



# JOURNAL

Expanding the Civic Imagination

 **Citizens League**

Common ground. Common good.

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## End the chutes-and-ladders welfare system

Pathways to Prosperity committee recommends policies that support prosperity rather than react to poverty

By Bob DeBoer

*In the September/October 2009 Minnesota Journal, we outlined the findings and conclusions developed during the first two phases of our project on poverty, which began more than two years ago. Last October, we used those findings to set the stage for the Pathways to Prosperity committee recommendations.*

For more than 40 years, Minnesota and the nation have approached poverty reduction in a particular way based on “drawing the line” of poverty, a governmental, program-based approach that emerged from the 1960’s War on Poverty. In essence, the poverty line established a minimum income level necessary to achieve an adequate standard of living. The poverty line remains a foundational part of how we deliver programs and services today.

One consequence of drawing the line has been the creation of disincentives to earn, also known as the “welfare wall.” People receiving government assistance who work more and earn more are likely to lose more in benefits than they gain in earned income—unless they make an astonishing leap in income. It is well documented that strong disincentives to earn are inherent in this line-driven approach. The Citizens League first identified these disincentives in 1977. Subsequent reports by Minnesota House Research Department in 2006, “[The Gain to Work for Low- and Moderate-Income Workers](#)” and in 2007 by the Center for Public Finance Research, “[Disincentives to Earn](#),” continue to document this effect.

The welfare wall is a paradox that leads to the perpetuation of poverty. Once someone falls below the poverty line and begins to receive assistance, they become part of a reality that is akin to an all-to-serious game of Chutes and Ladders. One might work hard to climb up a few rungs—working more or earning more while losing more in benefits than they earn, maybe even getting off assistance programs entirely and getting a job with health insurance—only to fall down a chute when hit by a sudden health crisis, job loss, or

foreclosure, and end up right back where they started.

### NAVIGATING THE LINE

Of course, the poverty line is a simplification of the situation as it exists today. In actuality, there are multiple lines. Over decades, a host of government programs and tax incentives have developed—each with its own requirements and eligibilities. As a result, those in poverty must expend an extraordinary amount of resources “navigating the line” of poverty. As one person put it during a Citizens League meeting, “Being poor is a full time job.” Another participant said, “It’s like putting together a puzzle to match all my family members with health coverage.” A local corporate community affairs officer who works with low-income people observed that “few people have the stamina to go through so many agencies. It’s humiliating and confusing.”

The continued reliance on the poverty line as the basis for government assistance has had consequences not just for the poor, but also for society and the system. Time spent navigating the line wastes human capacity. People seeking assistance expend a great amount of time and resources and forfeit opportunities while navigating the maze of programs. Policing eligibility for these programs requires significant government investment and administrative infrastructure. Human service professionals could better apply their skills and training to helping families build prosperity.



## INSIDE

*As requested, we’ve added a new section called Engagement on page 3 to keep you informed about Citizens League policy and civic work and all the ways that you can get and stay involved.*

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# CONNECTIONS

Building a League of Citizens

## MEMBER SPOTLIGHT

### STACEY MILLETT

Director of Family Services, Twin Cities  
Habitat for Humanity

Citizens League member for one year;  
participated on MAP 150 Steering  
Committee and Pathways to Prosperity project.

#### Why she joined:

I'm impressed with the organization's focus on drilling down to the systemic roots of policy issues with much needed rigor. I like the mix of citizens who span multiple viewpoints and backgrounds but gather together for the benefit of the common good.

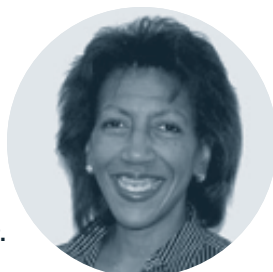
#### How she practices civic engagement:

I use several of the Citizens League operating principles in my current work running an 11-person department. "We believe in the power and potential of all citizens" applies to how I have wanted our department and whole organization to think about homeowners as assets who deserve the opportunity to be involved in our work and in their local communities long after closing on their home.

We have added "community engagement" as an outcome for homeowners believing that civic participation at any level is as equally important to successful homeownership as maintaining financial and physical upkeep obligations of homeownership.

#### Why she would recommend membership in the Citizens League:

There are multiple ways to get involved ranging from committee work to participation in events and forums. At a minimum, membership keeps you informed through comprehensive publications and a website that contains detailed policy analysis of issues that are important to Minnesota. Plus, it is crucial in these times to have a body of active citizens whose interests extend beyond the partisan divide.



## MINNESOTA "IDEA OPEN" NOW OPEN FOR BUSINESS

Have you ever had one of those light-bulb moments when you solved world peace while taking a shower? Okay, maybe you didn't solve world peace, but you came up with a really good idea to solve a really important issue. Wish you had someone to tell?

Now you do.

Minnesota Idea Open brings together Minnesotans to solve critical issues facing our state. Visit [www.MNIdeaOpen.org](http://www.MNIdeaOpen.org) to share your ideas and discuss others', and then vote for your favorites. Bring your best idea out into the open. You could win \$500 and see your idea become reality.



## MINNESOTA JOURNAL ON THE TOWN

We recently spotted the *Minnesota Journal* at the Midtown YWCA and Park Nicollet Clinic on Blaisdell Avenue in Minneapolis. Which gave us our own light-bulb moment. Rather than just recycling your copy of the *Minnesota Journal*, consider that other green alternative, reuse, and pass it along to someone else at your gym, doctor's office, or community center. It's a great way to share good ideas and to tell others about the Citizens League. And let us know if you spot the *Minnesota Journal* out on the town!

## THANK YOU TO OUR NEW SUSTAINING MEMBERS

Lee Anderson and William Fehrenbach  
Janna Caywood and Joseph Briggs  
Sandra and Vincent Kershaw

By becoming a sustaining member, your donation of regular monthly payments will help to ensure the organization has a consistent cash flow, and help us save on postage and processing time, so more of your membership donation goes toward achieving our mission. Becoming a sustaining member is simple, and available to all members at any contribution level. Go online to set up your sustaining membership today at <http://givemn.razoo.com/story/Citizens-League>.

## New and rejoining members, recruiters, and volunteers

### Individual members

Jeffery Amundson  
Lloyd Anderson  
Frank Anderson  
Antonia Apolinario-Wilcoxon  
Sarah Aughenbaugh  
Patricia Barrier  
Sophie Bell  
O. William Bruins  
Jane Campion  
Anna Catherwood

Katie DeBoer  
Anthony Deos  
Joshua Dye  
Anna Farrell  
Holly Folkers  
Christopher Giacomazzo  
Gerard Goulet  
Theresa Gravelle  
John Hickman  
John Hutchins  
Lisa Jones  
John Keller

Stephen Kelley  
Jeremy Kershaw  
LaRhae Knatterud  
Michael Kodada  
Greg Lauer  
Courtney Lawson  
Jennifer Leise  
Ali Lozoff  
Shannon Luckert  
Don McDaniel  
Renada Moehnke  
Brenda Natala  
Jessica Nilsen

Thomas Ostrom  
Patrick Phenow  
Diane Popovich Lynch  
James Schoettler  
Robert Shumer  
Linda Stone  
Emily Strand  
Mary Tkach  
Heather Vinge Hanson  
Irv Weiser  
Christine Wellner  
Mary Wilson  
Leanne Wirkkula

Heather Worthington  
Kristi Ziegler  
Ronald Zweber

### Firms and organizations

Advance Consulting  
Century College  
City of Moorhead  
Dakota Communities  
Fredrickson & Byron Foundation  
Himle Horner Inc

Metropolitan Sports Facilities Commission  
Minnesota Council of Churches  
Minnesota NAHRO  
Rochester Community & Technical College  
University of Minnesota University Relations

### Recruiters

Lee Anderson  
Adam Axvig

Alex Bakkum  
Nick Banovetz  
Robert Cline  
Robert Freeman  
Scott Hutchins  
Craig Johnson  
Sheila Kiscaden  
Christina Melloh  
Jeff Peterson  
Kathryn Roberts  
Karel Weigel

The Comcast Foundation has provided a generous three-year grant to help increase the involvement of young adults in the Citizens League. Our new Action Groups, [StudentsSpeakOut.org](http://StudentsSpeakOut.org), and our civic leadership programs have been made possible, in part, with Comcast's support since 2006.

