



# Redesign and Resource

## A New Vision for Minnesota's Publicly-Funded Human Services System

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More Minnesotans are living in poverty, struggling to provide for the very basics of food, shelter, clothing and health care, yet the State resources necessary to help this population are not sufficient to meet the growing demand. Cost-effective solutions must be found.

Minnesota, and the United States as a whole, have been experiencing the Great Recession; economic conditions the likes of which have not been seen since the Great Depression of the 1930's. The U.S. Census Bureau announced in September 2010 that the poverty rate hit a 15-year high in the U.S., reaching 11% in Minnesota. Minnesota citizens are experiencing an unemployment rate of 7%. Minnesota home foreclosures have increased from approximately 6,500 in 2005 to more than 23,000 in 2009; eligibility for free and reduced priced lunch among Minnesota's school aged children has increased from 30.3% to 35.6% over the same time period.

The need for human services is directly impacted by what is called the "dependency ratio". The dependency ratio is the percent of those who are economically dependent (e.g. children, aged) over those who are active and productive in the labor force. At this time, the economy is creating more "dependent" people, and these dependent populations rely more heavily on health care, education, economic assistance, and social services programs. The October 2010 issue of Governing Magazine states "a whole new population – a group of people who had been employed and productive, and had been trying to hold out, waiting for the economy to improve – have within the past year begun to give in and apply for everything from food stamps to energy assistance ..." Clearly, current economic conditions are making the headlines and are highlighting that more Minnesotans are struggling to provide for the very basics of food, shelter, clothing and health care.

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At the same time, Minnesota has a structural budget problem in both the short-term and over the long-term. Despite budget cuts in recent years, a multi-billion dollar state deficit is forecast for SFY 2012-2013. In addition, total state government spending over the next 25 years is anticipated to grow at a rate of 5.4% and the growth rate for revenues is expected to be 3.9%. Current government spending patterns cannot be sustained into the future given Minnesota's anticipated budget deficit in 2012-13 as well as projections for current state revenue into the future.

The Budget Trends Study Commission dated January 12, 2009 identified a number of variables that have contributed to this budget instability. In particular, the Commission emphasized that the cost of publicly-funded direct health care services is increasing at an annual rate of 8.5 percent and represents the fastest growing portion of the state’s budget. “In FY 2007, about one out of every five state general fund dollars was spent on public health care programs—including Medical Assistance (the state’s Medicaid program), General Assistance Medical Care, and chemical dependency treatment entitlement

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grants. If current growth rates continue unchecked over the next 25 years, two out of every three state general fund dollars will go toward health care.” (Budget Trends Study Commission, p.16). Recognizing and understanding the significant impact that rising publicly funded health care costs have on Minnesota’s budget instability is critical if targeted, effective solutions are to be identified and implemented. Merely waiting out the recession and a return to “normal” is not a viable solution due to the State’s structural budget problems.

## Counties Are Part of the Solution But Cannot Do It Alone

Counties take very seriously their role in helping to resolve Minnesota’s economic and budget challenges, but they cannot do it alone. For example, counties have little to no control over the State’s rising publicly funded health care expenditures, one of the most significant factors contributing to Minnesota’s budget instability. As a result, the State Legislature and other key stakeholders have a critical role to play in identifying and implementing solutions that address the unsustainable rate of growth in Minnesota’s publicly funded health care expenditures without compromising Minnesotans’ access to affordable health care.

In spite of their limited influence on rising health care expenditures, counties still have an important role in helping to resolve the State’s economic and budget challenges. If the cycle of economic dependence is to be broken, an investment must be made that enables individuals to move to self-sufficiency to the greatest extent possible and provides for those unable to care for themselves in the most efficient and effective manner possible. While it may seem counter-intuitive to make investments during a time of budget instability and a looming state budget deficit, strategic investments are, in fact, a critical component of the solution to Minnesota’s long-term structural deficit.

In Minnesota, county human service departments play a critical role in delivering and funding services that move individuals and families to self sufficiency and provide for the protection, health and safety of neglected, dependent and vulnerable people in the community. As a result,

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counties have been, and must continue to be actively engaged in identifying short-term and long-term solutions aimed at addressing the state’s structural budget problems and promoting a human services system that is sustainable within Minnesota’s “New Normal.”

