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Expanding the Civic Imagination

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The time is now for a new approach to policymaking

f you weren't quite sure before, perhaps the state work has progressed through the application of the government shutdown in Minnesota and the near political default of the U.S. government make it clear: the time is now for a new approach to policy making. In fact, we are at a point in history that demands it. This new approach is civic policymaking (see diagram below) and the Citizens League is committed to developing this approach to create opportunities for a brighter future for all of Minnesota and beyond.

The civic policymaking approach results in the civic policy agenda-our recommendations for action that we continue to develop, implement and evaluate. The approach and the resulting agenda are based on the belief that all people and organizations play essential roles in developing the ideas, skills and resources to govern for the common good (see "Viewpoint" on Page 4).

This issue of the Minnesota Journal provides a snapshot of the many ways in which Citizens League policy civic policymaking approach and represents the ways this approach can make a difference by:

- helping partners to engage people in authentic ways (pages 5-7)
- convening stakeholders around a major policy area like energy (pages 8-9)
- engaging our members directly in advancing specific areas of our agenda (pages 10 & 15)
- advancing specific policies that have resulted from civic policymaking (pages 11-14).

For the last five years the Citizens League has been exploring, developing and refining this approach through a number of different types of policy projects, partnerships, workshops, and engagement opportunities. We believe this issue of the Minnesota Journal demonstrates the promise in this new approach to policymaking.

Civic Policymaking

Why the Citizens League is here

Increasing ineffectiveness and divisiveness of our political processes have disconnected many people and organizations from governing. There is a need for a new approach to policymaking. Our mission is to build civic imagination and capacity in Minnesota to solve public problems.

How we approach policymaking

All our work is guided by the principle that every individual and every organization has a role in policymaking. A set of operating principles quide the various processes that we apply to our work. Solutions to policy problems begin by applying these operating principles to public problems.

When we apply this approach to public problems

Our recommendations for action-our civic policy agenda-recognize that policy happens everywhere (government, business, faith communities, at homes etc.). We continue to apply this approach as policy changes are developed, implemented and evaluated.

This approach is effective at solving specific policy problems and helps builds the capacity of people and organizations to solve other problems, fulfilling our mission.

We evaluate and continually improve our approach based on our outcomes.

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CONNECTIONS Building a League of Citizens

INTERN INTRODUCTIONS

Welcome our summer interns and volunteers:

Kirsten Elfstrand, development, Abou Amara, Pounnaphone Phomtalikhith and Becky Siekmeier, Pathways to Prosperity, and Brittany Werner, electrical energy. Check out their bios and drop them a line to say hello at www.citizensleague.org/who/staff.





Kirsten Elfstrand



Pounnaphone Phomtalikhith

MINNESOTA IDEA OPEN CHALLENGE II: IDEAS FOR ADDRESSING WATER ISSUES IN MINNESOTA

Minnesotans have good ideas—it's time someone listened. The Idea Open brings everyday Minnesotans together to help solve our state's most critical issues. This year the Idea Open searched across the state for answers to the question "How would you use \$15,000 to help your community become aware of and address water issues in

Minnesota?" Starting August 23, people from all over Minnesota will be able to vote for the idea they would like to see become reality. To learn more or to sign up for updates, go to Mnldeaopen.org, visit MN Idea Open at the State Fair, or connect on Facebook and Twitter. The Minnesota Idea Open is a



venture of Minnesota Community Foundation and its partners: Pentair and the Pentair Foundation, Ashoka Changemakers, and the Citizens League.



Becky Siekmeier



r Brittany Werner

Thank you to our new sustaining members!

Ben and Sasha Cox, Dani and Alex Fisher, Nena and Aaron Street.

Sustaining members schedule regular monthly or quarterly payments of any amount, or automatic annual donations. Become a sustaining member today at http://www.razoo.com/story/Citizens-League.

New and rejoining members and contributing organizations

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Park Nicollet Health Services Peterson Engberg & Peterson Port Authority of the City of Saint Paul Public Strategies Group, Inc St. Jude Medical Inc. SuperValu University of Minnesota

- Energy Management Wells Fargo Winona State University- Rochester Workers' Comp Reinsurance Association Youth Frontiers, Inc.

Education: Teacher Licensure

The Citizens League is forming a member-organized advancement group to help evaluate proposals for tiered teacher licensure in preparation for the 2012 legislative session. We are looking for members with all types of educationrelated experience and those with no prior knowledge of the issue. The group will begin meeting this summer to discuss questions from the Policy Advisory Committee.

Learn more at http://bit.ly/izg4dK. Contact the office if you would like to participate in this group.

Advancing the use of Common Ground Principles

Following the June 15 release of the report "Principles for Citizen and Government Collaboration in Public Decision Making," the Citizens League is forming an advancement group to determine next steps. The four Common Ground Principles are:

- Everyone "steps back" to ensure that all who have a stake are represented in the process.
- Ensure that all who have a stake are heard from at an authentic point in the process.
- Use an inclusive, interactive process that gives everyone the tools to understand the bigger picture and the trade-offs involved.
- Expect citizens to be problem solvers, not complainers, and set up processes that put forth that expectation.

Learn more at http://bit.ly/m4PQLm, and contact the office to participate in this group.

The Citizens League is a multi-partisan, memberbased organization working to build civic imagination and capacity in Minnesota. The Citizens League's approach to policy—civic policymaking—results in the civic policy agenda, our case for action that is based on



the belief that all people and organizations play essential roles in developing the ideas, skills and resources to govern for the common good. Visit www.citizensleague.org/who/identity to find out more.

To get involved or find out more about these or any of our projects, contact Annie Levenson-Falk at alevensonfalk@citizensleague.org or 651-293-0575 ext. 16.

Learn more information about all of our work at www.citizensleague.org.

Have you encouraged your employer to join the Citizens League?

Policy happens everywhere—and affects all Minnesotans. Organizational members, from private-sector businesses, nonprofit organizations and public institutions, contribute financially to the Citizens League, provide an important source of new members and offer valuable policy input.

Our organizational members include multinational and Fortune 500 companies, small professional services firms, nonprofit arts organizations, city and county governments and state agencies. Our organizational members value the Citizens League's multi-partisan approach and opportunity for thoughtful conversation.

