A bill for an act

relating to government reform; giving counties authority to provide for the general welfare; establishing an alternative service delivery pilot program for waivers; providing for state strategic planning and performance review; amending Minnesota Statutes 2010, section 375.18, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 402A; proposing coding for new law as Minnesota Statutes, chapter 15D.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

COUNTIES AUTHORIZED TO ACT ON MATTERS OF COUNTY CONCERN

Section 1. Minnesota Statutes 2010, section 375.18, is amended by adding a subdivision to read:

Subd. 16. **General welfare.** A county may exercise all powers necessary or fairly implied by an express delegation by the state of a duty or a grant of power, incident or essential to the exercise of an express delegation of a duty or a grant of power, and not expressly denied by or inconsistent with the laws and regulations of the state or the United States. A county may adopt reasonable ordinances, resolutions, and regulations relating to its property, affairs, and operations, and provide for the general health, safety, and welfare of the county. In exercising these powers, a county must not act in conflict or inconsistent with the powers and duties of other political subdivisions within the county.

ARTICLE 2

MAGIC ACT

Section 1. **[402A.60] MINNESOTA ACCOUNTABLE GOVERNMENT INNOVATION AND COLLABORATION (MAGIC) ACT.**

Sections 402A.60 to 402A.95 may be cited as the Minnesota Accountable Government Innovation and Collaboration (MAGIC) Act. It is established to develop and test alternative models for service delivery by counties, that are focused on performance measures and outcomes rather than processes for delivering services.

Sec. 2. **[402A.70] DEFINITIONS.**

Subdivision 1. **Application.** The terms defined in this section apply to sections 402A.60 to 402A.95.

Subd. 2. **County.** "County" includes a joint powers board of which a county is a member, and a service delivery authority as defined in section 402A.10, subdivision 5.

Subd. 3. **Pilot project.** "Pilot project" means a service that a county is providing by an alternative service delivery method that requires a waiver of or exemption from a law, rule, or procedure and that is approved under sections 402A.60 to 402A.95.

Subd. 4. **Pilot project coordinator or coordinator.** "Pilot project coordinator" or "coordinator" means a member of the governor's staff or a state agency who is designated by the governor to coordinate pilot projects among state agencies.

Sec. 3. **[402A.80] PILOT PROJECT SELECTION PROCESS.**

Subdivision 1. **Scope of pilot project program.** The maximum number of pilot projects in operation at any time is ten per state agency and two per county. Each pilot project must be substantively different from any other pilot project.

Subd. 2. **Coordinator's duties.** The pilot project coordinator is responsible for general oversight of the pilot project program. Among the coordinator's duties are ensuring that the maximum number and type of pilot projects is not exceeded. The coordinator must develop, or assist state agencies in developing, any useful application forms and procedures for use by applicants and state agencies.

Subd. 3. **County initiation; notice.** A county may apply to the pilot project coordinator for permission to implement an alternative service delivery pilot project. The coordinator must work in conjunction with the commissioner of the appropriate state agency or agencies. The application at a minimum must include a resolution adopted at a regular meeting of the county board held after at least two weeks' published notice. The county must notify the collective bargaining units with which the county has agreements for advice and comment on the pilot project proposal. The county board must permit interested parties to provide comments on the proposal before the county board takes action on the proposed resolution to submit a pilot project for implementation.

Subd. 4. **County business plan.** The county alternative service delivery business plan must:

(1) identify the service, program, process, or structure at issue;

(2) identify the statute, administrative rule, or the law imposing a requirement with respect to which the waiver or exemption is requested;

(3) include a description of the performance measures developed under section 6.91 or other method and outcomes sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome;

(4) include a description of the means by which the attainment of the outcome will be measured;

(5) specify the proposed date of implementation and expiration for the alternative service delivery model over a time period not less than 12 months and not more than 36 months;

(6) describe the consideration given to intergovernmental cooperation in providing this service, and an explanation of why the county has elected to proceed independently if the waiver or exemption is proposed by a single county; and

(7) include a contingency plan that allows the county to abandon the pilot project voluntarily or due to the pilot project reaching its expiration date, and provide for the service delivery under existing laws and procedures.

Subd. 5. **Review and approval of performance measures; outcome goals.** The coordinator and the commissioner of the affected state agency have 60 days to review the application. The coordinator and the commissioner of the affected state agency may require changes to the county's performance measures and outcome goals. The coordinator and the commissioner of the affected state agency must approve the performance measures and outcome goals before the county may proceed with the pilot project.