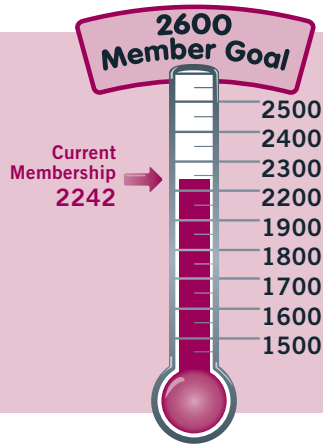


# ENGAGEMENT

What We're Doing and How You Can Get Involved

## 2010 MEMBERSHIP GOAL

Help us reach our goal of 2,600 members by the end of 2010. Don't forget to renew your own membership and recruit friends, colleagues, and family members to join the Citizens League (basic membership is just \$25 per year).



## CURRENT WORK

- **Aging:** Creating a new long-term care financing model that restores individual responsibility and collective financial stability.
- **Education reform:** Building on the 2009 report by the Charter School Policy Review Group, a member-organized group is evaluating current efforts and past and recent policy positions.
- **Energy:** A member-organized group is reviewing the 2002 Citizens League report "Powering Up Minnesota's Energy Future" to update and position the Citizens League in the current context.
- **Health and medical care:** A member-organized group is looking at the question: Has our supplier-driven medical care system eroded access to care and how should the Citizens League respond?
- **Judicial selection:** Supporting a ballot initiative to keep the judiciary independent and impartial. (For more details, see the article by Kyle Hawkins and Bruce Jones on page 6.)
- **Quantum Civics™:** Sean Kershaw is teaching lunchtime classes at Minnesota businesses, and board members Brian Bell and Diane Tran are again hosting Quantum Civics: Active Citizenship for Emerging Leaders. Visit the website to learn more.
- **Regional governance:** Advancing the Common Ground process from the 2008 Regional Policy Workshop, a member-organized group will develop the process, review Citizens League policy, and evaluate federal initiatives related to regional governance.
- **Transportation finance:** A member-organized group is examining and recommending more specific positions regarding value capture and working toward regional transportation solutions based on the 2005 report "Driving Blind."
- **Water:** Following the release of "To the Source: Moving Minnesota's Water Governance Upstream," in November, we are working with private and government partners to advance recommendations so that all individual citizens and institutions care for Minnesota's waters.



University students enjoy a slice of pizza during the event, "Keeping Your Piece of the Pie," a discussion about financial literacy. Presented by the Citizens League, St. Kate's, and M&I Bank. Supported by the Comcast Foundation and M&I Bank.

## IMPACT

- Members and community participants donated almost **12,000** hours towards the Citizens League's work in 2009. Of that, more than **3,300** hours went directly towards policy work.
- We organized leadership and support to pursue the **Urban Partnership Agreement**, which resulted in \$190 million in state and federal funding to reduce congestion through transit improvements and "free-flow pricing" in the I35-W south corridor. Go to [www.citizensleague.org/blogs/policy](http://www.citizensleague.org/blogs/policy) for an update.
- The **Minnesota Mental Health Action Group's** work culminated in 2007 with the most comprehensive mental health legislation and funding reform in two decades.
- We have created a searchable **online library** of nearly 500 Citizens League policy reports. You can use this resource to research, evaluate, and advance public policy positions.

The Citizens League's **civic policy agenda** is a new model for policymaking, based on our operating principles, which asserts that all people and organizations have an essential role in developing the imagination, skills, and resources to govern for the common good. To find out more, visit the [website](http://www.citizensleague.org).



Find more information about all of our work at [www.citizensleague.org](http://www.citizensleague.org).

To get involved, contact Catherine Belmann at [cbelmann@citizensleague.org](mailto:cbelmann@citizensleague.org) or 651-293-0575 ext. 10

# TAKE NOTE

## Innovation Spotlight

### TAXING NACHOS AND OTHER TASTY BUT BAD-FOR-US FOODS

Would it be more effective to tax unhealthy food or subsidize healthy food in order to combat obesity in America? Leonard Epstein, psychological scientist at the University of Buffalo, recently conducted an experiment to discover whether taxes or subsidies change the behavior of grocery shopping moms. Epstein created a simulated grocery shopping experience and had the moms shop there several times. Researchers priced food items comparable to nearby grocery stores and provided nutritional information for each item. In some cases unhealthy food was taxed (the price increased by 12.5 or 25 percent); in other scenarios, good food was subsidized. The research, published in the journal *Psychological Science* and reported on the website *Science Daily*, found that taxing bad food was more effective than subsidizing good food. Volunteers tended to use money they saved through subsidies to splurge on bad foods, while outright taxation led to a decline in the overall amount of bad food purchased. Going forward, research like this may help determine future public health policy on obesity.



### HEALTH OUTCOMES FOR WHOM

What's the purpose of reporting of health outcomes? It depends on who you ask.

A recent [poll](#) of health care experts and executives conducted by Twin Cities Business found that 59 percent of health care experts think the data should be used to improve clinic and doctor performance, while 61 percent of business executives said the data should be used to help patients choose the best health care providers.

Of course it is possible to make the data available to both doctors and patients but the difference in goals between executives and health care experts shows how difficult improving the system may be. The [Minnesota Community Measurement](#) project has been measuring health care performance for the past five years and on January 1 became the collector of record for the Minnesota Department of Health. In the future all physician clinics will be required to submit data on health outcomes to the state. Whether used to improve physician performance or aid patient choice, more data will help everyone understand the issues involved and identify ways to save money on one of the fastest growing areas of the economy.

### TOBACCO USE THAT IS GOOD FOR YOU

Current methods for making vaccines are slow and cumbersome and, as recently demonstrated during the H1N1 pandemic, inefficient for responding to large-scale outbreaks. Project GreenVax, sponsored by Texas A&M University and pharmaceutical



company G-Con, is testing the use of tobacco plants as an incubator for the vaccine instead of chicken eggs, the *Scientific American* [reports](#). A new facility is being constructed from prefabricated modules on the Texas A&M Health Sciences Center to test the scalability of the new technology. By combining quick-to-assemble prefabricated laboratories with bioengineering, scientists hope to develop a rapid response plan for future pandemics.

