



The Southeast Minnesota Community Transformation Contract

1. Introduction

Human Services Directors and other leaders in southeastern Minnesota are in the process of developing a clear vision for the future of the publicly funded human services system in our region, and we know that **we need to re-think what we've been doing**. The combination of real reductions in resources, changes in demographics, increased awareness of best practices, and the strong **desire to improve our effectiveness for our clients and our communities** leads us to examine how we can add value through:

- > Greater collaboration among counties and the State,
- > Leveraging technology and existing community partnerships, and
- > Measuring performance and outcome.
- > Implementing a more consumer-friendly system

Although counties could, with some additional administrative support, re-organize their human services agencies across the region to increase our effectiveness, we believe there

may be greater opportunity to transform the human services system in our region and achieve even better outcomes, if we look beyond the county partners. **In other words, before we make the decision to remodel, we would like to determine whether it makes better sense to build something new.**

For many years, the Minnesota Department of Human Services has held as a core value that: We work in partnership with others; we cannot do it alone. **We are proposing a *commitment among the counties in this region and the State to engage in a process * that will include a creative, thorough review of our existing strengths, opportunities for improvement, and the relationship among the governmental entities as well as community partners, with the hope of identifying a new way of doing business that makes us *all* more effective.***

2. Purpose of a New Contract

We propose a new contract – a better deal – between 10 SE MN counties and the State called the *Community Transformation Contract*. The current human services funding and service delivery arrangement struggles to meet the needs of the people served by counties, frustrates leaders who want to generate the best results per dollar, and cannot be sustained.

* An example of the “ process “ for redesign is in Appendix A – Design Lab.



Purpose of New Contract

(continued from page 1)

For example, the State of Minnesota contributes one of the lowest State dollar shares in the nation to child protection and other children's services, forcing huge pressure on local property taxes.

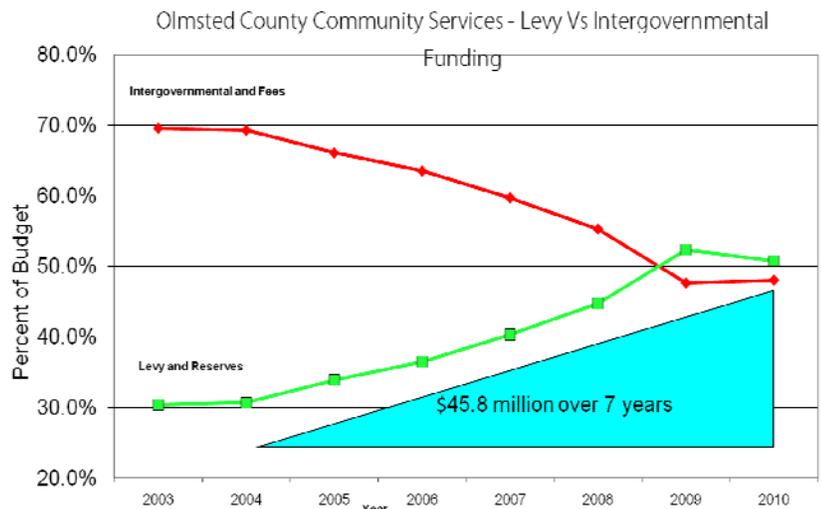
Another example is the Consolidated Chemical Dependency Treatment Fund (CCDTF). We are mandated to continue spending local, state, and federal dollars on services no matter the outcome for clients. The State tracking system only monitors usage while in treatment rather than any true outcomes for clients when they are living in our communities.

With the Adult Mental Health system moving from a state-operated institutional model to a community-based model (housing, employment, transportation and treatment), the liability and responsibility of care has shifted to local government (law enforcement, jails, hospitals, social services, public health, detox, etc.).

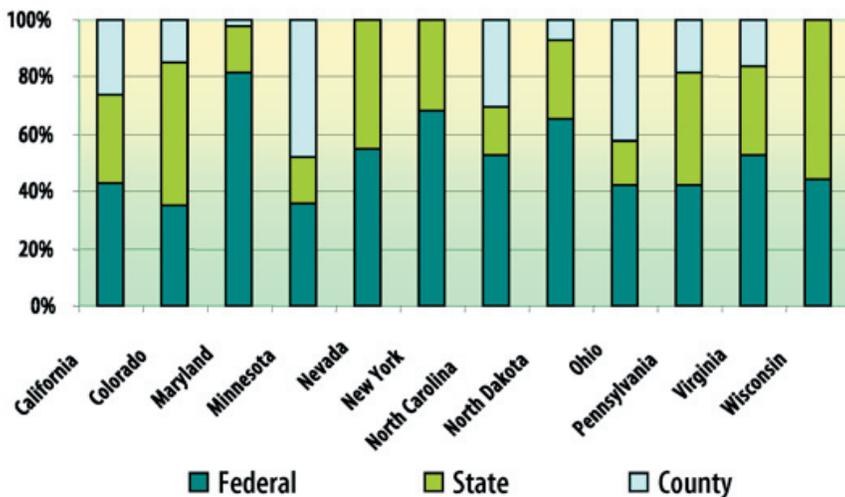
Current funding, delivery, and accountability systems were designed for a different era. Especially with both structural deficits and human needs mounting, we need a fresh approach for the 21st Century. **That approach presents itself through new partnerships, new technology, and new leadership focused on outcomes in consumer-driven systems.**

