



Paul Marquart (DFL-Dilworth) and Carol McFarlane (R-White Bear Lake) Co-Chairs, MN House Redesign Caucus

An Interview with The Civic Caucus

2104 Girard Ave.S., Minneapolis, MN 55405

November 26, 2012

Notes of the Discussion

Present (all by phone): Dave Broden, Janis Clay, Pat Davies, Rick Dornfeld, Don Fraser, Paul Gilje (coordinator), Randy Johnson, Sallie Kemper, Dan Loritz (vice chair), Paul Marquart, Carol McFarlane, John Mooty, Dana Schroeder, Clarence Shallbetter.

Summary . Minnesota must look for ways for government to get better results and outcomes at a better price, say state Reps. Paul Marquart and Carol McFarlane. They have been two of four co-chairs of the bipartisan House Redesign Caucus, which was formed in 2010 to move forward good ideas about innovation in government and to change the culture of the Legislature to begin to look for better value per dollar in government services. Health and human services and education finance are two areas ripe for redesign, they believe. McFarlane sponsored the MAGIC Act to allow waivers to counties to try different ways of providing human services. Marquart, the incoming chair of the House Education Finance Division, is firm that any new money going to K-12 education must go to programs with a proven track record of results in improving student achievement and not just be added onto the state's education-funding formula. He believes reinvention must be embedded in every legislative committee. McFarlane thinks outside ideas are critical to pushing the reform agenda at the Legislature.

Background .

Paul Marquart (DFL-Dilworth) is a member of the Minnesota House of Representatives, serving since 2001. He is the incoming chair of the House Education Finance Division for the 2013 legislative session. In addition, he will also serve on the following House committees in 2013: EducationPolicy, Taxes, Property Tax Division and Ways and Means. He has served as one of four co-chairs of the Minnesota House Redesign Caucus.

A graduate of Fargo North High School, Marquart received his A.A. from the North Dakota State College of Science in Wahpeton and his B.A. in journalism in 1980 and his B.S. in social studies

education in 1981 from the University of North Dakota in Grand Forks. He earned his M.S. in education administration from Tri-College University in 1985. He has been a social studies teacher in the Dilworth-Glyndon-Felton school district since 1984. Marquart was a member of the Dilworth City Council from 1988 to 1989 and was the city's major from 1990 to 2000.

Carol McFarlane (R-White Bear Lake) is a retiring member of the Minnesota House of Representatives. She did not run for re-election in the general election in 2012. She has served in the House since 2006 and was a member of the following Committees in 2011-2012: Education Policy and Reform; Legacy Funding Division; Government Operations and Elections; and vice chair of Jobs and Economic Development Finance. She has served as one of four co-chairs of the Minnesota House Redesign Caucus.

McFarlane is a graduate of White Bear Lake High School and earned her A.A. degree from Lakewood State Junior College (now Century College) in White Bear Lake. She is an owner and board member of Venburg Tire Company in Maplewood. She served on the White Bear Lake School Board from 2000 to 2006 and is a member of the White Bear Lake Area Educational Foundation, founding president of the White Bear Lake Area Alumni Association, former president and board member of the 916 Foundation and former co-chair of the northeast chapter of MICA, an affordable housing resource organization.

Discussion.

The bipartisan Minnesota House Redesign Caucus focuses on improving outcomes and lowering costs by redesigning the way government does business in the state. Realizing there were groups making efforts at reinvention in government in Minnesota, but there was no legislative conduit or gathering place for them to meet, Minnesota State Rep. Paul Marquart helped form the Minnesota House Redesign Caucus in February 2010. In a news release at that time, he described the focus of the caucus as improving outcomes and lowering costs by redesigning the way government does business in Minnesota. The bipartisan caucus has had four co-chairs: Republicans Rep. Carol McFarlane and Rep. Dean Urdahl and DFLers Marquart and Rep. Diane Loeffler. The Caucus has held regular meetings and has sent minutes out to all legislators.

The hope is that the Redesign Caucus will move forward good ideas about innovation in government. The caucus has invited the public to come forward with their ideas on innovation and held local government innovation sessions in six communities around the state in November 2011.

"The Caucus is a real effort to try to change the culture of the Legislature to start moving toward looking at how we could get better outcomes and better results at a better price," he said.

The MAGIC Act would allow counties to test alternative ways of delivering services . Marquart said McFarlane took the redesign caucus to "a whole new level." She was chief author the MAGIC (Minnesota Accountable Government Innovation and Collaboration) Act, which would allow counties, in partnership with the state, to develop and test alternative methods for delivering services through pilot projects, with the aim of improving outcomes and increasing efficiency. The Legislature could use the results of the pilot projects to help shape regional and statewide reform efforts. The act passed 72 to 1 in the Senate in 2011, but did not pass the House in 2012.