"We belong to the Citizens League because it's unlike any other organization," says Rick Kleven, vice president of Governmental Affairs for Thrivent Financial for Lutherans. "It's a membership group, like a Chamber of Commerce, that incorporates multiple sectors and ideologies, and is focused on policy."

Elise Diedrich, manager of Government Affairs for Supervalu Inc., had this to say about employees' response to our facilitated Pizza and Policy lunch-

time conversations. "Our employees value these opportunities to learn beyond the scope of their job duties, and when we hold sessions, turnout is high, despite our workforce being spread across multiple campuses."

The director of human resources at a local public affairs agency shared these thoughts about the value of membership. "As a Minnesota-based business, these issues are important for us to learn about, and we often find clients have an interest as well. I truly believe the Citizens League helps my company's employees get to the next level—in an educational and multi-partisan manner."

To learn more about how your organization can become part of the Citizens League, visit www.citizensleague.org or contact Dani Fisher, director of advancement, dfisher@citizensleague.org or 651-293-0575, ext. 17.





From what if to what's next in public policy

by Sean Kershaw

ust to make myself miserable, I'll sometimes play the "what if" game. What if I could have known the recent recession was coming? What would I have done differently with my family's resources, or the Citizens League's? Ah, how the world would be different if I had only *known*.

Minnesota is in the middle of its own financial "what if" game right now, except that...we know what's coming. We understand the causes of our state's financial ills (aging and slow labor force growth) and the consequences of doing nothing, but our current approach to policy making cannot provide a solution.

On a broad swath of issues, from education and health care to the environment and economic disparities, we often know what must be done but struggle to get it done—to move from reports to results.

So how do we, mired as we are in bitter partisan and ideological divide, find the practical solutions needed to solve our state's fiscal ills in a way that preserves the common good? We need to imagine a different outcome for Minnesota and then create it.

A NEW APPROACH

The current model for policymaking no longer works. Narrow but powerful ideologies have created narrow but powerful political "bases" and affiliations, fracturing our political process and making it nearly impossible for our elected leaders to find common purpose or act for the common good. Traditional advocacy and partisan politics only make this situation worse. We have allowed this divide to put our nation's financial health at risk and create the longest state shutdown in U.S. history. To change this dynamic we as citizens must find a common collective purpose, one based on our shared need to govern for the common good.

It won't be easy. As a people, we've lost the basic civic and political skills required for governance; we've lost sight of our role as citizens in governing. We more often see ourselves as consumers rather than producers of the common good. We see policy as something that happens "out there" in our state or nation's capitol, and have come to view government as either the source or the barrier to the common good. It is neither. Although critical to preserving our republic, it is increasingly less central to many of the practical policy solutions we need.

We must choose a new way forward.

A BETTER MODEL

In this issue of the Minnesota Journal, we offer examples that demonstrate how we can move forward by embracing a better process for policymaking. We are developing and advancing recommendations in key policy areas using civic organizing, a political strategy that develops the civic capacity (the governing ability) of selfidentified civic leaders who have enough authority within their institutions to influence change. Civic organizing takes democracy deep inside all institutions-closer to where we can impact outcomes. Its power to effect change comes from creating a diverse base of engaged citizens and institutions willing to find common ground and act for the common good. Civic organizing applies to our work in at least three ways:

Common ground for the common good. Civic organizing begins by organizing those impacted by a problem to help define the problem against shared civic values, and then aligns individual and institutional self interest and the resources that come with these interests, toward creating and effecting a common solution.

The Citizens League's Honoring Choices, long-term care and Common Cents projects began by bringing together a large group of stakeholders to define the problem through respectful dialogue, and then identified the resources each participant could bring to help create the solution. *Everyone is a policy maker.* Civic organizing assumes that all individuals have the capacity to impact the common good, positively or negatively, through everyday actions. But like unexercised muscles, our civic skills have grown weak with lack of use. Through the Quantum Civics[™] leadership program, and the disciplines and practices of civic organizing, the Citizens League is helping to build a new base of individuals and institutions who see their role as producers rather than consumers of governance.

Policy happens everywhere. Civic organizing assumes that all institutions, government included, must play a role in developing the incentives and capacity needed to solve our public problems. This isn't an ideological notion, it's an entirely practical one.

BUILDING BETTER SOLUTIONS

By helping to better define problems, and then building the capacity (the people and resources) necessary to advance policy recommendations, civic organizing has allowed the Citizens League to advance policy in a number of areas, including long-term care, mental health reform, poverty and water. Our work is better and more impactful because of this model.

It's hard to go against the grain of current politics and policymaking. But we're at a point in time where as citizens we have to choose action over gridlock. Civic organizing offers both hope for a better future, and a real opportunity for us to make Minnesota once again the state where miracles happen.

Sean Kershaw is the Citizens League's executive director. He can be reached at skershaw@citizensleague.org, @seankershaw (Twitter), Facebook, or his blog at citizensleague.org/blogs/sean/.



Advancing the Common Ground Principles in public decision-making processes

By Lindsey Alexander

ne of the primary missions of the Citizens League is to build civic capacity in Minnesota. In order to develop civic capacity, citizens must view themselves as policymakers. Policy isn't just something that "others" create. If we are to accept our role as citizens and policymakers, we need to be able to see our interests in relation to others' interest, and share an understanding of the common good.

As Erin Sapp mentions in her ajoining articles, over the past five years, the Citizens League has come to realize there's a gap in public decision-making processes that results from differing expectations on the part of government officials and citizens about the role of citizens and government in those processes. Throughout the Minnesota Anniversary Project (MAP150), the Regional Policy Workshop and the recently completed Central Corridor case study, we have been developing and testing ideas to bridge this gap. The result of this work is the development of four Common Ground Principles intended to guide citizen and government collaboration in public decision making. These principles were put into to use recently by both Scott County and the Minnesota Department of Natural Resources in making decisions about allocating funding for parks and trails. (See accompanying stories)



Citizen input guides DNR decision making on parks and trails

With assistance from the Citizens League, the DNR develops a plan for state parks and trails that better reflects Minnesota's vision and values *By Erin Sapp*

Throughout 2010, the Citizens League worked with the Minnesota Department of Natural Resources to determine how Minnesota residents wanted to allocate money from the state's Parks and Trails Legacy Project, one of the dedicated funds created after voters approved the Clean Water, Land and Legacy Amendment in 2008.