Before attempting to create a "new contract" statewide, it makes sense to learn in a part of the state already primed to succeed because essential cornerstones have already been laid.

State Mandates—Impact on the Tax Levy—What is Happening in 2010—Reality



Child Welfare Funding by Payer



(From AMC Legislative Priorities 2007)

This *Community Transformation Contract* builds on pioneering local experience with human services collaboration and sharing in southeast Minnesota. Among the 10 county boards, their professional staff, and the human services providers in the counties, we have the leadership potential to make this work.

3. Better Outcomes Per Dollar

Better outcomes per dollar is better value. To improve value in the overall service delivery system, the *Community Transformation Contract* needs to begin with a common vision of measurable outcomes for the intended beneficiaries. For example, currently the Chemical Health System only measures alcohol/drug use while in treatment. We need to track cost effectiveness of dollars spent, reduction in law enforcement activity, increased housing and employment stability, reduced hospitalization, reduced detox stays, reduced chemical use while in the community, and overall improved ability for consumers to direct their own services.

In addition, our vision for outcomes in our adult mental health service delivery system includes the fundamental components of recovery (housing, employment, hospitalizations, etc.). Finally, we look to continued success and improvement in achieving the federal child

and family standards, for which the state is ultimately held accountable. As part of the *Community Transformation Contract*, we will work closely with the existing steering committee on performance and outcome reforms. (Minn. Stat. 402A.15)

Aligning counties and the state on the same measurable outcomes is the first, critical step toward a new contract. Common purpose and common outcomes for real citizens empower collaborative leadership among disparate governmental entities. With that alignment, each party can more confidently dedicate, integrate, and share resources to achieve those outcomes. Each party can do more of what it does best to contribute to value and defer to others where others can accomplish more. Leadership can focus on common outcomes instead of competing turf.

We'll do whatever it takes to improve consumers' lives and deliver better value (see our Board resolution Appendix B), and we hope DHS will too!

4. Values for the New Contract

Experience in other jurisdictions with such “contracts” teaches that trust is an important prerequisite for the parties to push beyond the status quo. Trust is particularly needed here to overcome the suspicion and resentments that have grown between the state and counties. Public leaders need to model and nurture trust for the sake of those we serve, consumers and taxpayers.

Trust flows from positive experience together, transparency, mutual agreement about outcomes, and shared values. The most powerful of these is mutual commitment to the same measureable outcomes. This trust allows each party to grant the others what they need to deliver on their commitments. Trust also reduces the need to waste resources on unproductive compliance and reporting, the “cost of mistrust.”

A conversation about what values need to mutually undergird a new “contract” could include:

- A consumer-centered system
- A primary commitment to – and accountability for – outcomes for people
- Outcomes that benefit taxpayers, communities, and clients
- Producing outcomes as the most important thing
- Doing what works: measure what’s happening, ask why, implement actions to improve, measure again, repeat
- Services geographically accessible to all clients and allowing client choice where there is more than one service site or delivery method
- Transparency, uniformity, and consistency
- A win-win-win deal: for the beneficiaries, the state, and counties

(For example see Appendix C—Regional Chemical Health Pilot Project)

5. Money

A principal reason we need the *Community Transformation Contract* is that we do not have enough money or staff to continue the status quo, with no relief in sight. The current service delivery system is not sustainable, period. We need to change the leadership conversation.

The purpose of the new “contract” is not to ask for more money. Inevitably, economic realities and the political process will determine how much money is available.

Nor is the purpose of the new “contract” solely to “save money.” “Saving money” means doing things the way we do them now but with fewer dollars; it’s finding and eliminating waste. Saving money is a good thing and something we daily work hard to achieve; but it cannot alone meet today’s challenge, which requires that we transcend “the way we do things now.”

Pursuing a “save money” strategy alone at some point means blowing holes in the safety net.

Changing “the contract” means changing the leadership narrative and tasks. Instead of “saving money,” leaders must show how we can achieve more for those we serve with the limited dollars we have, regardless of what that number turns out to be.

There are proven options for how to do that.