"Over the two or three years we've had the caucus going, it certainly has begun to change the conversation in the Legislature, which is way behind what's happening outside the walls of our Capitol," McFarlane said. "We're trying to bring the Legislature along to put some things into law that can actually have an impact on what we do."

Redesign effort will continue, but not as a formal legislative committee. "This redesign effort will continue in the Legislature," Marquart said. "I've talked to Speaker Designate Paul Thissen about creating a committee on redesign. That didn't occur, but he did agree that effort has to continue with some sort of formal approach. He's very supportive. "

The Caucus will continue, but Marquart probably won't be chair. He said he and McFarlane are thinking of other legislators on both sides of the aisle who could be co-chairs and would continue the work "in a very progressive fashion. There will be something in place. I don't know exactly what it's going to look like quite yet. We will continue the same efforts that Carol got going the last several years."

McFarlane added, "It would be important for outside groups to be supportive of those initiatives. Let the leadership on both sides know this is really important and you want them to make sure the members take it very seriously, too."

In response to a question, McFarlane said legislators are dependent on people from the outside bringing in ideas. "Find a crusader legislator who can carry it and move it forward and have it be bipartisan. You need effort both inside and outside to get something accomplished."

Redesign is any effort that increases the value per dollar of a product or service. In response to a question about how the two legislators would define redesign, Marquart said, "It's any effort that increases the value per dollar. If we can increase results per dollar, that would create more value. To me, that's government redesign. So, if the cost of something remains the same, you have to increase the value by improving results or improving achievement or some other standard you have to improve."

Likewise, he said, if the outcomes remain the same, but you lower the cost, that would be an increase in value, too. "To me it's better outcomes, better results at a better price. I like the concept of the split screen, where you are improving upon what's currently happening and then you're improving on the system and then maybe you're looking at a totally new system of delivery or service."

Job protection, funding protection and identity protection are three obstacles to reform.

McFarlane pointed out these three obstacles and noted they occur in both the private and public sectors. "We need to move beyond that and be more centered toward the customer. The outcomes will be there for the customer. Everybody will benefit in the long run. We need a change in the culture to allow reform."

Reinvention must be embedded in every legislative committee. An interviewer asked whether it would be helpful to have redesign activities in the Legislature focused as a subcommittee of the Ways and Means Committee that deliberates about the state budget.

Marquart responded, "Every single committee should spend the first six weeks of the session talking about what outcomes we really want and what are the proven things that will get those outcomes at the best price. Education finance, for example, always insinuates that you're talking about the dollars, but it should be the 'Improving Education Outcomes Committee.' We should be talking totally about outputs, rather than inputs."

He continued, "If everyone can agree bipartisanly on outcomes, that's how we really should do it. I like the concept of having some sort of committee, but if one committee is in charge of reinventing, all the rest of us can go on our merry way. Reinvention has to be really embedded in every single committee. Every committee chair and vice chair must buy into this."

McFarlane was even more cynical about the redesign legislative committee approach. "That sounds like a really good thing from the outside. But the reality is, if you have a Ways and Means subcommittee that has to agree, you don't get the buy-in and it gets very political. That's one of the best things about the Redesign Caucus. We didn't get into the political viewpoints of who was winning. We all win when we go after something together. If it's under the structure of Ways and Means, it's going to become a partisan issue."

House Redesign Caucus will continue. An interviewer asked how Marquart and McFarlane envision passing on what the Redesign Caucus has done to new legislators, new committee chairs and new leadership so that they're not starting from scratch.

McFarlane pointed to the One Minnesota Conference held at the Humphrey School of Public Affairs on the second day after the session begins. It includes all members of the House and Senate. She hopes it will include a segment about redesign, what is going on in the state and how people can work together towards reform.

"They say it takes five to seven years before you can change the culture of an organization," Marquart added. "We're only in about our third year on the legislative side. But some people on the DFL side are very fired up about this stuff. Carol knows some people on the Republican side who would also be very dedicated to this. I think within the Redesign Caucus we have the leadership to continue."

Marquart said he plans to continue to talk about redesign in the DFL caucus. "I've talked this year to our leadership about this. I think most committee chairs are on board with looking at results."

Human services and education finance are two areas that stand out as needing redesign. A questioner asked which policy areas in state and local government seem to be most ripe for redesign in the coming session.

"The county lines need to be more invisible in program delivery areas in health and human services," McFarlane said. The governor's office and the state agencies want to make changes in state government, but she feels the Legislature needs to look at local government. "It was the conversations with the cities, counties and school boards that really were the catalyst to keep things going. We all serve the same people and everybody was doing the same thing in parallel. It was bringing those voices together that was really instrumental in moving things forward."

The counties came forward with the MAGIC Act, she said, and the state's Department of Human Services and the counties were very engaged in it.