### PARKING LOTS ARE SO YESTERDAY

The city of San Francisco is exploring ways to add more green space to the urban environment. Dubbed the [Pavement to Parks](#) initiative, empty parking lots and public right-of-ways are being set aside as "parklets." New York City did something similar in 2009 when it temporarily closed a portion of Broadway at Herald Square to automobile traffic and created a pedestrian-friendly environment. That Manhattan project has proven so popular, the city plans to make the change permanent. The San Francisco parklet project evolved from the annual [PARK\(ing\) Day](#) celebration organized by the arts group Rebar.



### WINDY CITY GOES GREEN

The architecture firm Adrian Smith + Gordon Gill recently completed work on the "[Chicago Central Area DeCarbonization Plan](#)." The ambitious plan calls for a 25 percent reduction in carbon emissions below 1990 levels by 2020, and a 100 percent carbon reduction for new and renovated buildings by 2030.

The report focused on eight strategic areas: buildings, density, infrastructure, mobility, water, waste, energy, and community engagement. Recommendations for reducing the central city's carbon footprint include a below grade "pedway" to encourage walking the Loop in extreme weather, re-purposing underground tunnels for pneumatic waste disposal, and publishing *The Green City*, a textbook primer on decarbonization and urban design for public school students.

### ALTERNATIVE ALTERNATIVE ENERGY RESOURCES

Although our efforts to find cleaner sources of energy focus mostly on the sun and the wind, there are many other possibilities as yet untapped. The website [Mother Nature Network](#) posted 10 of them, including saltwater, heliiculture (combining brackish water, nutrients, photosynthetic organisms, carbon dioxide, and sunlight to produce fuel), piezoelectricity (tapping the kinetic power of human movement), ocean thermal energy conversion, and sewage. Check out the rest of the list [here](#).



Take Note compiled by Todd Suomela.





## Cynicism is a luxury we cannot afford in public policy

It's time to imagine and create a better policy model based on human capacity

by Sean Kershaw

**C**ynicism has become one of the defining characteristics of our age. From the hyper-partisanship and policy-grandstanding in Washington D.C., to the election-year fears of Minnesota gubernatorial candidates confronting the entrenched interests in their own parties, the culture of cynicism runs deep—and is deeply caustic to our future success. Rome isn't burning, but the match is smoldering.

Cynicism is hardly a new feature of our political landscape, as evidenced by this quote in the Citizens League's first newsletter in 1952.

*"Every day we hear folks 'gripping' about some phase of our government. These complaints are usually general in nature and cynical in tone: 'Things are a mess, but what can I or anyone else do about it?'"*

The Citizens League's founders didn't allow cynicism to paralyze them then, and we shouldn't now. They created a new model for citizen-based policymaking that brought citizens into the process where they could *do something* about it. Citizens League members developed break-through ideas to address our state's problems (tax base sharing and charter schools), and the political leadership capacity to move these ideas from report to reality (David Durenberger and Gary Cunningham).

### NEW PROBLEMS, NEW SOLUTIONS

But our policy challenges, and the fundamental factors that define our economy, our politics, and our society have changed dramatically. Traditional bureaucratic hierarchies have been replaced by vast decentralized networks. Government is bombarded by single-issue interest organizations. Technology has devastated traditional media and transformed the ways that we learn and share information. We have created a culture that over-values experts and turns citizens from producers of democracy into passive consumers of public culture. Our processes for gathering public input are frequently ineffective and frustrating.

In many ways, the current public cynicism in government is justified because cynicism has become a defining characteristic of our politics, governance, and public policy processes. Meaningful civic input has been pushed to the side. No wonder people feel stuck—and angry.

Cynicism is a luxury we cannot afford given the pressing problems we face. The current model for policymaking is failing and it's time for us to do something—again. We have the opportunity to reinvent civic policymaking in Minnesota, just as the Citizens League's founders did, and our economic and political problems make it imperative that we do so. Our recent work on poverty has shown us one way forward.

### CONFRONT POVERTY WITH CAPACITY

Belief in "human capacity" is the bedrock value on which the Citizens League's operating principles sit. But embedded within many of our existing public policies created to address poverty is the fundamental belief that people are incapable of doing better—of becoming more prosperous and contributing to the prosperity of our democracy and economy.

Why else would we penalize people for earning more by reducing benefits and support faster than their income rises? Literally pulling the rug out from underneath them. Why else would we create a system that forces the poor to enroll in multiple programs, each with its own onerous requirements and oversight? As one community leader said, we've made being poor a full-time job.

Certainly, these policies don't truly benefit the poor in any long-term way, or advance our societal goals of helping people become productive, tax-paying citizens. The system is unintentionally designed to keep people poor and perpetuate a culture of poverty.

The good news is that it's possible to reinvent the policymaking process and achieve better policy outcomes. To truly address poverty, or many of our other

intractable problems, we need a new model for policymaking that captures and develops civic capacity.

In our work on poverty we didn't just pay lip service to some romanticized or politically-correct notion of what poor people need. We brought people who are struggling to get ahead to the table and gave them an authentic role in defining the challenges and identifying solutions.

The process not only helped develop the political capacity of those individuals, but of the policy "experts" who learned firsthand how well-intentioned public policy can fail those it is intended to help.

### INNOVATION AND IMPACT

As we approach our 60th anniversary in 2012, we've set a number of strategic goals for this organization. The first is to have a greater impact on public policy. This is the same goal we've always had, but we're exploring new ways to achieve it that break from current approaches to policy. By bringing the people impacted by a problem into the policy process and engaging all the stakeholders in new ways, we develop the capacity for new and innovative ideas and build the relationships necessary to advance our recommendations.

Nearly six decades ago, the Citizens League's founding leaders found an antidote to cynicism in citizen-based policymaking. We're called to the same task: bring the capacity of Minnesotans together to develop a better process for policymaking that can help us solve our most pressing problems. ●

Sean Kershaw is the Citizens League's Executive Director. He can be reached at [skershaw@citizensleague.org](mailto:skershaw@citizensleague.org), [@seankershaw](https://twitter.com/seankershaw) (Twitter), Facebook, or his blog at [citizensleague.org/blogs/sean/](http://citizensleague.org/blogs/sean/).



## Rule changes politicize the election process and threaten the impartiality of Minnesota's judiciary

A proposal to amend the state constitution would change the way judges are elected and increase oversight of sitting judges

By Bruce Jones and Kyle Hawkins

Minnesota has a long and proud tradition of an independent and impartial judiciary. But a combination of recent judicial decisions, the evolution of mass media, and the increasing stridency of some business, political, and social interests threatens to turn Minnesota's judicial election process into a contentious partisan exercise, with mud-slinging ads that distort judicial records and multi-million dollar judicial campaigns.

The problem is not limited to one particular party, interest group, or point of view. In recent years, expensive and vicious campaigns have defeated both conservative/Republican judges and liberal/Democratic judges. This is everyone's problem.

Many of these threats come from outside parties who are not interested in fair administration of justice in Minnesota, but in seating specific judges who would reach specific outcomes on specific issues. Such expensive, partisan campaigns raise the spectre of elected judges who would (consciously or not) skew their decisions in favor of litigants who contribute to their campaigns or otherwise aid in their election. Just as importantly, such campaigns could poison the public's perception of the judiciary as fair, unbiased, and nonpartisan.

This session, the Minnesota Legislature is expected to vote on a proposal to amend the state constitution to change the way judges are elected, replacing the current system of multi-candidate, contested elections with a single, yes-or-no retention vote. The proposed amendment also calls for the creation of a public body to evaluate and report on judicial performance. The proposed amendment has the backing of the [Coalition for Impartial Justice](#), a group of 22 civic-minded organizations committed to maintaining the integrity of Minnesota's judicial system. If approved by the Legislature, the measure would go before voters in November.