In public workshops, targeted meetings and online activities Minnesotans shared their values and priorities for spending on the state's parks and trails. Here, briefly, is what they said:

- Minnesotans are passionate about parks and trails.
- Children and youth are the pathway to increasing participation and environmental stewardship.
- Minnesotan's top priorities are creating connections between destinations and providing a full range of recreational opportunities.
- While a statewide approach makes sense, such an approach must recognize that regional priorities, preferences and needs differ.
- The most important components of the state's long-term vision should be protecting natural resources and creating the next generation of environmental stewards.
- Minnesotans expect Legacy Amendment funding to produce something big and lasting; the state should take a balanced and pragmatic approach and optimize investments.

The DNR took what it learned from residents along with input from the department's topic-based workgroups and steering team and created a final set of recommendations for Legacy Amendment spending on parks and trails. The plan outlines four strategic directions:

- Connect people and the outdoors
- Acquire land, create opportunities
- Take care of what we have
- Work better together

Overall, the DNR's recommendations do a good job of incorporating the values, priorities and ideas they heard from citizens.

The Legislature is responsible for allocating parks and trails funding between the various recipients: the DNR, the Metropolitan Council and the regional parks system. The DNR worked with Gov. Mark Dayton to create recommendations for legislative allocations, and those recommendations followed the four pillars of the DNR plan quite well. But during the legislative process politics came into play and funding shifted. With the final passage of the Legacy bill during special session, the Legislature had allocated far less than expected of the available parks and trails grant funding to the DNR (about \$14.3 million of an available \$39.5 million in 2012). The remaining funding will be divided between the Metropolitan Council, regional parks and trails and special projects.

While it's the Legislature's job to decide how to allocate legacy funds at a high level (i.e. how much goes to each agency or for large-scale projects like Lake Vermillion), it's the DNR's job to decide which projects to fund with their portion of the money, within the legislative guidelines, of course. The final Legacy bill for 2012 and 2013 prescribed little more guidance for the DNR than outlining the four strategic directions from the report.

With only broad direction from the Legislature, Laurie Young, who served as the project manager for the Parks and Trails Legacy Project says the DNR will continue to use the plan to guide how the money is spent. One recommendation under the "work better together" pillar calls for the creation of a statewide advisory body that will help implement the plan, develop a regional network, and ensure that all systems (metro, regional and state) work as a coordinated whole. Even without the current allocation of Legacy funding, the DNR is already moving ahead to create this advisory group.

DNR staff, Commissioner Tom Landwehr included, like the report and recommendations, Young says. Unlike previous reports and There are four main common ground principles:

- Everyone steps back to ensure that all who have a legitimate interest, or "claim," in the public process are represented in discussions. Equally as important is sharing those interests with the larger group, so everyone has a shared understanding of who is involved and why. This requires suspending judgment in order to uncover divergent points of view.
- Ensure that everyone who has a claim is heard from at an authentic point in the process. Match the timing, content and structure of a public process with its purpose. If the public can no longer influence a decision, don't ask what them what they think. Start out a process by listing costs and benefits of the policy or project from everyone's individual perspective.
- Use an inclusive, interactive process that gives everyone the tools to understand the bigger picture and the trade-offs

In both of these processes, citizens played a central and authentic role in determining the way forward.

involved. An inclusive, open and interactive dialogue between all stakeholders—project officials, residents, developers, funders, and others—creates a shared under standing. Participants in this type of discussion are better able to gauge expectations in light of what it would take to achieve them.

Citizens help shape Scott County parks and trails plan

Citizens League's common ground principles guide Scott County's discussions about the future of county parks and trails

By Mark Themig and Erin Sapp

Last year the Citizens League worked with Scott County to help create a vision and set priorities for Scott County's regional parks and trails. The county's 2030 Comprehensive Plan included plans for three new regional parks and additional trails. County officials wanted residents input on how and where the new parks should be developed and suggestions about paying for development and maintenance of new and current parks and trails. Did residents want new parks be top of the line or should the county take a more budget-conscious approach? How should limited resources be allocated across the park system over the next few years? What steps were residents willing to take to close funding gaps?

To help the county answer those questions, the Citizens League and Scott County hosted an interactive workshop on these and other key questions. Participants worked through a series of questions in small groups and used interactive response devices (clickers) to report on their priorities and preferences. Instant voting showed the thinking of the room and sparked discussion.

This effort and others like it demonstrate the practical application the Citizen League's civic operating principles in ways that show how good governance practices ultimately lead to better, more informed outcomes. This work builds upon findings from the Minnesota Anniversary Project (MAP 150) which have informed the Citizens League's work for the past few years: Every person is a policy maker, and citizens are looking for meaningful opportunities to contribute to policymaking and to the common good.

Scott County officials wanted to take a citizen-based approach, so at the outset the Board of Commissioners appointed a 45-member citizen design team to develop a parks and trails master plan. Staff guided the process. The design team eagerly sought additional public input, so the design team and county officials worked with the Citizens League to conduct the series of public workshops. The design team provided residents with information on costs, tradeoffs and potential partnerships, and gave honest answers to tough questions. Officials were straightforward about how public input would be used.

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During the workshops, residents identified their priorities, including park features, budget and a timeline for development. Some outcomes were unexpected. Residents said that while some places deserved and would be best served with cutting-edge facilities, others would do fine with just the basics. As one participant put it, "You've got fine dining and fast food. Parks should also vary in quality and cost."

Residents also stressed that, regardless of quality, Scott County should only do what can be done well.