Subd. 6. **Review and comment on alternative delivery.** After the coordinator and the commissioner of the affected state agency have approved the performance measures and outcome goals, they must review the county's plan to implement its alternative service delivery pilot project. The coordinator and the commissioner of the affected state agency may comment on the plan and recommend changes. The county may adopt the recommended changes or explain in writing to the coordinator and the commissioner of the affected state agency within 30 days why it is not adopting the changes in the implementation.

Subd. 7. **No prejudice or violation of rights.** Before the coordinator and the commissioner of the affected state agency approve an alternative service delivery pilot project, they and the county must determine that any proposed waiver or suspension of state laws, rules, or administrative procedures will not prejudice a substantial legal right of any person, violate due process or any other state or federal law, or jeopardize state plan agreements with the federal government and related federal funding.

Subd. 8. **Modifications.** At a county's request, the coordinator and commissioner for each affected state agency may approve modifications to the county's pilot project. The coordinator and commissioner may also submit recommended modifications in writing during the term of the pilot project, but a county is not required to implement the modifications.

Sec. 4. **[402A.90] CANCELLATION OF PILOT PROJECT.**

A county may abandon a pilot project if it determines it will not meet the outcomes identified. It must follow procedures identified in its business plan to abandon the project and provide for the service delivery under existing laws and procedures.

The coordinator, in consultation with the commissioner of any affected state agency, may cancel a county's authority to continue operating its pilot project if the coordinator determines that the county is not operating in compliance with its business plan.

Sec. 5. **[402A.95] EVALUATION AND REPORT.**

Subdivision 1. **County report.** Each county participating in the alternative service delivery pilot project program must provide to the coordinator and the commissioner of each affected state agency an annual report on its experience to date with the pilot project. The report is due by December 15. The report must include information on the services involved, the performance measures and outcome goals, what waivers or exemptions were sought and granted, whether the pilot project was modified and why, the successes and failures, costs, savings, and any other information the county, coordinator, or commissioner determine is useful in evaluating the program. A final report is due within three months of the county concluding its pilot project.

Subd. 2. **Report to governor and legislature.** By January 15 each year, the coordinator must compile the county reports into one report to the governor, legislative leaders, and the chairs and ranking minority members of the legislative committees with jurisdiction over policy and finance related to state government operations, taxes, and the program areas in which pilot projects have been implemented. The report must also list all active pilot projects and their expiration dates.

Sec. 6. **EFFECTIVE DATE.**

This act is effective the day following final enactment.

ARTICLE 3

MINNESOTA NORTHSTAR COUNCIL

Section 1. **[15D.01] PURPOSE.**

The Minnesota Action/Accountability Plan recognizes that the long-term success and high quality of life of Minnesota will depend on a dynamic approach to governance that brings public officials and citizens together to set a clear vision for the state's future built on a shared vision that is based upon a foundation of planning, performance management, accountability, and empowerment. This requires that the state create a strategic plan, that it innovates in the delivery of public services, and that it measures its success in producing superior results for the citizens of the state. The provisions of this chapter shall be accomplished by the state legislature, the governor's office, and state agencies within existing appropriations.

Sec. 2. **[15D.02] MINNESOTA NORTHSTAR COUNCIL.**

Subdivision 1. **Establishment.** The commissioner of management and budget must establish and convene the Minnesota Northstar Council to develop a state strategic plan which will include: (1) a mission statement for the state; (2) up to ten policy goals; and (3) up to 100 strategic performance measures.

Subd. 2. **Membership.** (a) The Minnesota Northstar Council shall consist of 17 members and shall be led by an executive committee made up of the following members:

(1) two members appointed by the governor;

(2) one member appointed by the speaker of the house;

(3) one member appointed by the minority leader of the house;

(4) one member appointed by the majority leader of the senate; and

(5) one member appointed by the minority leader of the senate.

(b) The executive committee must appoint one member representing each of the following:

(1) private business;

(2) organized labor;

(3) nonprofit organizations;

(4) foundations;

(5) counties;

(6) cities;

(7) townships;

(8) school boards;

(9) a member having expertise in performance measurement;

(10) a member having expertise in redesign and planning; and

(11) a member representing Minnesota youth.

(c) The following are nonvoting members of the council:

(1) the commissioner of management and budget or the commissioner's designee;

(2) a member appointed by the board of regents of the University of Minnesota;

(3) the state demographer; and

(4) the state economist.

(d) The governor shall designate one of the members of the council to serve as chair. The commissioner of management and budget shall provide staff assistance and administrative support to the council.

(e) Members serve at the pleasure of the appointing authority. Members may be reimbursed for expenses as provided in section 15.059.

(f) All actions of the council must be approved by a majority vote of a quorum of members appointed under paragraphs (a) and (b) who are present at a meeting. The state strategic plan must be approved by an affirmative vote of at least nine voting members of the council, including at least four members of the executive committee.