### THE STATE OF JUDICIAL ELECTIONS IN MINNESOTA

Judicial elections have existed in Minnesota since the state joined the Union in 1858. Minnesota Constitution Article VI, §7, provides: "The term of office of all judges shall be six years and until their successors are qualified. They shall be elected by the voters from the area which they are to serve in the manner provided by law."

When a vacancy occurs during a judge's term, the governor may appoint a successor. In practice, this is how most Minnesota judges first take office; since 1917, only six of the 53 Minnesota Supreme Court justices have been elected to the bench. Any appointed judge must run for election "at the next general election occurring more than one year after the appointment." Judges must also run for reelection every six years thereafter.

Under the landmark 2002 U.S. Supreme Court decision in *Republican Party of Minnesota v. White*, judges seeking election and reelection have a First Amendment right to campaign freely, to fundraise at large gatherings, and to air political ads that take substantive positions on disputed legal issues. Under this year's Supreme Court decision in *Citizens United v. Federal Election Commission*, corporations may spend unlimited funds campaigning on behalf of judges they feel will best advance their agendas.

### THE NATURE OF THE THREAT

Minnesota's practice of contested judicial elections, coupled with the *White* and *Citizens United* decisions, opens the door to judicial elections marked by inflammatory campaigning and divisive rhetoric. It will likely drive up election costs and force judges to pay more attention to the vagaries of public opinion and less to the rule of law. The ultimate concern, of course, is that when partisan judges run issue-based campaigns to appease *du jour* political majorities, certain litigants may not receive a fair hearing, or, nearly as important, may not *believe* they have received a fair hearing. Although Minnesota has not yet been subjected to big-money judicial election campaigns and attack ads, that is only a matter of luck and timing. Three of the six most expensive, contested judicial election campaigns in recent years have occurred in Michigan, Ohio, and Wisconsin. Ohio voters were bargained by more than \$20 million in judicial campaign advertising in recent years, and a single 2004 Illinois judicial race prompted the two candidates to raise and spend more than \$9.3 million, the most expensive judicial race in American history. As for Wisconsin, candidates for the state Supreme Court in 2007 and 2008 spent an estimated \$6.6 million. And the cost of judicial campaigns is likely only to grow.

These highly financed campaigns have generated attack advertisements (mostly on television) that will profoundly trouble anyone who values respect for the judiciary. Some of the most egregious advertising occurred in Wisconsin, where in 2008 challenger Michael Gableman unseated Justice Louis Butler, the state's first African-American justice and the first Wisconsin incumbent justice to lose an election in 40 years. Gableman ran advertisements evoking the racially provocative Willie Horton ads from the 1988 presidential campaign. The ads displayed a photograph of an African-American offender while the announcer intoned:

*Louis Butler worked to put criminals back on the street. Like Ruben Mitchell who raped an 11-year-old girl with a learning disability. Butler found a loophole. Mitchell went on to molest another child. Can Wisconsin families feel safe with Louis Butler on the Supreme Court?"*

The audio and video of similar ads from a recent Michigan Supreme Court race may be found at on the Brennan Center for Justice [website](#).

The problem is not limited to one particular party, interest group, or point of view. In recent years, expensive and vicious campaigns have defeated both conservative/Republican judges (Michigan Chief Justice Taylor, Mississippi Chief Justice Smith) and liberal/Democratic judges (Illinois Judge Gordon Maag, Wisconsin Justice Louis Butler). This is everyone's problem.

### THE THREAT TO AN IMPARTIAL AND INDEPENDENT JUDICIARY

Such extravagant spending and attack advertising pose a serious threat to the impartiality of the judiciary, both actual and perceived. When judges need to spend money to stay in office, fundraising and the advertising it buys cannot help but influence judicial decisions and diminish the standing of judges in the eyes of the public.

Expensive campaigns, especially those employing television ads, are unfortunately highly correlated with election victories. Between 2000 and 2004, 29 of the 34 state Supreme Court races that involved television advertising ended with the top television advertiser as the victor. But what do judicial campaign contributions *buy*? Unlike a governor or a legislator, a judge does not define social policy, or create programs, or set financial priorities; a judge applies the law to a particular set of facts in a particular case. So the only apparent thing of value that a campaign contributor can get is the application of the law, an exchange that is anathema to the rule of law on which American society is premised.

The exorbitant campaign contributions and attack advertising also threaten the independence of the judiciary. Although most Minnesota judges are appointed by a politically-elected governor, the Minnesota judiciary operates with a high degree of independence from the state's political parties and from the vagaries of public opinion that can affect those parties. The *White* decision, however, has opened the door to much greater political party involvement in judicial elections. The former restrictions on candidates' ability to identify party membership, attend political gatherings, and personally ask for campaign contributions in writing or from large groups are gone. Thus, although judicial elections in Minnesota remain technically "nonpartisan," political parties may now play a significant role in judicial campaigns.

Finally, the current contested-election system in a very real sense works *against* both public oversight of the judiciary and the judicial accountability such oversight encourages.

Since 2000, more than 90 percent of judicial elections in Minnesota have been uncontested. Such uncontested elections have offered voters no real opportunity to say whether those incumbent judges should remain on the bench. At present, voters cannot vote "against" an unopposed incumbent; unless there is an

The ultimate concern, of course, is that when partisan judges run issue-based campaigns to appease *du jour* political majorities, certain litigants may not receive a fair hearing, or, nearly as important, may not *believe* they have received a fair hearing.

opponent to vote "for," the incumbent *will* be reelected. Thus, no matter what good reasons voters might have to want to unseat a sitting judge—competence, temperament, bias, or some other reason—the present system does not provide voters with any real option to remove an incumbent judge from office. Judicial retention elections would address this problem.

### THE PROPOSED AMENDMENT

The proposed constitutional amendment leaves intact the existing Minnesota system for filling judicial vacancies. When a judicial seat becomes vacant because of death, retirement, or for some other reason, the governor appoints a person "learned in the law" to fill the seat. The governor appoints a judge from a list of between three and five nominations made by the existing Merit Selection Commission.

The proposed amendment would eliminate contested judicial elections. Instead, each appointed judge would stand for a retention election at the next regularly scheduled general election held more than three years after the judge's appointment. If a majority voted to retain the judge (blank votes do not count either way), the judge would serve an eight-year term, then face another retention election. If the majority voted against retaining a particular judge, the office would be regarded as vacant and the governor would appoint a new judge to fill the vacancy.



## JUDICIAL PERFORMANCE EVALUATIONS

The proposed amendment complements the retention elections by providing for creation of the Judicial Performance Commission to evaluate judges in a nonpartisan manner. The commission would consist of 24 Minnesota residents appointed for up to three terms each. The commission would gather data on each judge using anonymous survey forms distributed to a representative sampling of attorneys, litigants, other judges, and others who have direct contact with the judges. Then, shortly before the retention election for that judge, the commission would publish a summary and analysis of that data.

Retention elections would allow voters to better fulfill their role in determining whether judges should keep their seats on the bench. Ninety-three percent of Minnesotans in a 2008 survey supported allowing the public to vote on whether judges should remain in office. In contrast to the current system, where unopposed incumbents are all but automatically reelected, the proposed retention elections would require every sitting judge to face the voters on a regular basis and would give the voters an effective opportunity to make their voices heard.