STEWARDS AND USERS

While grappling to design the parks and trail system they wanted, residents also discussed the associated costs. Big, cutting edge facilities are expensive to build and maintain but can offer more amenities and an enhanced experience. Conversely, basic facilities can be simple to build and less expensive to maintain and offer a more rustic experience. To address short-term capital investments and the need for long-term financial stability for ongoing maintenance and operations, residents talked frankly about how they—as residents and users—have a responsibility to support the parks and trails system. They told county officials how they were willing to contribute, both financially and as stewards of the parks and trails, and discussed ground rules for how that could happen. Some members of the public indicated a strong preference for pay-for-use while others indicated a willingness to pay

• Expect citizens to be problem-solvers, not complainers, and set up processes that put forth that expectation. Never assume that more information alone will settle a controversy. This requires that everyone holds themselves and others accountable for following through on agreements and that all participants act as governing members, using their experience and self-interest to achieve the common good.

As highlighted in the Scott County and DNR examples, the foundation of the common ground principles is inviting stakeholders into a process where their legitimate interests are valued. In Scott County, residents were seen as full partners in the creation of the county's parks master plan. In the DNR example, Minnesotans values and preferences were incorporated in decisions about how to best spend the revenue from the Parks and Trails Legacy Grant Program. In both of these processes, citizens played a central and authentic role in determining the way forward. Stakeholders were invited in and asked to share their interests and priorities. They were given a legitimate opportunity to discuss and compare their perspectives with neighbors, to weigh competing interests and to provide input that was actually used to develop spending and development plans.

The Common Ground Principles are intended to guide for citizen and government collaboration in public decision making to ensure a truly civic process. The processes that create policy must be authentic partnerships that develop and maximize the civic capacity of everyone involved and achieve solutions based on the common good. The Citizens League's common ground principles allow all participants to view a policy or project from a broader perspective and, as a result, produce better outcomes for both citizens and government.

Lindsey Alexander is a Citizens League member and a consultant in public policy. She can be reached at lindsey@lindseyalexanderconsulting.com.

slightly higher property taxes as long as the money is used exclusively for operating and maintaining the parks and trails. A few residents even volunteered to maintain the parks and trails.

You've got fine dining and fast food. Parks should also vary in quality and cost.

SUSTAINABLE SOLUTIONS

The input Scott County received throughout this process is being incorporated into a final plan that will address short-term needs and a long-term vision for the regional parks and trail system. Scott County will also look to residents to take an active role in the development and operation of these facilities in the future. Strategies identified by residents, such as utilizing volunteer park caretakers and partnering with private and public sector agencies, will be critical for the longterm stewardship of its park and trail system.

Working together with the Citizens League, Scott County was able to affirm the vision established in its comprehensive plan while gathering new insights about ways to implement that vision. For example, officials suspected that residents wanted to see one of the oldest undeveloped regional parks developed first, yet residents instead discussed the importance of offering something for everyone, even if it meant reducing the project scope at all the parks. During the process, county officials also learned that residents are willing to accept varying levels of quality throughout the system, and that development should reflect the character of the park or trail and its surroundings.

As a result of the outreach process conducted with the Citizens League, Scott County officials are establishing a 10-year capital plan that will provide limited, cost-effective development at multiple sites throughout the system. While no one park will undergo full development in the next 10 years, improvements will provide new, close-tohome outdoor recreation opportunities for all Scott County residents.

Any governmental body can better serve the public by building stronger relationships with residents and allowing them to make a real contribution and impact in a way that is efficient, productive and respectful. With assistance from the Citizens League, Scott County was able to engage its residents in meaningful ways and learn their priorities and preferences for development. As a result of this process, residents have more ownership of the county parks and trails, a system they have helped to create.

Mark Themig is Scott County's parks manager.

Erin Sapp is the project director for the Citizens League portion of the work and a Citizens League member.

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Powering up Minnesota's electric energy policy

Citizens League convenes diverse group to envision Minnesota's electrical energy future By Annie Levenson-Falk

Key considerations

The Citizens League has put forward seven characteristics that are key for Minnesota's electrical system in the long-term: affordability/ competitive pricing, efficiency, independence, minimal environmental impact, reliability, safety and security.

Affordable, competitively priced electricity. Affordable electricity is vital to Minnesota's economy and our ability to compete nationally and globally. For decades, Minnesota's comparatively low electric rates have given the state a competitive advantage in attracting new business. Commercial and industrial users account for about 70 percent of Minnesota's current electricity consumption.

Efficiency. The existing electrical system is inefficient. Nationwide, about 68 percent of the electricity generated is wasted.

Environmental impact and electrical energy independence. Minnesota relies on out-of-state resources for most of its electricity, importing fuels to produce electricity here and importing electricity produced elsewhere. The largest source is coal and Minnesota's reliance on coal generation is greater than the national average. Coal is used to generate 58 percent of Minnesota's electricity and the state has no coal deposits of its own. Despite new technologies and some increase in generation from renewable sources, coal is expected to remain the largest source of electricity for decades to come. Integrating new energy sources, including renewable sources, into the existing system is a key challenge for the future.

Quality and reliability. In addition to meeting the above criteria, electrical power must be available when consumers need it and at a consistent quality. Minnesota's world-class businesses, especially, demand this.

Rising prices, growing environmental and political concerns, and increasing demand are pushing energy to the forefront of policy concerns for Minnesota. The state needs to address these concerns before they create larger problems for the state and for the region. Minnesota has a real opportunity today to create an electrical system that serves our future needs—and has the business leadership and technological imagination, to become a global leader in electrical energy.

Recognizing this opportunity, the Citizens League's Policy Advisory Committee identified electrical energy as a critical policy issue and a priority for the organization. With this direction, a group of Citizens League members began meeting in 2010 to review the policy landscape and determine how the Citizens League could best contribute.

With the participation and encouragement of leaders from many organizations, the Citizens League is now serving as neutral convener, bringing business and residential electric consumers together with electrical utilities, environmental organizations and others to advance new policy in this area. Their task includes:

- Coming to agreement on long-term goals for the state's electrical system and identifying areas of disagreement.
- Identifying changes necessary to achieve these goals.
- Advancing reform in government, industry, business, and other institutions.
- Laying the foundation for successful reform by first building agreements among participants from all sectors and political backgrounds.