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For example, in 2005, the Minnesota Association of County Social Service Administrators (MACSSA) developed a Policy Paper entitled “The Future of County Human Services.” See Appendix A for a synopsis of that policy paper. In it, MACSSA identified the need to realign systems and structures; in essence, redesign the delivery of services. However, the paper also recognized that redesign must be accompanied by resources that are adequate and sustained in order to effectively carry out services.

The human service delivery system received scrutiny through an Office of the Legislative Auditor’s analysis of the human services delivery system (OLA, 2007). Key findings from that study confirmed the human services system has challenges and performance problems that are not adequately being addressed, and that access, cost and outcomes vary significantly around the state. The report noted that more use of multi-county human service agencies could improve cost-effectiveness and consistency. As a result of this finding, MACSSA researched and developed a comprehensive paper entitled “Exploring Voluntary Human Services Multi-County Collaboration” which provided guidelines for counties thinking about multi-county collaboration.

The OLA study also found that complexity in laws and administrative requirements has made service administration more burdensome. MACSSA again responded with attempts at administrative simplification and streamlining of processes because of their potential to dramatically improve efficiency and effectiveness which are critical components of a sustainable human services system.

Counties crafted legislation for the State-County Results, Accountability, and Service Delivery Reform Act (2009), allowing for a transformational redesign of the human services system accompanied by a performance accountability system, all of which are intended to result in outcomes the citizens of Minnesota expect. The key wording in this reform act is “State-County” because it reaffirms that a state-supervised, county-administered human services system generates significant value to both consumers and communities and that counties should continue to be actively engaged in the delivery of services to populations that rely on such assistance to meet basic health and safety needs.

MACSSA’s 2011 policy platform focuses on three themes that have been identified and emphasized as critical to a more sustainable human services system based on the analyses and work outlined above:

- Simplification – improving the delivery of human services by eliminating administrative requirements without compromising program integrity.
- Outcomes – aligning funding with expected outcomes for vulnerable populations.
- Technology – technological infrastructure which assures efficient administration of publicly-funded human services.

MACSSA recognizes that the specific proposals outlined within the association’s policy platform under the main themes of simplification, outcomes, and technology will not result in an instantaneous solution to the State’s budget crisis, yet to only look for a short term, mathematical solution to the budget is short sighted and will not solve the long term structural budget problem.

Additional examples of the work counties have been engaged in are found in Appendix B.

## Redesign and Resource: A New Vision for a Sustainable Future

The first part of any solution must focus on redesign. Redesign is a term that is *in vogue* and is used by many different organizations with many different definitions. From the county human services perspective, redesign is defined as an intentional, planned analysis that opens up opportunities for significant restructuring of the existing human services delivery system. This involves developing new (or expanding existing) relationships/partnerships with the State, multi-county partnerships, intergovernmental relationships with local governments, school districts, regional associations, public-private partnerships and community collaboratives to provide meaningful, effective, quality services to Minnesota citizens.

**Redesign must be accompanied by resources that are adequate and sustained in order to effectively carry out services.**

However, redesign must be accompanied by resources that are adequate and sustained in order to effectively carry out services. MACSSA has identified the following principles:

- Funding must be aligned to meet the mission of the Department of Human Services, within the larger framework of Health and Human Services.
- Funding must be transformative as redesign initiatives identify more cost effective ways to produce better results.
- Available funding must be equitably distributed, allowing for a level of health and safety for all. No longer can some populations receive abundant services while other populations receive few or inadequate services.
- Funding must be for services that meet the expectations of the broader community.

These principles have set the parameters for the following actions that MACSSA recommends to achieve desired results and promote a more sustainable human services system:

- ***Invest in prevention programs with proven return on investment.***  
MACSSA knows there is great value in the services delivered and that an investment in human services generates public value, not only from a societal standpoint, but from an economic one as well. Appendix B outlines services which have proven to have a good return on investment. Minnesota must invest in services that are scientifically proven to decrease future costs.
- ***Learn from public/private partnerships.***  
Creative, innovative work is currently underway in the southeast region of Minnesota where a design team is looking at the human services delivery system through the support of the Bush

Foundation. How can the results of that initiative be shared throughout the state? How can organizations with expertise on innovative public service strategies be tapped into for creative solutions?