When judges need to spend money to stay in office, fundraising and the advertising it buys cannot help but influence judicial decisions and diminish the standing of judges in the eyes of the public.

In addition, the judicial performance evaluations would greatly improve both the nature and the amount of information available to voters.

The proposed constitutional amendment would take a major step in sparing Minnesota from the types of exorbitant and abusive judicial campaigning that have taken place in other states. The adoption of retention elections would also lessen the likelihood of campaigns that simply attack an incumbent based on a particular set of substantive rulings. Any defeated judge's replacement would be appointed by the governor drawn from Merit Selection Commission nominations. As a result, those who might wish to unseat an incumbent judge could not necessarily count on that judge's replacement being any more favorable to their particular position than the defeated judge, likely reducing dramatically the amount of money funneled into such campaigns.

In addition, should such attacks occur, judges would be able to use the objectively-based, nonpartisan judicial performance evaluations both to protect themselves against unfair special

## The Citizens League's position

In order to maintain our impartial and independent judiciary, Minnesota needs to change the way judges are selected and elected.

The Citizens League, as part of the Coalition for Impartial Justice, supports legislation (HF224/SF70) to establish a ballot initiative in November 2010 to amend the state constitution.

Citizens League members are advancing this position by contacting their legislators and spreading the word to other citizens in preparation for a statewide campaign this fall. In order to pass, a majority of Minnesotans voting in the election will have to vote yes on this initiative.

Find your legislators' contact information and talking points on the Citizens League website, and look for updates at [www.citizensleague.org/blogs/policy](http://www.citizensleague.org/blogs/policy).

interest attacks and to refocus the voters' attention on the factors properly bearing on whether a judge should be kept in office.

The proposed changes would also encourage and increase the likelihood of a Minnesota judiciary consistent with the increasingly diverse population of the state. Nationwide data show that persons of color are far more likely to reach the bench through merit selection and appointment than through contested elections. Minnesota's experience is similar: Of the state's 25 sitting judges of color only three—Justice Alan Page and Judges Susan Burke and Gail Chang Bohr—reached their seats through election; the remaining 22 were gubernatorial appointments.

Nearly every Minnesotan has contact at one time or another with Minnesota's court system in matters as diverse as traffic tickets, divorces, employee disputes, or small claims court. Minnesotans' faith in that judicial system is critical both to the effective operation of that system and to the public's confidence in government as a whole. Contested judicial elections under these circumstances pose a very real threat to that faith.

Minnesotans overwhelmingly support merit selection with retention elections. The time to act is now. Once Minnesota has had a nasty, expensive, contested judicial election it will be difficult to put the genie back in the bottle. As former Chief Justice Russell Anderson told the *Star Tribune*, "If big spending on judicial races doesn't come to Minnesota in this election cycle, it will soon. When it gets here, it's going to be very difficult to change." ●

*This article is excerpted from a Minnesota State Bar Association white paper published in Bench & Bar, February 2010. The full version, complete with detailed citations, footnotes and analysis, is available at [www.mnbar.org/impartialjustice/WhitePaper.pdf](http://www.mnbar.org/impartialjustice/WhitePaper.pdf).*

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## Chutes and ladders

continued from page 1

Another consequence of navigating the line is that it forces poor people to spend much of their time creating a “closed loop” of connections—interfacing primarily with caseworkers or other professionals. There’s little time left over to connect with family or community, or to develop the relationships and networks that could support and guide them towards prosperity.

Reliance on the poverty line has led to a system based on control rather than independence. The rules of the current welfare system are based on proof of status and the use of punitive sanctions to control individual behavior. Yet, ironically, the way people respond is a reflection of the expectations set by the system. When the system treats people with mistrust and sets low expectations, they are less likely to take ownership of their interactions within that system. The message of our welfare system is clear: Government will make the decisions; responsibility for outcomes is not your concern. In this way, the poverty “mindset” can result. Conversely, if the primary approach was to trust people to make sound decisions, hold them responsible for outcomes, and provide access to community resources that can guide and aid success, they would be much more likely to respond with ownership, determination, and confidence.

Our current control-based approach to service delivery, which relies on coercion and sanctions, uses resources inefficiently and produces a low return on investment in human capacity. When the priority is to insure that only “the deserving poor” receive assistance, the focus on efforts to prevent poverty is lost in the details of a structure oriented toward reacting to problems or deficits, rather than defining opportunities or strengths. Systems are set up to respond only to immediate crises, not to provide pathways to prosperity.

## WHAT NEEDS TO CHANGE

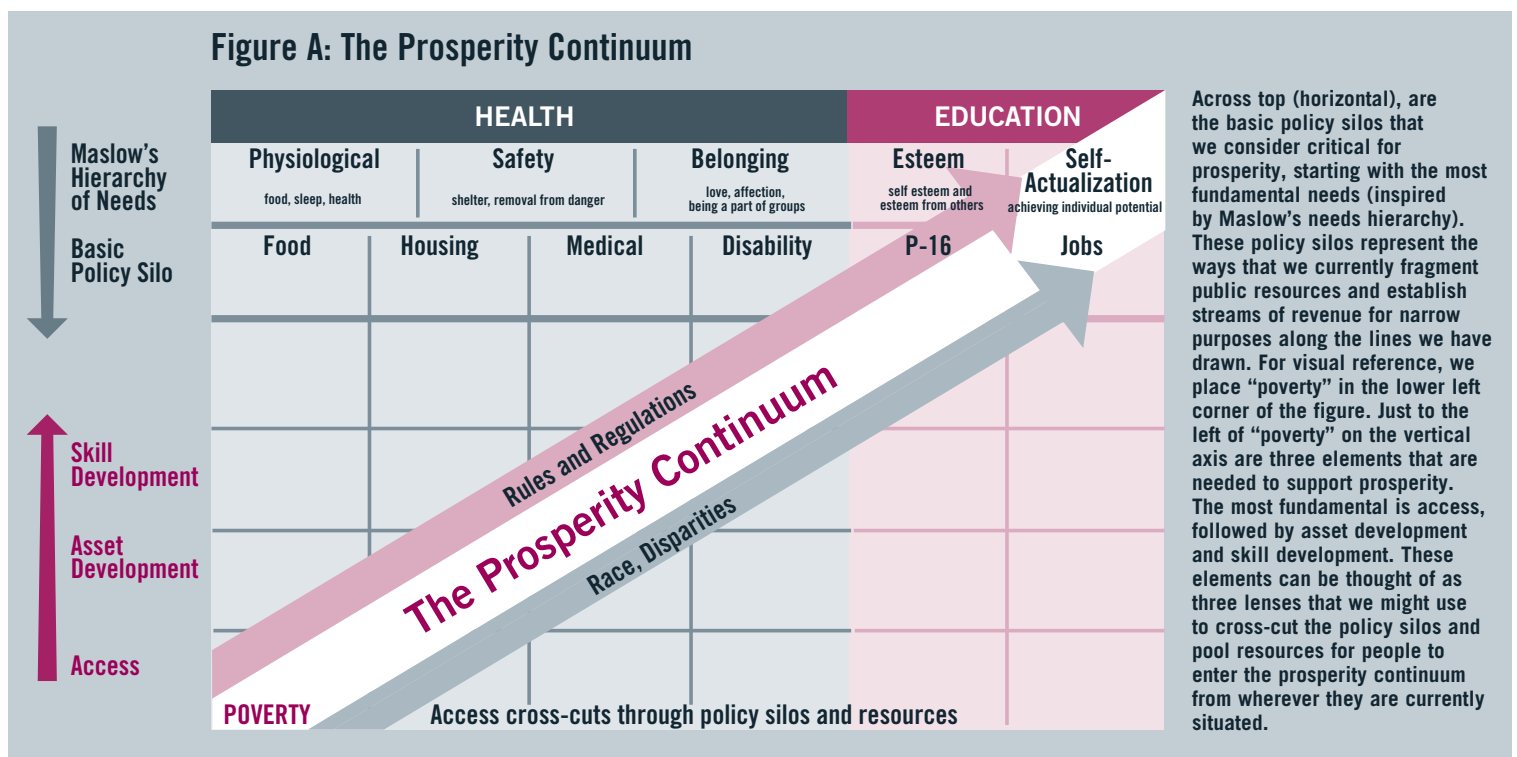
Policies to address poverty in Minnesota are a Catch-22 for the poor. What those without resources need most is what they don’t have—money and connections—and the legal pathways available to them to earn money and build and sustain connections often result in the loss of resources instead. Our current approach exacerbates an already difficult situation by taking resources away from the upward-moving poor. Rather than create barriers and dependency, we should create pathways out of poverty that promote independence.