Much work on electrical policy has already been and is being done by diverse groups across Minnesota, but these groups do not always have the opportunity to come together to focus on longterm issues. We are seeking to provide this opportunity. The Citizens League has engaged about 150 stakeholders in framing this project in recent months. During interactive forums in September and December of 2010, and in many discussions since, we have identified seven key characteristics of an ideal electrical system: affordability/competitive pricing, efficiency, independence, minimal environmental impact, reliability, safety and security.

Energy inefficiency

Energy Inefficiency: Nationwide, America wastes about 68 percent of all electricity generated. This illustration shows the energy lost during generation, distribution and consumption. A home light bulb is only 2 percent efficient.



Source: "What You Need to Know About Energy: Sources and Uses." The National Academies http://www.nap.edu/reports/energy/sources.html Although there is broad agreement on these key characteristics, not everyone defines these terms in the same way. For example, residential customers might view affordability as keeping electrical bills within a certain percentage of household income. Businesses, on the other hand, may be less concerned with absolute costs and more concerned with how Minnesota's rates compare to rates where competitors are located.

PHASE 1: DEFINING THE ISSUE

In the first phase of the project, participants are convening in four groups; each group is focusing on one of these key characteristics. Four of the seven key characteristics were selected for further study based on participants' priorities: affordability/competitive pricing, efficiency, independence, and minimal environmental impact.

In the initial phase, the groups will come to agreement on what an electrical system that is truly affordable, independent, efficient, and has a minimal environmental impact would look like in Minnesota.

In subsequent phases, we will evaluate possible conflicts between characteristics (e.g., affordability versus minimal environmental impact) and look at what legislative, business or other changes are necessary to achieve the agreed upon goals. Then we will develop and advance specific recommendations.

PRACTICING A CIVIC APPROACH

We believe the civic organizing approach to public policy work will not only produce better recommendations but also increase the chance that the recommendations will not just sit on a shelf but lead to real policy changes.

We began our inquiry by asking the question, "Who is impacted by this policy issue?" And then we sought to bring together input and perspectives from those impacted. Just about everybody is







Minnesota electricity use by type

and Into the Future," Minnesota Department of Commerce, Division of Energy Resources

impacted by electrical energy. This process has brought together residential and business consumers, environmentalists, electrical generators and distributors, government and others from all across the state. Participants were asked to bring their experience and expertise in all of these roles to help develop goals for Minnesota's electrical energy future.

The Citizens League's civic organizing approach acknowledges that policy happens in all institutions. Once we agree on the goals, we will evaluate what changes are necessary to achieve them, and then we'll identify the right levers to make these changes happen. Sometimes these levers involve government action; sometimes changes need to occur within businesses or industry, within our communities or other institutions, or among individual citizens.

All of the participants in this process are expected to help advance the recommendations where they have the authority and ability to do so.

The Citizens League's civic organizing approach is more openended than many people are accustomed to, and it does not assume a particular form of subsequent action in the way that a traditional advocacy or government-centered approach to public policy typically does. Although legislative recommendations may be one outcome of this work, the work will be more broadly focused and almost certainly include recommendations for other sectors that will not require legislative action to achieve results.

This open-ended approach can be challenging, but it produces better results: the process is more flexible; it can be adjusted at any stage based on new information about the topic, about the best political approach, and about the most effective role for the Citizens League.

Annie Levenson-Falk is the Citizens League policy manager. She can be reached at 651-293-0575, ext. 16, or at alevensonfalk@citizensleague.org.



Move toward a state health exchange is complicated by politics

A health insurance exchange could improve accessibility, transparency, and test whether markets can be consumer-driven

By Lance Hegland

embers began meeting last fall as the Health and Medical Advancement Group to discuss ways to advance Citizens League policies in light of current federal and state reform projects. The advancement group explored the "triple aim" framework for health care reform: improving quality, expanding access and controlling costs. Then we examined potential methods for addressing the triple aim: innovative pilot projects, Medicaid expansion and health insurance exchanges. After reviewing reports

The Health and Medical Advancement Group concluded that health insurance exchanges promote several key Citizens League policy positions, including accessibility, transparency and consumer-driven markets.

and listening to presentations from local health reform experts, the group chose to focus specifically on health insurance exchanges.

Health insurance exchanges are one of the key pieces of the federal Patient Protection and Affordable Care Act (PPACA). A health insurance exchange is a tool that makes it possible for individuals and families to examine a variety of different health insurance providers and plans via a website, telephone call center, or through independent agents and identify which one best fits their needs and preferences. A federal or state exchange could also identify eligibility for federal and state health insurance subsidies and cost-sharing programs for low-income folks.

Health insurance exchanges will make it easier to identify and compare health insurance options, and increase health insurance coverage accessibility and market competition. Theoretically, the larger pool of insured individuals and increased market competition should help to reduce costs and increase affordability in the future.

The Health and Medical Advancement Group concluded that health insurance exchanges promote several key Citizens League policy positions, including accessibility, transparency, and testing whether health care markets can be more consumer-driven. Now the advancement group is focusing on enhancing public awareness and understanding of health insurance exchanges, including the creation of an exchange specifically serving Minnesota.

The group's work has been complicated by the uncertainty surrounding a Minnesota exchange. Despite the potential benefits of such an exchange, significant debate continues over basic issues, such as whether the federal government can require individuals to purchase health insurance, or whether it can require states to develop their own exchanges or participate in a federal exchange. If a state chooses to set up its own exchange, there are questions about how an exchange would operate. Would it be regulated by the Department of Commerce, the Department of Health or the Department of Human Services, or some combination of all three? Could it operate as a separate public-private entity?

States have until January 1, 2013 to notify the federal government whether they intend to develop their own exchanges or participate in the federal exchange.

Before the Legislature wrapped up its regular session, the House voted down measures needed to begin developing a

Minnesota exchange. The governor, working through the state agencies (Commerce, Health, and Human Services) accepted a federal planning grant and these state agencies continue to explore Minnesota's options. But without legislative action, the creation of a Minnesota exchange remains questionable.

Although there is a lot of uncertainty, several states are moving ahead: Massachusetts and Utah already operate

their own health insurance exchanges; several other state legislatures are moving to set up exchanges, but, as the accompanying map shows, it is a very complicated picture.