- ***Strengthen the State-County partnership.***  
As a state-supervised, county-administered human services system, an effective partnership between the Minnesota Department of Human Services (DHS) and counties is critical. MACSSA recommends DHS and counties continue to build upon and improve the partnership that currently exists.
- ***Create organizational capacity within Minnesota's human services system.***  
Minnesota has empowered counties, through statute, to serve as the administrative arm of the state in delivering publicly-funded human services. The state, therefore, has an obligation to assure the human services system has the organizational capacity to effectively implement the state's policies. Organizational capacity is having the right people, processes, tools, and infrastructure to meet human services' mission and goals.
- ***Create more funding flexibility through systems redesign***  
Producing results that citizens expect from their tax investment requires funding flexibility. Flexibility must be granted so that counties can expend funds on the right services, for the targeted populations, at the right time and in the right manner according to the best evidence available. Funding flexibility produces better value for the taxpayer and better results for clients.
- ***Shift the paradigm: Sound policy must drive funding decisions.***  
Funding often drives policy decisions which, in turn, drive programmatic decisions about services provided to clients. Solving Minnesota's long term structural budget deficit requires a paradigm shift: sound policy must drive funding decisions. Funding must be viewed as a tool to implement evidence-based best practices that result in a high return on taxpayers' investment. Minnesota can no longer afford to implement policies that don't produce expected outcomes.
- ***Eliminate inefficient business processes and reduce unnecessary administrative complexities.***  
The State and counties must be empowered by the Legislature to eliminate non-value added administrative rules and inefficient business processes as a means to achieve desired results in a more cost-effective manner.

## Conclusion

Minnesota's current economic and budget challenges require solutions that ensure a sustainable future in which Minnesotans are safe, healthy, independent, and able to support themselves and their families. Toward that end, MACSSA welcomes the opportunity to partner with others, such as the Association of Minnesota Counties, the Department of Human Services, consumer advocates, foundations, innovative organizations and others, to redesign Minnesota's human services system in ways that promote administrative simplification, alignment of funding with desired outcomes, and strategic investments in technology that assure effective and efficient delivery of services.

## Appendix A: Excerpt from MACSSA Policy Paper

### “The Future of County Human Services” (Summer 2005)

MACSSA has adopted the following principles which are believed to be essential in a quality human service delivery system. The fundamental assumption is that locally administered human services are of significant value to both consumers and communities. Although their roles may change counties should continue to be actively engaged in the delivery of core services to populations that are reliant on them for purposes of safety and basic needs. Thus, it is MACSSA’s belief that Counties must:

- Represent the human service interest of county boards – individually and collectively
- Value local decision making and control
- Value programs and strategies that are considered “best practice or “evidence based.”
- Advocate and facilitate program simplification
- Value programs and services that produce desired outcomes and results
- Value cultural differences
- Guarantee equal access to services for individuals across the state
- Value local flexibility without a shift in burden or costs to other counties.

Counties are uniquely positioned to provide:

1. **Protection of Vulnerable Populations:** the crucial government role of assuring for the protection of neglected, dependent, and vulnerable adults and children in the community.
2. **Comprehensive Local Service Integration:** the responsibility to assure local service needs are met by overseeing the coordination of care and integration of services for vulnerable populations.
3. **Direct Service Provision:** the responsibility for assessment of consumers for program eligibility, assuring their health and safety, and determining the appropriate level of private sector services, while providing ongoing fiscal oversight.
4. **Quality Assurance of Publicly-Funded Services:** the responsibility for oversight of contracting providers through certification, quality assurance, and evaluation activities.
5. **County Partnerships:** the authority to initiate locally determined partnerships to improve service delivery. This could include, but is not limited to, multi-county regional partnerships or partnerships with other entities in the public, nonprofit or private sectors.