Prosperity won’t be achieved with our current system of well-guarded lines. Instead, we need to develop a continuum of access (see Figure A), and a new framework with different incentives. We must imagine a different formula, one that adds ladders and blocks chutes to increase the ability of those in poverty to advance economically. The prosperity continuum is not a construct only for the poor—but for all Minnesotans. As long as the poor must play by different (more challenging) rules, they will struggle to get ahead. It’s worth noting that more and more Minnesotans are at economic risk as the probability of chutes—job loss, a health crisis, and foreclosure—grows.

## THE PROSPERITY CONTINUUM

All Minnesotans, not just those in poverty, are on the prosperity continuum represented by Figure A. Assets, capacities, and connections determine where.

The continuum, as represented visually, leads to the higher needs on Maslow’s Hierarchy that are more associated with education. Running along the continuum are the barriers that our current



system and society have erected to prosperity. The rules and regulations that require the primary activity of navigating the lines of access and the disparities based on race and income are embedded in many institutions and opportunities for prosperity.

Adjusting the current system and making it easier for people to access resources can help, but the current structure is too limiting to significantly develop human capacity and build civic infrastructure in the ways that we envision.

The ideal prosperity continuum will:

- Create barriers to downward movement through connections, networks, civic infrastructure, peer-to-peer accountability, and prevention-oriented assistance.
- Remove barriers to upward movement, such as lack of access, asset restrictions, excessive rules, and systemic disparities.
- Provide momentum for upward movement through access to healthy choices, appropriate medical care, education, asset development, and opportunities to develop capacity.

Our current approach exacerbates an already difficult situation by taking resources away from the upward-moving poor. Rather than create barriers and dependency, we should create pathways out of poverty that promote independence.

Health, education, and access to services, resources, and opportunities create the foundation of the prosperity continuum. Poverty is strongly linked to poor health, especially in young children. It can be difficult to determine which is causal—poverty or poor health—as they have a reciprocal relationship. The cost of health care in United States is significant factor in health outcomes. Inadequate housing is linked to poor health in a fundamental way.

In much the same way that our policies react to poverty rather than support prosperity, our medical care system pays for illness—focusing on individual treatment instead of paying for community health. In both cases our systems and resources are not focused mainly on prevention.

Much like our welfare system forces resources to navigate the line, our medical care system does the same—segregating health issues into areas of specialization, creating disconnect from the whole person or community context.

## HOW WE BRING ABOUT CHANGE

The Pathways to Prosperity Committee is working on detailed recommendations in support of this broad over-arching statement:

*To support prosperity, we must move from guarding a series of lines to supporting a continuum of prosperity.*

Minnesota must fundamentally redefine and restructure our policies away from “reacting to poverty” toward “supporting prosperity.” To structure this, we will focus on three areas that align with our stated values (see sidebar):

- family independence (human capacity)
- community networks (civic infrastructure)
- government role (fairness and equity)

## FAMILY INDEPENDENCE

*Give incentives directly to families and hold them accountable for identified outcomes.*

To move towards prosperity, families must gain and retain management responsibility for their financial recovery and future success. And they must be given clear outcomes that tie to the incentives. One of the fundamental shifts we must make in Minnesota’s approach to poverty is to rethink our conception of the role of families experiencing poverty. We believe most Minnesota families have the capacity for independence, and that our policies and systems should be designed to take advantage of that capacity. Our system should build on this strength and provide guidance, without taking away decision-making responsibility.

*Recast the role of welfare practitioner from a service delivery agent or caseworker to one of asset investment advisor or broker.*

The relationship between social service practitioners and the family has huge implications for the family’s independence and their perception of control over their own destiny, and it has implications for the family’s sense of ownership in outcomes and their confidence in their ability to succeed. Given this, the current role of human and social service practitioners should become one of advisor or broker, providing families with a comprehensive assessment of their assets—including human, social, and community assets—and of the range of opportunities from which they might choose as they plot a course out of poverty and towards prosperity. This could include a menu of available resources within their community they could access for support, capacity building, and mutual problem-solving.

## COMMUNITY NETWORKS

*Create structures to provide a community network of supportive families.*

A second fundamental shift we must make in Minnesota’s approach to poverty is to rethink our conception of the role of communities in helping families experiencing poverty. Just as families are collections of individuals, our communities are collections of families. Creating structures within communities, such as networks, is one way to provide the kinds of connections people need to move out of poverty and towards prosperity.

*Provide cross-training for practitioners combined with a team-oriented organizational structure.*

We touch on this in our second recommendation, “Recast the role of welfare practitioner,” which calls for moving to an asset-based rather than a problem-based approach to working with families. This recommendation focuses on how the system will need to change to accommodate this new approach to working with families. For example, organizational structures may need to change so that practitioners are able to work in teams.

All Minnesotans, not just those in poverty, are on the prosperity continuum represented by Figure A. Assets, capacities, and connections determine where.

## GOVERNMENT ROLE

*Reallocate current resources toward policies and structures that support independence and move away from a welfare system that is ineffective at moving significant numbers of people toward prosperity.*

New approaches must provide flexibility that allows for pooling resources and integrating assistance in ways that take the whole person into consideration. Similarly, our approach should consider the person or child in the context of family, and families in the context of their communities and their socioeconomic circumstance. Our system should be oriented around choice, autonomy, and self-management of incentives and benefits. For those families in need of more intensive assistance, supports should be integrated and embedded in the community setting and should use a strengths-based perspective (identifying strengths within a family and using those to work on areas of improvement).

*Minnesota must remove asset limits for families seeking to work their way out of poverty.*

Minnesota must fundamentally rethink the purpose of our welfare programs and who has access to prosperity. We must move away from drawing the line and policing that line, and instead encourage families to save, invest, and earn more in order to move toward prosperity.

These are just some of the ideas under consideration. The completed Pathways to Prosperity committee report will begin to explore the examples and methods that can guide these changes and serve as a working document for the implementation efforts that will follow. ●

Bob DeBoer is the Citizens League's Director of Policy Development. He can be reached at [bdeboer@citizensleague.org](mailto:bdeboer@citizensleague.org) and at 651-293-0575 ext. 13.