Sec. 3. **[15D.03] STATE STRATEGIC PLAN; STRATEGIC PERFORMANCE MEASURES.**

Subdivision 1. **Development.** (a) The council, with advice from state departments and agencies and aligned legislative committee chairs and ranking minority caucus members, shall develop a state strategic plan that must include: (1) a mission statement for the state; (2) up to ten policy goals; and (3) up to 100 outcome-based strategic performance measures. Strategic performance measures are defined as a level of achievement by which the state and its departments can measure their own progress against internal or external standards. Strategic performance measures must be outcome-based measures.

(b) In developing the state strategic plan, the council shall reach out to gather and coordinate citizen input from citizens across the state. The council may consider the work and process of the Minnesota Milestones and the Minnesota Compass in developing the strategic plan and in the council's other work. The council must consider the use of social media to solicit input.

(c) The council must complete the initial state strategic plan by August 1, 2012. The council shall review and approve changes to the strategic plan by January of each even-numbered year. The strategic plan shall undergo continuous review and improvement by the Northstar Council and the council shall review each of the ten goal areas and aligned strategic measures at least once every three years.

Subd. 2. **Strategic performance measures.** The council or Minnesota Management and Budget must designate an owner for each strategic performance measure that the council establishes as a means of measuring progress toward accomplishment of the public policy goals established by the council. The owner is responsible for the tracking of the measures, the results of the strategic performance measures, and the strategies implemented to improve performance.

Subd. 3. **Performance improvement plans.** (a) Upon request of the commissioner of management and budget, the head of an executive agency must develop a new, or review an existing, performance improvement plan for each relevant public policy goal and related aligned strategic performance measures. The performance improvement plan must propose actions for achieving the goals and measurements created by the Northstar Council and must include input from aligned legislative committees and their chairs and Minnesota Management and Budget. In addition, the performance improvement plan may include a description of how the volunteerism, service, nonprofit, and business sectors will be engaged in improving the strategic performance measurement.

(b) The department or agency officer in charge of a strategic performance measurement may designate an existing working group or create a new working group in order to receive feedback, develop the performance improvement plan, and carry out the performance improvement plan. Working groups may include members from the public and private sector but must not include vendors that would directly benefit from contracts with this department or agency.

Sec. 4. **[15D.04] AGENCY STRATEGIC PLANS; PERFORMANCE MANAGEMENT SYSTEMS.**

Subdivision 1. **Development of strategic plan.** Each state agency and department listed in section 15.06 must work with the aligned legislative committees and their chairs and Minnesota Management and Budget to prepare a strategic plan using an outcome-based approach for the agency or department under the commissioner's jurisdiction.

Subd. 2. **Required content.** Each agency strategic plan must be aligned with the state strategic plan and must identify key strategic outcomes as priorities for the next two bienniums and must include:

(1) a mission statement for the agency or department;

(2) outcome-based strategic performance measures within the state strategic plan that fall under the jurisdiction of this agency or department;

(3) quality and productivity department or agency performance measures for determining performance for each major activity within the agency's or department's budget, and that measure the performance of state-mandated services or operations. All budget items must be assigned an outcome-based goal within the state strategic plan;

(4) the methodology used to create the metrics to measure the performance measures;

(5) the goal level of performance for each performance measure;

(6) if progress has been made from the previous year on each performance measure;

(7) a method by which the success or failure to achieve the outcome will be measured;

(8) the executive official or owner responsible for achieving each performance measure;

(9) the agency's or department's plans to achieve the goals and improve the department's performance within the department or agency plan; and

(10) the projected costs for achieving the department or agency strategic plan.

Subd. 3. **Private sector engagement.** Notwithstanding any other law to the contrary, the department or agency may collaborate with the volunteerism, nonprofit, and business sectors to develop the department or agency strategic plan and work with the council to support stakeholder agencies of this chapter to separately or jointly seek and receive funds to provide expert technical assistance to the department, agency, council, participating counties, and any work groups or subwork groups formed to execute the provisions of this chapter including funding to develop the information resources infrastructure and to assist counties to design, implement, evaluate, and improve the innovations under section 402A.60 for MAGIC waivers.

Subd. 4. **Performance improvement plans.** Upon request of the commissioner of the agency or department of the aligned strategic plan, employees must develop a performance improvement plan for each performance measure. The performance improvement plan must include proposals and actions for achieving the goals and measurements. In addition, the performance improvement plan may include a description of how the volunteerism, service, nonprofit, and business sectors will be engaged in improving performance in that area. The department or agency officer in charge of this performance measurement may designate an existing working group or create a new working group in order to receive feedback, develop the performance improvement plan, and carry out the performance improvement plan. Working groups may include members from the public and private sector but shall not include vendors that would directly benefit from contracts with this department or agency.