The *Community Transformation Contract* should include some variation on these elements:

- Deciding upfront how much we have to spend and aggressively building the new contract around how to get the best outcomes for that amount, regardless of who does what.
- Rethinking rules, process, authority, and flexibility options.
- Asking whether new, entrepreneurial revenue can play a role.
- Asking how many interested parties’ money and other resources can be included in the new contract.
- Exploring the extent to which funding streams can be merged and shared.
- Asking who best can do what and challenging assumptions about who has to do what.
- Exploring the potential and possibility of “joint budgeting.”

We firmly believe that this new “contract” will lead to better spending and greater return on taxpayer investment (ROTI) that will also “save money” via less duplication, more sharing, improved technology, and practice benefits. We believe we can be more successful in preserving the state’s safety net – and curbing the overall cost growth rate – through “better spending” than by “saving money.”

6. Accountability, Leadership, and Learning

For the *Community Transformation Contract* to work, both the counties and state need to be accountable to each other for the commitments that make the new contract a better deal. The parties should negotiate least-burdensome reporting mechanisms that will build confidence and demonstrate to everyone the value delivered for consumers, communities, and the taxpayers (ROTI).

We also want accountability and leadership focused on learning more than on assigning credit and blame. “Gotcha” leadership stifles innovation, breeds fear, and undermines data and reporting. “Learning” leadership helps identify what does and doesn’t work and encourages everyone involved to improve. Learning leads to more value. “Learning” leadership and accountability does not mean that people should not experience positive and negative consequences for their actions. It does mean that the first question asked is “why?,” not “whose fault?”

We can also enhance the potential of the

Community Transformation Contract by building in incentives -- new DNA -- that make the *Community Transformation Contract* better for each of the principals. The parties need to be prepared to suggest incentives that would make the *Community Transformation Contract* more attractive to them. The guiding framework will be the State-County Results, Accountability, and Service Delivery Reform Act signed into law in 2009.

Leadership and accountability will benefit if the parties create and commit to using and trusting an intermediary that champions the purposes and spirit of the new contract, provides independent perspective, holds vested parties accountable, and helps the parties gain the most from the new contract. This intermediary will also help identify and remove barriers such as systemic, statutory, operational, and political challenges. This intermediary could take many forms. We do not think it should be some kind of joint committee of the parties themselves. It must enjoy the confidence of the principals.

7. Risk and Boundaries

Another dynamic enhancing *Community Transformation Contract* success is how we handle risk. Not everything that everyone tries will work, but that’s no reason not to try anything new. Only by risking can we progress (True Entrepreneurial Spirit).

The parties need to think about how to manage risk and learn as we go. Especially early in the life of the *Community Transformation Contract*, regular review sessions can identify what’s working, what’s not, and what adjustments we should make. Again, a learning orientation is key. Leaders set the tone. Experience in other jurisdictions suggests that government managers and employees will have difficulty “getting out of their boxes” because of the enormous power of inertia and human nature. Testing the *Community Transformation Contract* early and often will be productive.

As we know, “good fences make good neighbors.” As the *Community Transformation Contract* is constructed, the state and counties should draw a few, firm lines to maintain trust and political and legal viability. For example, we anticipate that one of the “bright lines” the state will want to draw is that the new contract will not result in limiting or refusing service for those currently eligible per statutory entitlement.

To the extent the *Community Transformation Contract* is successful and challenges current conventional wisdom, leaders should be prepared to continue to test the boundaries initially set. The bottom line is what gets us the best value, the best long-term outcomes for each dollar (ROTI).

A final form of risk is more long-term. How can we protect a successful “new contract” from the volatility of elections and political winds? The short answer is that we cannot, at least not fully. But the parties should devote some energy to strategies for continuity and long-term success.

8. Support Needed

As the *Community Transformation Contract* comes into focus, the principals need to ask themselves: What do we need to make the *Community Transformation Contract* successful? What’s different about successful leadership under the new contract? How can we get more of that leadership? What do we need for ourselves? For those to whom we are accountable?

For Example:

- Leadership coaching
- Legislative changes
- Federal/State Waivers
- Rule variances
- Flexible funding within existing and future programs
- Outcome focused vs. past-spending focused
- A measurement and reporting system
- Third-party evaluator
- Technology support
- Technical assistance
- Outside resources to help develop and implement the new *Community Transformation Contract*

9. Summary

The only clear "givens" in the process so far are the outcomes we want to see for citizens, and the better value for money that we want to achieve. We aren't proposing to "plan" a new system that conforms with something counties, DHS or both already have in mind. We're proposing to mutually "design" something new -- maybe something shaped from ideas that have worked in other places, or other sectors; maybe neither counties or the state have ever thought of... or imagined.