Janna Caywood contributed to this article.

## Values that guide our approach

Phase III of our work on poverty identified three fundamental values that should undergird policies and programs to reduce poverty and build prosperity.

### HUMAN CAPACITY

All Minnesotans have the capacity to understand complex public issues and to problem-solve and devise solutions. When faced with poverty, families should have the opportunity to use this capacity to better understand their own personal strengths; the processes, structures, and policies of organizations with which they interact; and the social and economic context in which they live that may help or hinder their pathway out of poverty.

Families should not waste their human capacity navigating a series of lines that leave them trapped in poverty. Policies and programs should tap the capacity of families to be independent, provide a sense of ownership for outcomes, build confidence in their ability to succeed, and provide opportunities to engage with others in their community to problem-solve for the common good.

### CIVIC INFRASTRUCTURE

In order to assert their human capacity to govern for the common good, Minnesotans need the means to deliberate and make democratic decisions as a society. Civic infrastructure is the organizational and social structures, both formal and informal, that provide connections between members of a community, between practitioners and families, between disparate programs, between policy advocates and decision makers, that reinforce the ability of whole communities to collaborate, build resources and networks, and collectively support the community's pathway out of poverty.

Families should not be limited to a closed loop of connections that leave them isolated from their communities. Policies and programs should build the kind of structures that make it possible for families to be supporters and builders of community-level problem-solving, not just receivers of services.

### FAIRNESS AND EQUITY

The “who” of poverty reveals the inequalities present in our society. All Minnesotans deserve access to the prosperity continuum regardless of race, gender, or income. The ability to build assets, capacities, and connections is essential for moving up the prosperity continuum.

Families receiving assistance should not be penalized for accumulating the very assets needed to move out of poverty and towards sustainable prosperity. Policies should define government benefits in an accurate way that distributes resources equitably.





## K-12 schools seek to connect STEM and community engagement

Using skills taught in STEM classes to solve real community problems enhances students' sense of civic responsibility and citizenship

by Caryn Pernu

As improving science, technology, engineering, and math (STEM) education becomes an important focus both in Minnesota and across the United States, educators and advocates have been finding creative ways to engage young people in solving real problems in their communities as they learn STEM subjects.

At Central High School in Duluth, physics teacher Kevin Michalicek enlisted Andy Remus, an electrical engineer from Minnesota Power, to help teach his 12th grade honors physics students about alternative energy sources. Soon the class began exploring the possibility of building a windmill at their school, perched high on a windy hill overlooking Lake Superior. Students used the concepts they were learning in class to design logistics, develop a plan for using the energy, and engage community

Intentionally connecting STEM and community engagement reaps rewards beyond improved academic knowledge and skills for young people.

members in investigating zoning regulations and potential liability issues. In the end, they learned not only the physics of power generation and windmill design, but how to navigate school policy and city government, and how to advocate for community projects. It became a truly interdisciplinary project, blending hands-on physics and engineering with authentic civic engagement. "This was much better than reading about physics in a textbook," said Remus.

Combining academic coursework with real-world problem solving isn't new, service-learning has been around for decades. But it is getting increased attention from researchers and policymakers both nationally and in Minnesota as people search for ways to improve instruction and academic outcomes. Last year, the Edward M. Kennedy Serve America Act offered new federal investments in this kind of teaching, particularly targeting students in disadvantaged neighborhoods. [Learn and Serve America](#), the program within the Corporation for National and Community Service that works with K-12 schools, funds programming, largely in the social studies and sciences, for 1.1 million students a year.

In Minnesota, about 40 schools receive service-learning funding from Learn and Serve America through the Minnesota Department of Education, and another five schools receive funding specifically for STEM-related community projects through the Generator Go Green Initiative, funded by Learn and Serve America and administered by the National Youth Leadership Council.

In 2009, the Minnesota P-16 Partnership—a coalition of statewide education groups and representatives from government,

business, and other private sectors—published [recommendations](#) for improving STEM instruction in Minnesota. Among the major curriculum recommendations: integrate STEM subjects with each other and other subjects. "Schools should be encouraged to bring language arts, math, science, and social studies together to explore big ideas and issues that interest students," the report urged. In instruction, the report called for high schools to focus more on depth than breadth of content "so that students can acquire a deeper understanding of the subject matter and so that there will be enough time for teachers to incorporate project-based programs that inspire students to explore further inquiry. Funding should be made available to permit teachers and students 'real-life' experience in the application of STEM knowledge and skills."

Service-learning has been shown to have powerful effects; improving student engagement in school and learning, improving academic performance on subject-matter exams, enhancing civic responsibility and citizenship, and improving students' interpersonal and social skills. Students overwhelmingly enjoy learning this way. A 2006 study of high school dropouts conducted by [Civic Enterprises](#) reported that 64 percent of students surveyed said that service learning could have a big effect on keeping students in school, and 83 percent said that they would enroll in service-learning classes if their school offered them. Indications are that it can be an especially effective way of reaching students who have not responded well to traditional educational approaches. Organizations working for school improvement and reducing gaps in opportunities and achievement such as America's Promise Alliance, NYLC, the National Middle School Association, and the American Association of School Administrators encourage this kind of learning.

After school enrichment programs are also getting involved, helping students increase academic achievement in STEM by becoming more engaged in their communities. Minnesota 4-H, which reached 123,746 Minnesota youth in 2008, is no longer just about agriculture but also offers young people opportunities to explore STEM-related subjects and make a difference in their communities. Throughout the metro area and across the state, students in 4-H are working with businesses such as 3M and ESRI, studying how geography and community influence wind power projects, and using GIS/GPS technology to provide local policymakers with graphical maps to improve decisions affecting the local community's social, economic, or environmental conditions.

Intentionally connecting STEM and community engagement reaps rewards beyond improved academic knowledge and skills for young people. It makes communities stronger, gets more people invested in schools and education, and helps make young people visible assets in the community. ●

Caryn Pernu is managing editor at the National Youth Leadership Council in St. Paul and a Citizens League member. She serves on the Education Policy Advancement Committee.



# STEM and civic education, competing or complementary?

## The place where the two disciplines intersect offers an opportunity to enhance learning

by Rebecca Lahr

In the 19th century, the United States developed a system of public schools to create an educated and active citizenry for the health of our democracy; civic education was an important principle within the public school philosophy.

In the past two decades education priorities have shifted with the realization that in order to compete in a globalized world, math and science should be at the forefront of a public education. The STEM (science, technology, engineering and mathematics) subjects have increasingly gained the attention of policymakers and educators alike.

Last year, a Citizens League education action group began to explore the questions surrounding these two seemingly competing educational priorities. We began by asking questions: How can we improve the civic capacity of Minnesota's youth while still developing the technical skills needed for success in the 21st century?

Can understanding the impact of the politics involved in the placement of wind turbines, for example, create well-rounded scientists?

Can civic education be enhanced through its incorporation into STEM classrooms? How can STEM education, conversely, be enhanced by incorporating and developing civic skills? And with limited class time and many subjects competing for this time, is there a solution that can enhance both disciplines?

**Action groups** are designed to provide young Citizens League members with an opportunity to actively engage in a policy issue and to imagine and develop a project that addresses that issue. Our group consisted of five active members, with many others participating along the way. All of us are younger professionals between the ages of 23 and 30. We began with the broad topic of education policy and then narrowed our focus to high school civic and STEM education—two essential, but ostensibly conflicting ingredients needed for the development of enlightened and productive 21st century citizens.