Health insurance exchanges offer significant potential to improve accessibility, transparency, and consumer-driven markets for health insurance. The Health and Medical Advancement Group will release more information on this issue in the near future and may sponsor a public awareness event in the fall, so stay tuned!

Lance Hegland is a Citizens League member and a member of the Health and Medical Advancement Group. He is also a consultant and social entrepreneur striving to end the concept of long-term care by promoting community-integrated independent living.



Is teleworking really working?

eWorkplace shows optimistic prospects for telework in Minnesota

By Adeel Lari

Since 2009, some 4,200 Minnesota employees have participated in a ground-breaking public-private partnership to reduce traffic congestion on Minnesota roads. The eWorkplace initiative encourages employers to support telecommuting and results-oriented workplaces practices that allowing employees to utilize technology to work from home or a remote location.

The goals of the eWorkplace initiative include reducing traffic congestion during peak periods, reducing green house gas emissions and the need for costly infrastructure improvements. The project is also intended to evaluate the impact of telework on employee productivity.

Initially, eWorkPlace's goal was to enroll 2,700 participants to work remotely at least one day per week. As of June 2011, the program had enlisted more than 4,200 participants, representing 48 Twin Cities employers. Participating workplaces included small businesses with fewer than 10 employees, large companies such as Ecolab, TURCK, Aveda, government employers such as Hennepin and Carver counties and the Minnesota Department of Transportation, and nonprofit organizations like Fairview Health Services and the Wilder Foundation.

Evaluation has been a key piece of eWorkplace. Participating employees were invited to take surveys on their commuting behavior and perception of telework one week, three months and nine months after registration. An analysis by the University of Minnesota of survey data compiled during first two years showed savings in travel time and vehicle costs of more than \$6.3 million annually. Employers also reported gains in productivity while employees benefited by reducing the time spent commuting and as well as gas and vehicle maintenance costs.

COMMUNITY BENEFITS

The most effective means of reducing traffic congestion is to reduce the number of vehicles on the road during peak travel periods (6 to 9 a.m. and 3 to 6 p.m.). Based on driver behavior and traffic patterns, a small reduction in vehicles during rush hours has an exponential effect on congestion. Carpooling and public transportation are part of that effort, however telework effectively, if not completely, takes the vehicle off the road. Less congestion during peak hours and fewer vehicle miles traveled (VMT) in general lead to better environmental results.

- On average, eWorkplace participants work remotely 1.47 days per week and 1.96 peak-hour trips are saved per person per day.
- eWorkplace participants save each week 5,000 trips on the heavily congested interstates 394 and 35W, and reduced traffic on other roads. That translates to a reduction 3.8 million miles traveled annually on these two highways.
- Comparing a telework day with a normal day in the office, eWorkplace participants reduce their daily vehicle miles travelled by 91.5 percent. This is a total annual VMT savings of 7.5 million miles, equivalent to a reduction of 8.2 million pounds CO2 emission or planting 1,000 acres of forest.



Modes of commuting





EMPLOYER BENEFITS

Allowing employees to telework can reduce facility cost, increase employee availability in severe weather, improve continuity of operation and raise employee morale. Concerns, on the other hand, include distraction in non-office work settings and decreased productivity.

Surveys and interviews with participating employers found that the majority reported positive result from eWorkplace, including increased productivity, reduced facility costs, and improved recruiting and employee retention. In addition, eWorkplace also provides employers a no-cost benefit that adds to their overall compensation package. More than 90 percent of the participating employers said they plan to continue or expand telework options. Here are some of the gains employers reported.

- Ecolab's information technology department found a 16 percent increase in the number of calls answered, a 10 percent increase in Quick Call resolution, and a 3 percent increase in availability.
- Fairview Health Services saw a 50 percent decrease in overtime hours.
- An internal survey of Minnesota Department of Transportation participants reported a significant increase in productivity and employee morale as well as a substantial decrease in absenteeism and stress levels.

INDIVIDUAL BENEFITS

Reduction in fuel and vehicle maintenance cost and time saved bring employees quantifiable benefits, which add up to about \$1,500 per person annually:

• 1,771 vehicle miles saved annually by each participant; that's equivalent to a 16 percent reduction in annual vehicle miles travelled per person.

• 44 hours of time saved commuting annually per person that can be spent with family, exercising, investing in professional growth opportunities or volunteering in the community.

• 60 percent eWorkplace participants say they have more time for work as a result of reduced time spent commuting.

Besides the material benefit, employees say the opportunity provided by telework to balance work and life is tremendously helpful. About half of survey respondents are married women. Working remotely or on an individually tailored schedule provides more flexibility. This is also true for employees with disabilities. Whether these benefits to individuals translate into better work performance is an essential indicator of eWorkplace's success. In alignment with the findings from employers, participating eWorkplace employees reported teleworking increased productivity. (See productivity chart)

Reduction in fuel and vehicle maintenance cost and time saved bring employees quantifiable benefits, which add up to about \$1,500 per person annually.

The projected benefits of eWorkplace over five years total \$28.9 million based on reduce vehicle miles traveled and time saved. Other possible benefits include increased productivity, improved life and work balance and a positive environmental impact.

POTENTIAL FOR FUTURE TELEWORK

The nine-month post-registration survey found that the average number of telework days per week preferred by respondents "to do their job the best" is 2.29 while participants average actual telework days was 1.47. This indicates a potential for more telework effort in the future. Continuing and expanding telework in Minnesota is a real need and a sound alternative to congestion on our highways.

Adeel Lari is the director of the eWorkplace program and a research fellow at the Hubert Humphrey Institute of Public Affairs

Legacy funding

continued from page 5

efforts that resulted in overly broad recommendations with no specific actions outlined, this report, driven by the Citizens League's common ground principles for citizen and government collaboration, resulted in practical recommendations that specified particular types of development projects. According to Young, the DNR's Parks and Trails Division uses the report to guide planning and budgeting and daily decision making. There is even talk about creating similar plans for other DNR areas.

"I haven't worked on a plan that people are using before!" Young exclaimed.

By asking Minnesotans about both their values (What's important for Legacy dollars to accomplish?) and their priorities (Should we fund A or B?) we were able to help the DNR craft guiding principles for funding (we should focus on connecting youth with the outdoors) as well as identify practical steps toward achieving those goals (partner with schools and youth groups).

