

Reality & Opportunity for Minnesota

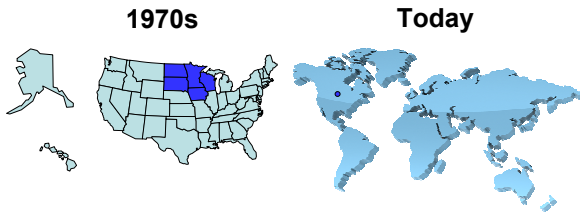
Put the 1970s in the Rear View
Mirror...Embrace the World Economy



1970s vs Today: It's a Different World

	1970s	Today
Competition	Regional	Global

Where does major competition come from?



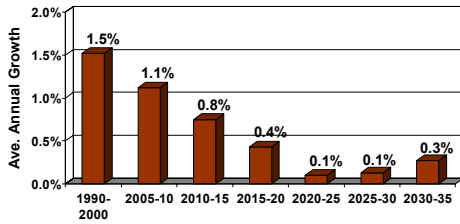
1970s vs Today: It's a Different World

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Competition	Regional	Global
Top Business Leaders	Strong Local Ties	Mobile

WHERE ARE THEY NOW? (MN's Largest HQ Companies, 1978)

- Cargill
- 3M
- Honeywell
- Supervalu
- Dayton Hudson
- Burlington Northern
- Land O'Lakes
- Control Data
- Pillsbury
- Gamble Skogmo
- Hormel
- Grain Terminal Association
- Northwest Airlines
- Carlson Companies
- First Bank System
- Northwest Banco
- St. Paul Companies
- IDS
- Northern States Power
- Twin City Federal

Workforce Growth

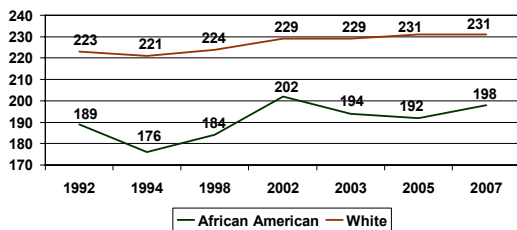


Source: MN State Demographer

1970s vs Today: It's a Different World

	1970s	Today
Competition	Regional	Global
Top Business Leaders	Strong Local Ties	Mobile
Workforce	Growing Rapidly	Growing Slowly
Education	Strength	Achievement Gap

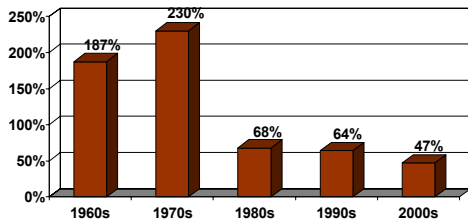
NAEP 4th Grade Reading Scores



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State Spending Growth	230% increase	?

General Fund Spending Growth By Decade



Source: MN Management & Budget

FY 2012-13 Budget

- **\$5.766 billion** in the red
- **\$3.529 billion** if:
 - Unallotments made permanent
 - Shift paid back when \$ available

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Policymakers' Solution	MN Miracle	New MN Miracle



Today's Problem...Opportunity

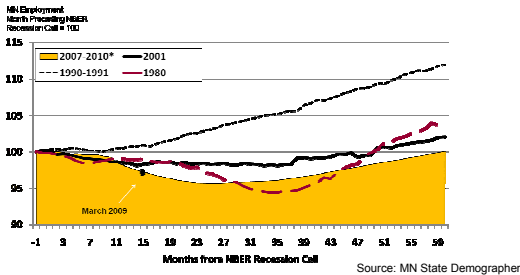
- There is no money!
- Previous strategies* won't work.
- Lots of talk, little action
- Business must lead, offer solutions.

*Tax increases, shifts, one-time \$\$s

Escaping the 1970s: Redesigning Public Services

- Proactive leadership to
 - Determine priorities;
 - Define measurable outcomes;
 - Redesign delivery systems to buy results; and
 - Control expenses
- Result: greater value delivered

Redesign Won't Be Easy: Economy



MN Chamber Redesign Strategy

1. Focus budget on:
 - Priorities
 - Outcomes
2. State services redesign:
 - Transportation efficiency
 - Human services: health care & LTC
 - Permitting certainty
3. Local services pilot projects:
 - Local chamber led
 - State agenda to support local initiatives

MN Chamber Redesign Strategy

4. Control operating expenses:

- Public sector comp & benefit study
- Evaluate teacher contracts

- Offer proactive solutions: state & local
- If we don't act....we'll be stuck with more of the same!

MN Chamber Redesign Strategy: Local Initiatives

- Goal: Community based solutions
- Led by the local chamber
- Everyone at the table
- MN Chamber & Bush Foundation

New Designs for Public Services: Local Initiatives

- Brainerd Chamber/Crow Wing County
- Staples Motley, Long Prairie Chambers/Todd County
- Joint effort to streamline human service delivery redesign

New Designs for Public Services: Local Initiatives

- **Owatonna Chamber/City**
 - Internal process/procedure redesign
- **Rochester Chamber/Builders/City**
 - One stop shop for developers
- **Metro Chambers/Met Council ?**
 - Transit operating efficiencies

MN Chamber Redesign Strategy: Summary

- **Focus budget debate: priorities & outcomes**
- **Redesign state services: 3 areas**
- **Local Services: 6 pilot projects**
- **Salary & benefits study**
- **Use results for 2011 agenda**

Our End Game

- **Build demand for redesign & reform.**
- **Offer ideas & solutions.**