Subd. 5. **Northstar Council review.** The Northstar Council must review each department and agency strategic plan developed under this section. The head of each agency or department must designate a key contact for each strategic performance measure. The key contact is responsible for the tracking and results of the performance measure. The council may make suggestions to the governor on alignment between the state's and departments' strategic plans.

Subd. 6. **Technical assistance.** Minnesota Management and Budget shall provide technical assistance to departments or agencies in the development of the department or agency plans, performance measures, and outcome-based budgeting. The Office of Enterprise Technology shall provide technological support in order to track performance and make information available to the public and shall review the feasibility of utilizing the Minnesota Compass, and its professional and technical infrastructure, for information resource development to meet the purposes of this chapter.

Sec. 5. **[15D.05] IMPROVING AGENCY OPERATIONS AND PRODUCTIVITY.**

Subdivision 1. **Employee objectives and learning.** Each state department and agency listed in section 15.06 must align all employee objectives and learning to the state and agency strategic plans, performance measures, and improvement plans.

Subd. 2. **Report.** Each state department and agency listed in section 15.06 shall recommend to the governor and the legislature by January 15 of each even-numbered year any statutory changes that will improve performance measures.

Subd. 3. **Performance objectives.** All state managers must set performance objectives for their units annually to be used in the annual performance appraisals of their employees. Each employee must have a learning and development plan. The commissioner of management and budget must conduct annual employee surveys to gather employee input on how agencies can improve performance.

Subd. 4. **Governor review of agency performance.** The governor shall hold an annual performance review with all of the state departments and agencies listed in section 15.06 to ensure that they are making progress in implementing their strategic plans, performance measures, and improvement plans.

Sec. 6. **[15D.06] PUBLIC REPORT CARD ON STATE PERFORMANCE.**

(a) Minnesota Management and Budget shall propose the form of a Minnesota State Performance Report Card to the council for approval. The report card must be made public by January 15, 2013, and be updated each year. The report card must be in a format easily understood by the public and include:

(1) state policy goals;

(2) the strategic performance measures;

(3) the methodology used to create the metrics to measure the strategic performance measures;

(4) the goal level of performance for each performance measure determined by the Northstar Council;

(5) if progress has been made from the previous year on each performance measure;

(6) a statement of value to the taxpayer when possible;

(7) a statement relating whether the value has gone down or up from the previous year based on an indexed rate of change when possible;

(8) the executive official responsible for achieving each performance measure; and

(9) the legislative committee that has jurisdiction for the department or agency.

(b) The commissioner of management and budget shall conduct an annual citizen survey to determine the citizen perception of achievement of the state's goals and performance measures where applicable.

Sec. 7. **[15D.07] BUDGETING BASED ON STATE'S STRATEGIC PLAN.**

(a) The governor shall propose a budget based on the state's strategic plan. The commissioner of management and budget must work with state departments and agencies in developing their budgets based on the ten public goals in the state strategic plan as well as the department and agency strategic plans, performance measures, and improvement plans. The governor's budget proposal must indicate the impact on achieving the state's goals. The budget must be able to be presented by department or by goal achievement as outlined in the state strategic plan.

(b) Department or agency budget proposals must include integration of performance measures that allow objective determination of an activity's success in achieving its strategic goals. Each department or agency shall include in the budget proposal an explanation of how the budget request promotes the strategic goals, performance measures, and outcomes outlined in the applicable strategic plan. For each change item in the budget proposal, the goal or performance measure to be achieved by the cost increase must be identified along with the method to evaluate whether or not the outcome has been achieved. The governor's budget must consider proposals to eliminate mandates and maintenance of effort provisions if alternative forms of service delivery can meet or exceed identified performance outcomes.

(c) Budget targets must be set by goal or outcome achieved rather than by department. Budget items must be evaluated and ranked within each budget to determine how well that budget item contributes to the achievement of the state's strategic goals. Budget items that lead to high outcome achievement must receive high budget priority and budget items that lead to low outcome achievement must be ranked lower and may not receive funding.

(d) The departments must present biannually to the aligned legislative committees on the achievement of the state's strategic goals through aligned strategic plans and performance measures. The chair of the aligned legislative committees may request updates at any time. The commissioner of management and budget shall work with department and agency staff to prepare fiscal notes that in addition to financial impacts also indicate how a bill will impact the achievement levels of the state's and departments' strategic plans and performance measures.

(e) The legislature may use the performance measurement system to mandate performance measure outcomes for state agencies rather than mandating a process or service delivery mandate or maintenance of effort. The legislature must take implementation costs into account when setting mandates for performance-based outcomes.

APPENDIX
Article locations in H1579-1