There should be no new money for education unless it is for something with a proven track record of increasing student achievement or closing the achievement gap. Marquart, the incoming chair of the House Education Finance Division, said there is an opportunity to look at redesign in education finance during the next two years. "I know a lot of that is linked to policy, to what's happening in schools and what really works. I've already told folks there will not be one new dime that goes into our education system unless it is for something that is data-driven and has a proven record of increasing student achievement or closing the achievement gap or some innovation with sound principles that can show we can get there.

"We cannot just continue to put dollars into the formula for education," he continued. "We're sending out \$7 billion a year to our schools. We have a responsibility to steer as much as possible to those things that have a proven record. We have to be able to tell citizens that new money is going to a program that has shown it can improve your child's reading by third grade or improve graduation rates or student achievement. People are not going to be satisfied to just put more money into education. People will pay more if they're getting better value and they know what they're spending is actually helping their kids and their communities. We need data-proven programs and strategies that actually have generated positive results."

Marquart said his position as chair of education finance offers an opportunity for change. "You've got a chairman who is going to be very favorable to looking at things that work and is willing to buck the system, to push it in the education finance realm. I don't know what those ideas are. I'm just very sold on that concept. If you've got ideas, I'm ready to listen and to implement what we can."

The state has no coherent plan for early childhood programs. In response to a question about investing in early childhood programs, Marquart said he agrees on the importance of such programs, yet only \$53 million out of the \$7 billion education budget goes toward early childhood. "It doesn't have to be sold on me. That's where you get the best value. We don't have any coherent plan at all for the early childhood years. That's a major, major area for closing the achievement gap and increasing student achievement."

Many people misinterpreted the MAGIC Act, 3rd line: Add comma after "Minnesota" and add comma in next line after "services".

Many people misinterpreted the MAGIC Act. An interviewer commented that there had been a real impetus of moving redesign that would give counties more power in decision-making in the human services area. Then the MAGIC Act and the effort in southeastern Minnesota, where 13 counties were going to cooperate in offering services, lost momentum. He asked if the powers that are invested in keeping everything at the state level are so strong as to resist and prevent things from being devolved to the county level.

McFarlane responded that a lot of people misinterpreted the MAGIC Act and thought it would give the counties much more power than it actually would. It was only going to give them waivers to do things on a trial basis. Then the Legislature would have to decide whether to change the law to allow permanent changes. "I think it will be better as it comes back next year," she said.

"In health and human services a lot of process is being prescribed by statute," she continued. "That's what people wanted to waive. They wanted the ability to try doing things differently. Health and Human Services Commissioner Lucinda Jesson was very supportive of the MAGIC Act."

Let local governments try pilot projects and have the opportunity to fail. Marquart added that he would like to bring back the state innovation board. The board could act as a conduit where local units of government can try pilot projects, get seed money and have the opportunity to fail without hurting taxpayers. "The ramifications of failure are larger in the public sector than in the private sector. We need this group that would kind of shelter these local units of government to allow them to innovate without the fear that if they do fail, people are going to lose elections and all kinds of tax dollars are going to be lost."

Worry about the quality of the service rather than about working with 87 counties. A questioner asked if it will be hard for nonprofits offering human services to work with 87 counties instead of just the state and whether that would lead to opposition by the nonprofits.

"We're trying not to worry about 87 county boundaries, but to worry about program service delivery areas," McFarlane responded. "Those boundaries might not be the same as a county." She gave the example of Itasca County working with other counties to develop a human services delivery software system. "They can't all do it by themselves any more. The providers should be embracing this possibility of being able to spread out even further, instead of thinking it's going to take away from things."

"It's about the service delivery," Marquart added. "One size fits all doesn't fit every area of the state. The bottom line should be the quality of the service to the customers. If you give power to the counties in exchange for better results, I think everyone's better off, even if you have 87 potentially different systems. Our bureaucracy has to be a little more flexible because the bottom line has to be the quality we provide to our clients."

McFarlane offered the example of workforce development centers, where people may have to talk to different people, depending on whether the state or the counties are offering a particular service. "The constituent doesn't care what pot of money the service comes, from county or state. They just need the service. We forget about the need to be citizen-based."

Gov. Dayton and the administrative agencies are trying to work into the budget the idea of value-driven outcomes. In response to a question about the need for the governor and the administrative agencies to buy into redesign, Marquart said they are very favorable to the idea of value-driven outcomes and are trying to work those concepts into the budget. He said Gov. Mark Dayton is "up to at least a seven on a scale from one to 10." Marquart said redesign is an area where there can be bipartisan buy-in. "If we focus on results, it can be win-win for everyone."

"I'm heartened by a lot going on with the governor's and commissioners' offices," McFarlane added. "But they're concentrating on the state level, not the local level."

Marquart said the governor's education reform group is looking at giving schools more flexibility in spending compensatory revenue, which is distributed to school districts based on the number of low-income students. "I agree; we'll give you more flexibility, but we need results. We have the data on how students are doing. That revenue is supposed to go to improve lower-achieving kids. We've got to make sure that's really happening."