minnesota county where 12 percent of the money goes to serve 4 percent of the people who are chronically in rehab for chemical dependency. It would be far better to put the money into a safe house for the chronic alcoholics, he said. The first role should be to make people safe, but the state doesn't focus on that objective.

5. Overbuilding jails —Cities and counties have been overbuilding jails for the last 10 years. As required by the State Department of Corrections, jail cells are built for the worst of the worst offenders. Counties are encouraged to build more cells than they need, supposedly so they can rent vacant cells out to other agencies. While a metropolitan county was building a 200-bed jail, a city in the same county was spending \$4 million to build an eight-cell jail of its own.

The first five days of incarceration provide all the deterrent that is needed for people who are locked up for doing something wrong but aren't a danger to others, as contrasted with people who are locked

up because they represent a danger to others, Mulder said. It really doesn't make sense to keep someone locked up for 4-5 years, at a cost of \$70,000 a year. For a lot less money you could provide many other options, including work release.

6. Too much government?—A Civic Caucus member noted that counties are administrative arms of state government, while cities have an independence of their own. Counties, the member said, seem to be an invisible part of government. Mulder said that counties are trying to change the culture of counties. You need to understand that county boundaries were established between 100 and 150 years ago. Boundaries for the bottom one-third of counties in the state were established according to whether a farmer could ride a horse to and from the county seat in one day. Boundaries for the middle one-third were set based on where the rivers, providing natural boundaries, are located. The northern one-third of counties were originally set up based on the amount of area needed to support county government via the sale of beaver pelts.

7. Poor use of levies for libraries—Counties are required by the state to levy \$190 million in property tax for public libraries. The law contains an automatic escalator for increasing the levy every year. Counties can't cut the levy, regardless of the need. One northern Minnesota county spends \$14 per book to deliver via bookmobiles. Netflix could deliver the book for \$1.50.

8. Cooperation among local governments—Recognizing that the Legislature needs to grapple with the overall structure of local government, Mulder said he meets regularly with his counterparts in the League of Minnesota Cities and the Minnesota School Boards Association. The three types of local governments conduct a joint legislative conference annually.

To make any changes in the structures and numbers of local governments would be exceedingly difficult, Mulder said, because we've lived with a culture of "silos" for such a long time. Cities represent one silo; townships, another silo; counties, another silo; school districts, another silo; regional governments, another silo, and so forth.

A Civic Caucus member said that the public identifies readily with cities and school districts, but they have trouble figuring out the role of county government. The average citizen has little direct contact with county government.

9. Pension plans in trouble—Responding to a question, Mulder said the pension plans that serve local government employees are in serious trouble because pension obligations greatly exceed reserves that will be needed to pay those obligations.

10. Structure of regional governments—The AMC opposes an elected Metropolitan Council, Mulder said. The counties would prefer that the Metropolitan Council be changed to a council of governments, with its members representing various units of local government.

11. Providing for the rehab of some people and the safety of the entire population—A Civic Caucus member observed that government dare not neglect its responsibility for the safety of the entire population while also trying to rehab the troubled individuals. Another member said that no one seems to be addressing the problem of the factors that contribute to violence, which, in turn, drives the spending.

Mulder replied that many successful efforts are under way to provide juvenile diversion.

12. Authorization for inter-county cooperation —To encourage counties to work together in providing services the 2009 Legislature enacted a bill for service delivery authorities. See (<http://bit.ly/cXTIV>). An overseeing council (<http://bit.ly/4vCNBN>) is created by the legislation. Mulder expects we will see many creative ideas emerging from counties under this new legislation. He mentioned an 11-county cooperative effort on licensing home care providers, which will provide better service and cut eight full-time equivalent positions.

You need people to self-organize for economies, he said. You can't accomplish your goal with a big state-mandated reorganization. Using the new legislation counties should be able to alleviate the burgeoning bureaucracy, concentrate on outcomes, and accomplish expenditure control, he said.

Many good ideas are out there, he said. It's permissible now for a psychiatrist to visit with a person via long-distance video connection. The same should be true for social workers, who now must visit with clients in person, even in sparsely populated areas.

Some counties are so small, Mulder said, that we should expect some mergers to occur. For example, one county western Minnesota has 3,700 people, and another, next door, has 4,200 people. You could arrange for merger and still preserve old identities by retaining the original county names for the merged areas, he said.

City-county mergers are being explored in some parts of the state, he said.

13. Mulder is cool to tax-deductibility for family care of elderly parents —Responding to a Civic Caucus member's question, Mulder said one should not use the tax code for social policy. Were the state to decide that sons and daughters of the elderly could receive a tax-deduction for their expenses of providing care, there'd be no way to set boundaries on eligibility. Far better, he said, for the state to provide money to an elderly person whose need is clearly defined, and let the person and the family involved decide how best to provide the care.

14. Coordination on emergency calls —The state already has reduced the number of 911 call entities, Public Service Answering Points, or PSAPs, from 180 to about 110, Mulder said. Within three years he expects that the number will be reduced to about 30 PSAPs. Proximity isn't necessary, he noted. One western Minnesota County contracted its PSAP service to a non-adjacent county and saved about \$70,000 a year.

15. Cut out spending requirements that aren't needed —Counties in Minnesota now spend about \$150,000 to \$200,000 a year filling out forms to comply with requirements of a pay equity act. Counties are required by federal law to provide pay equity. What's the state's interest in requiring the report to be filled out, he asked?

16. Change from a "buffet" of services to a "menu" of limited services —Counties offer a choice of some 26-28 social service programs and encourage people to choose from such a "buffet". It would be better, he said, if they cut the number back to a "menu" with far fewer choices. Disabled children resemble almost a "favored-nation" status when it comes to programs available for them. It's extremely difficult for the county to help others with their needs, he said.

17. Reduce the overlapping units of government on the same topic— Far too many agencies are involved in water, Mulder said. One obvious change would be to fold Soil and Water Conservation Districts, whose boundaries are co-terminus with counties, into county governments, he said.

18. Provide state aid by "capitation" to local areas?—Nothing the immense difficulty in accomplishing a change in the number and levels of local government, a Civic Caucus member inquired whether the state could distribute all the aid it now provides by different formulas to townships, cities, counties, school districts, and special districts in block grants to several geographically-based areas and let the locals decide how to divide the money among the various local governments within the areas.

19. Big shifts occurring in distribution of property tax burden—Statewide we've seen agricultural values rising 30-40 percent, with homeowners values declining 8-10 percent. One urban county's property values, in total, declined from \$78 billion to \$72 billion, while a rural county's values increased from \$900 million to \$1.4 billion. That rural county will lose about \$500,000 in state aid because of the increase in property values.

Another shift will occur shortly between homeowners and business property, he said. Commercial-industrial values were up this year, but next year homeowners will experience a significant increase in property taxes as the values of commercial-industrial property drop.

20. Need to find more local non-governmental leaders—Mulder said he agrees with a Civic Caucus member who said the state faces a big challenge in finding good leaders in the private sector to initiate and support needed changes in local government. The member said that 20 years ago one could identify throughout the state top leadership in the private sector. That no longer is possible, the member said.

21. Thanks— On behalf of the Civic Caucus, Verne thanked Mulder for meeting with us today.