This process has been a win for both the DNR, which receives concrete guidance, and Minnesotans who get to see their vision for the state and their tax dollars implemented—provided the Legislature is as committed as the DNR to what Minnesotans want.

Erin Sapp is a Citizens League member. She served as project manager for the Citizens League on the Parks and Trails project.

Minnesota's tax policy should represent Minnesota's values

Time to take a closer look at tax expenditures—government spending on autopilot By Bob DeBoer

remember when I first heard the words "tax expenditure." It was 1991, and I was a writer for the House Information Office publication *Session Weekly*. My first thought was, "Sounds like something that only tax policy insiders would understand –or care about." I glanced over what was probably the first Tax Expenditure Budget (TEB) report and thought, "There is no story here."

Fast forward 20 years: I don't think I could have been more wrong. Decisions about what we choose to tax and not to tax define us as a state and a people, and those decisions should clearly reflect our values.

Minnesotans now know that state government has made historic spending cuts and increased "shifts" in payments and borrowing in order to increase revenue and balance the 2011-2012 biennial budget. What most Minnesotans don't realize is that in budget discussions, legislators and the governor considered only about 60 percent of the entire "pie" of government spending. When we consider future cuts, the whole pie should be on the table, including tax expenditures, which make up the other 40 percent of the government spending pie. (See Figure 1)

Tax expenditures are created when the legislature approves an exemption, deduction or credit to an activity or type of income that would otherwise be taxed. This "tax spending" is the result of provisions in the state (and federal) tax code that often provide "special treatment to special interests." These tax expenditures are not currently part of the budget process, are not subject to periodic legislative review, and often serve no public purpose other than to provide a tax break to a specific group, type of transaction, property or income. Most provide no measureable benefit for the cost.

Here is an example of where our priorities currently stand with regard to the sales tax:

- Materials to fix your home? You'll pay sales tax.
- Get a haircut? It's tax free. The same goes for a tattoo, a manicure or a pedicure.



Who decided that one of these items should be taxed and the others not? The state might as well pass a law that a person purchasing nails at the hardware store should write a check to someone getting their nails done. Are these Minnesota's values?

Occasionally, a tax expenditure does serve a well-defined policy purpose. The earned-income tax credit is specifically designed to use the tax system to provide support for low-income workers more efficiently than a government program might. In cases like this, tax expenditures can be a more efficient way to deliver a government benefit that has a defined outcome.

GOVERNMENT SPENDING ON AUTOPILOT

Often viewed as a "tax cut," tax expenditures are easier for lawmakers to pass than an appropriation, both from a political perspective and from budgetary perspective, and are subject to much less accountability. A budget appropriation has to be re-approved every budget cycle, not so with tax expenditures.

Tax expenditures must meet seven criteria established by the Minnesota Department of Revenue and listed in its biennial TEB report. The expenditure must:

- apply statewide
- confer preferential treatment on certain persons, types of income, transactions or property
- result in reduced state tax revenue
- not be included as a spending item in the state's budget
- be included in the defined tax base for that tax
- not be subject to an alternative tax
- be able to be amended or repealed in state law

Tax expenditures have a different impact than a "tax cut," which reduces the tax rate that everyone pays. Tax expenditures target a specific group. Take the home interest mortgage tax deduction, for example. Adopted in 1933, it reduces the income tax paid on mortgage interest. This is a pretty broad deduction, and Minnesotans might think that most people benefit. In reality, however, less than one-third of Minnesota tax-filers benefit those who own a home and earn enough to itemize.

The assumption is that the mortgage interest tax deduction encourages home ownership, and yet there is no evidence that it does. Even so, nearly one-third of Minnesotans continue to benefit from the mortgage interest tax deduction year after year—at the expense of everyone else. The mortgage interest tax deduction reduces state tax revenues by around \$500 million per year. Why is it better to reduce taxes for some than to lower the tax rate for all?

For decades, most policymakers and voters have assumed that *a tax cut for anyone is a good thing for everyone*. What could be better as a legislator than giving someone a tax break? Giving tax breaks—even tax breaks that benefit the few at the expense of the many—is a more popular thing to do in the political climate of the

last few decades than raising taxes or spending state tax dollars through appropriation—and subject to a lot less scrutiny from policymakers and the public.

In contrast, spending programs—even those considered highly successful—must be evaluated every two years and re-authorized during the budget process. The beneficiaries of tax expenditures get a proverbial blank check. Automatically renewed every budget cycle, tax expenditures are government spending on autopilot. When did we as people decide that tax expenditures are sacrosanct? This tax spending is never on the table, not even this year, as state leaders turned to spending cuts, accounting shifts and more borrowing to close a \$5 billion budget deficit. Are these Minnesota's values?

TAXES AND VALUES

Even more important than the outcome of the latest budget deal, it is essential that we begin to evaluate the long-term impact of tax expenditures as a routine part of the biennial budget process in order to address our structural budget problems. The DFL-led legislature and former Gov. Tim Pawlenty took a step in this direction, ordering the Department of Revenue to look at making tax expenditures part of the budget process. Revenue's report was issued in February but has been ignored by the Republicancontrolled Legislature and Gov. Mark Dayton. So we continue spending on autopilot.

For those who sometimes get cranky about tax policy, as I do, tax expenditures fall radically short when assessed against the basic budgeting measures of accountability, equity and efficiency. For more on these principles and how they impact the budget, read the Citizens League's May statement.

What makes me even crankier is that tax expenditures are not evaluated against the activities that we do choose to tax. So how can we know if our taxes accurately reflect our values and priorities?

Exemptions from the state's sales and use tax offer the starkest example. The state collects less than half the sales tax revenue it could because of exemptions granted for specific goods



and services. From 2008 to 2009, for example, the state collected \$4.5 billion in sales tax revenue, but exempted an additional \$5.4 billion (see Figure 2).