## Appendix B: Examples of County Redesign Activities

### Service Delivery Redesign

Counties are adept at developing services that meet the unique needs of each community and deliver expected outcomes. At times, counties determine that services are most effectively and efficiently delivered on a regional basis through multi-county partnerships. Numerous examples of single-county and regional service delivery redesign exist across Minnesota, including:

- Scott County’s “FISH” community collaborative which unites faith based communities, nonprofits, service groups and local government in a network to serve people in need.
- Child Welfare Sign of Safety: innovative service model that maintains child safety, decreases out of home placements, decreases court costs and out of home placement costs
- Multi-county Mental Health Initiatives
- Regional Assertive Community Treatment mental health services
- Regional mobile mental health crisis teams
- Regional fraud prevention programs
- County Based Purchasing Health Plans
- 11-county Rainbow Rider Transit Program
- Regional Family Group Decision Making Services
- Reintegration Referral Network – a multi-agency approach to serve Mideast Veterans and their families
- Washington and SE MN county Chemical Dependency Treatment pilot projects
- And many more.....

### Business Process and Organizational Redesign

Counties have engaged in a number of business process and organizational redesign activities as a means to improve productivity and create more efficient, effective and responsive service delivery. Examples include:

- Clay/Otter Tail Child Care Licensing Services: Shared Staff Model
- Collaborations with local hospitals to better integrate medical and social services
- Wadena County Human Services and Community Corrections out-of-home placement consultation
- Traverse/Grant counties contract for long term care and aging coordinator services
- 4-county foster care recruitment program
- Regional detox services
- Becker and Otter Tail Counties Corporate Foster Care Licensing
- Merged county social service and public health departments (e.g. Sherburne County, et. al.)
- And many more....

## Technology Redesign

Counties have invested local dollars into the development and implementation of technology solutions aimed at improving program accountability and integrity as well as reducing administrative complexity. Examples include:

- Implementation of paperless document management systems across multiple counties (e.g. Compass/Onbase,
- Development and implementation of Scott County CaseWorks: a technology system that integrates case management data with required processes to more effectively and productively serve clients
- Investments in laptops for offsite and field staff to assure greater productivity
- Local funding for the Wadena County IT department to widen bandwidth to expedite information flow.
- Implementation of Multi-county Electronic Document Management Systems (EDMS)
- And many more.....

## Appendix C: Value of Human Services

Counties know there is great value in the services delivered and that an investment in human services generates public value, not only from a societal standpoint, but from an economic one as well.

In Minnesota, the Department of Human Services' Family Assessment Response (FAR) was studied, with the findings stating that FAR families have fewer subsequent child maltreatment reports, that families were more satisfied with the approach, that increased services were provided to families, and while costs during the initial contact period were greater, follow up costs were less. When all the costs were included and combined, mean costs for FAR families was \$3,688, a 26% reduction over the mean cost of the control group (Institute of Applied Research, 2006).

The work of Art Rolnick of the Federal Reserve Bank of Minneapolis is well known, showing that for every dollar invested in ensuring our children are ready to begin their formal education, the public receives \$7.16 in benefits, including an increase in earnings and a decrease in welfare payments (Rolnick, Grunewald, 2003).

Examples can also be found throughout the nation.

- 1) Washington Institute for Public Policy (July, 2008) study found that their model designed to assist families at imminent risk of removal of their child(ren) resulted in significantly reduced out of home placement and subsequent abuse and neglect. It is estimated for that such programs produce \$2.54 of benefits for each dollar of cost.
- 2) The Washington Institute for Public Policy (June, 2006) also studied evidence based treatment of alcohol, drug, and mental health disorders and found the evidence based treatment can achieve about \$3.77 in benefits per dollar of treatment costs. This is equivalent to a 45% rate of return on investment.
- 3) A three year longitudinal study of school based social work aimed at reducing truancy, delinquency, and school exclusions identified a 250% savings above the cost of the program (Pritchard, 2001).
- 4) The State of Michigan conducted a study of the costs of child abuse versus the costs of child abuse prevention and found a 19 to 1 cost advantage to prevention (Caldwell, 1992).
- 5) The costs of serving homeless individuals was studied in nine cities and cost comparisons were provided. Costs ranged from \$11 per day per person for shelter care to \$2,184 per day per person for hospitalization (The Lewin Group, 1994).

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