Services that are exempt from sales tax represent more than \$2.5 billion in tax expenditures in 2011 alone, more than \$5 billion over the two-year budget cycle, an amount roughly equal to the current budget deficit. Taken individually, it might seem fine to exempt many of these services from the sales and use tax. But taken together, it seems quite obvious that Minnesota could lower its relatively high (6.875%) sales tax rate if we broadened our sales tax base to include many of these exempted services. A smaller sales tax base results in a higher overall tax rate, so these choices have a huge impact on tax equity and fairness, one that policymakers and the public do not have sufficient information to assess.

There is little debate in tax policy circles over the idea that the broadest possible base with the lowest possible rate is the best way to apply a tax. Yet in Minnesota, we have done the opposite. We cling mightily to our radically outdated vision that a narrow sales tax base is better, and that broadening the sale tax will hurt someone. Or, maybe it's just that taking tax exemptions away from special interests is no way to get re-elected.

But this artificial separation between budget policy and tax policy—between appropriation spending and tax spending—is now officially cancerous to our ability to have a stable state budget and to our ability to govern.

BABY STEPS

After 20 years and 10 biennial TEB reports, state lawmakers in 2010 finally took a baby step toward changing tax policy. New tax exemptions must at least be accompanied by a "statement of public purpose," and some way to measure whether the expenditure meets a policy outcome. Still, we don't count existing tax spending as part of the budget, and the 2011 budget deal did nothing to begin that work.

In fact, lack of awareness and/or outright denial on the part of many policymakers and the public about the true cost of tax expenditures remains deep. A bill introduced in the House this year would have replaced the term tax expenditure with "tax relief," a change in terminology that would move us straight back to the simplistic idea that *a tax cut for anyone is a good thing for everyone.*

Nothing could be further from the truth, especially now when legislators and the governor need to really dig in and do the difficult work of improving our state's tax accountability, equity and efficiency in accordance with Minnesota's values.

Bob DeBoer is the Citizens League's director of policy development. He can be reached at bdeboer@citizensleague.org or 651-293-0575 ext. 13.

PERSPECTIVES

Expanding Minnesota's Conversation



The power of language is the power of change

by Stacey Millett

C ount me in for serious conversations about eliminating poverty in Minnesota. That's why I joined the Pathways to Prosperity group two years ago as part of a second round of recruits. Our charge was bold. Identify policy directions to eradicate the economic and emotional dimensions of living without the means to make ends meet. Our method was bolder: group process.

"I think a big group is too large to do in-depth work," declared one participant during one of the first meetings in 2009. We spent months generating ideas, respectfully sparring, and reaching consensus on where to steer the policy conversation. As often happens, some people left, new ones joined and numbers shifted, but the conversation continually advanced with the help, I believe, of poignant language.

The power of language underlies our group's progress to date and that language has been equally as important as the emerging policy direction. I was drawn to the name "Pathways to Prosperity" because it inspires a compelling vision of "how to" in the word pathway and "hope" in the word prosperity.

Compelling and consistent language sustains people's engagement in movements. Look at the history of our nation's civil rights struggle, for example. And language is at the core of social media's power to ignite widespread demand for change. Tunisia and Egypt have shown us that.

Our Pathways to Prosperity meetings always begin with the ritual reading of Citizens League principles:

We believe in the power and potential of all citizens. All Minnesotans are capable of developing an in-depth understanding of complicated public problems, of imagining innovative and effective policy solutions and ideas, and of governing for the common good.

The ritual continues with a review of Pathways to Prosperity's purpose, notes from prior meetings and accomplished next steps. CitiZing, the Citizens League's branded web platform for collaboratively solving public problems, has created new opportunities for Pathways to Prosperity, for other committees, and for everybody everywhere to exchange ideas and accomplish work. Note the power of language in the name, *CitiZing*. One could interpret this new word as *citizens acting to zing issues of importance for the common good of all citizens*.

Now Pathways to Prosperity is teeing up to take action when the 2012 legislative session convenes. The terms human capacity, civic infrastructure, and fairness/equity will anchor the introduction of the Citizens League's legislative agenda.

Particularly in times of divisiveness and mistrust it is useful to revisit this language to help each person, party, group, or constituency return to the country's historic roots. Let me share James Truslow Adams eloquent conception of that well-known phrase *American dream* from his book, *Epic of America*, published in 1933. "...life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement regardless of social class or circumstance of birth."

Pathways to Prosperity defines human capacity as family independence, civic infrastructure as community networks, and fairness/equity as government's role in honoring the heart of the American dream. In short, our committee's emerging legislative "asks" are simply requests to restore Truslow's American dream to every Minnesotan. Let me highlight the language in one of our key terms. Human capacity speaks to the recognition of every person's potential to act on their own behalf using their innate personal strengths. Translation, people in poverty are included, period.

One of the Citizens League's likely legislative agenda items will be to replicate Save to Win, a prize-linked savings program that took off in Michigan two years ago. A coalition of groups worked with Michigan credit unions to create an incentive, in this case a cash prize, to encourage members to save. For every \$25 saved in a designated credit union account, members earned a chance to win a monetary prize in the sixdigit range.

Again note the power of language. "Prize-linked savings" gracefully blends two concepts, dreaming and planning. Prized-linked savings offers people both a chance at big winnings and a chance to build financial resources by fusing two forms of self-interest. The concept works. In its first year (2009), Save to Win had attracted 11,666 participants who had collectively saved more than \$8 million. One year later the amount saved had grown more than three-fold, to \$28.1 million, and the number of savers had jumped to 16,833.

This program's success probably would not surprise Harvard Business School researchers who concluded in 2008 that prize-linked savings programs in other countries, including South Africa's Million a Month program, attracted interest, particularly from lower-income people. They suggested a similar program could do the same here. Note the names, *Million a Month*, and the Michigan program funder, *Doorways to Dreams*. Both fit with our Minnesota Pathways to Prosperity terminology.

As part of Pathways to Prosperity, I have witnessed how language has advanced our journey. Human capacity, civic infrastructure, fairness and equity, navigating the line, prize-linked savings and CitiZing offer a new lexicon to describe policies with track records and with the potential to advance our state's commitment to all. Let's continue learning and using this new language as we tee up for 2012.

Stacey Millett is a Citizens League member and director of Family Services at Twin Cities Habitat for Humanity.

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PERIODICALS