After devoting much thought to an interdisciplinary approach to civic education and STEM, in January 2009 we partnered with SciMath Minnesota to convene a roundtable discussion on the current state of these disciplines and the feasibility of their collaboration. SciMath Minnesota focuses on educational policy of math and science-related fields, specifically within the K-12 setting. Facilitated by Joel Donna from the SciMath board, the conversation brought together a rich balance of people specializing separately in civic education or STEM. Participants included policy professionals, community leaders, curriculum creators, service learning specialists, high school teachers, and college professors.

The group began by articulating the strengths and weaknesses of civic and STEM education. Interestingly, many of the weaknesses of one discipline starkly contrasted with the weaknesses of the other.

- Civics is too political/STEM has the façade of being apolitical (no awareness of the democratic influence in STEM);
- Civics (in the broad sense) cannot be standardized/STEM is testable and there is a clear right and wrong (students discovering that which has already been discovered);
- Concerns of indoctrination with civics/lack of civil discourse in STEM

Can two negatives create a positive? Can understanding the impact of STEM issues on a real community, the politics involved in the placement of wind turbines, for example, create well-rounded scientists? Conversely, can bringing STEM into civics education lessen the potential for polarizing politics in the classroom, making it more inviting for teachers to discuss?

What are the real-world possibilities of this intersection? Many women and minorities are opting out of STEM fields because of the lack of relevance of STEM-related jobs, said one roundtable participant. Moreover, Minnesota has one of the biggest achievement gaps in the math field, according to the 2007 TIMSS (Trends in International Mathematics and Science Study) report. Another roundtable participant, who has worked on the development of college-level math curriculum, noted that including community issues in the coursework increases the relevancy of math for some students, and that having a curriculum that connects students to their communities and to math can easily lead to success in mathematics.

Although the conversation was very fruitful, it also seemed evident that great work still lies ahead. Questions remain unanswered. By bringing together two disciplines, are both enhanced, or do they simultaneously detract from core principles of each? There was also a hunger in the group for a better understanding of the teacher's perspective, and a desire to hear success stories.

As the work of the education action group concludes, we hope to have created awareness about the interdisciplinary ways in which civics and STEM can potentially interact. Our conversations suggest that the time is ripe for action. Perhaps with continued collaboration between STEM and civic educators, we can fully prepare the coming generation for the challenges they will face, both locally and globally, in technology, the environment, and democracy. ●

*\*A transcript of the round table event will be available soon. If interested, please contact Rebecca Lahr at [becky\\_anne34@msn.com](mailto:becky_anne34@msn.com).*

**Rebecca Lahr was a first-time participant of the action group program and the co-chair of the Education Action Group. She is an American Studies graduate of the University of Minnesota. This article was written with the help of all the action group members.**

# PERSPECTIVES

## Expanding Minnesota's Conversation



### Financial literacy should not be learned through trial and error

Action group sees a need for better financial education in schools and in the community

by Danielle Waldschmidt

**W**e have become a nation dependent upon loans and we have put too much confidence in debt management without enough upfront education on the basics. The current financial crisis is our most recent burning example, but it is not the first. The education system seems to be lacking in the area of personal finance. Individuals are forced to educate themselves or learn by trial and error.

Locally, Saint Catherine's University addressed this issue head-on after they noticed that financial difficulty was one of the recurring reasons why students did not finish their degrees.

Last year, the Citizens League formed an action group of six young professionals and students in their twenties who had an interest in financial literacy. We entered the group with varying degrees of exposure to financial issues. We all understood the importance of providing the proper resources so people can make responsible financial decisions. With the current financial crisis, we wanted to know what is being done to educate people about money management and what could be done differently.

At the first meeting, we discussed the need to make financial literacy available and navigable to a wide range of communities and populations. As a group, we found that we had not received adequate financial education in school, and our parents either weren't able to or didn't have time to educate us on an astonishing list of products, rules, and regulations while keeping themselves up-to-date.

We approached the issue of financial literacy from a personal perspective. We are all familiar with student loan debt, credit card debt, and first-time home-buyer products

and incentives. Many of us come from a privileged group. We were able to have almost anything we wanted and have been the targets of advertising seeking to convince us of the need for more and more material goods in order to be happy and secure.

I was lucky to be exposed to financial management principles while growing up. My parents opened a savings account for me at an early age. I added to that account with my allowance, which I earned working on the family farm. When I went to college I had significant savings. It was expected that I attend college and I didn't think twice before signing loans to pay for school. I was lucky to graduate when I did, and I'm lucky to hold a stable job and be able to repay my loans.

As we began exploring the topic of financial literacy we realized that numerous organizations, workshops, and events are already available in the community. The University of Minnesota Extension is helping pilot the Dakota/Scott County Financial Empowerment Collaborative. The collaborative publishes a newsletter of upcoming events and resources for Dakota and Scott County residents to assist them in improving the money management. Banks, local governments, libraries, non-profit organizations, and foundations are involved. Similar initiatives and pilot programs are taking place in neighboring states and across the country.

Seemingly endless resources exist online, and many are free and available to the public. One such resource is Mint.com, a free website that tracks where and how users spend money, and identifies ways to reduce spending.

Locally, Saint Catherine's University addressed this issue head-on after they noticed that financial difficulty was one of

the recurring reasons why students did not finish their degrees. The college is hosting a speakers' series for students focused on money management.

The Financial Literacy Action Group coordinated with St. Kate's on an event in February, "Keeping Your Piece of the Pie," to educate young adults about student financial aid, consumer lending, credit cards, spending and saving plans, and ways to avoid financial crisis.

Looking to the future, money management education will be important. One way to improve financial literacy is to require a class on money management that offers basic information that can lead to better financial decision making. From the experiences of our group, it is easy to see that this is an important first step.

It is important to remember that there are a wide variety of resources currently available. It is also important for community groups, businesses, and institutions like the St. Catherine's to continue to educate the public about financial issues, including home ownership, credit card debt, and student loans. "Keeping Your Piece of the Pie" was successful and may offer a model for other colleges or community organizations seeking to provide information on money management.

My participation in the action group helped me learn about the resources that are available. I even opened an account at Mint.com to track my expenses. I will use the wide range of services and products available to make wise financial decisions and educate myself and promote the resources available to my family and friends. I have seen the importance of proper money management and how education can be used to improve those skills. ●

**Danielle Waldschmidt is a Citizens League member and co-chair of the Financial Literacy Action Group. Michael Moriarity, co-chair of the action group, contributed to this article.**





## Being “banked” matters

A bank account can create a pathway to prosperity for millions of Americans

by Cassaundra Adler

**W**hen we think of important relationships in our lives we rarely think of our financial institution, yet this is one of our most important and enduring relationships. By virtue of being banked, individuals have access to online bill pay, direct deposit, debit cards, credit cards, and loans, in addition to an insured, safe place to stash rainy day funds for little or no cost.

But according to a December 2009 report by the Federal Deposit Insurance Corporation (FDIC), for some 60 million individuals, or 25 percent of U.S. households, this relationship is either lacking or undependable. These households spend more than \$12 billion annually at alternative financial service outlets.

Historically, the relationship between communities of color and financial institutions has been particularly tenuous: 53 percent African-American, 44 percent of American Indian, and 43 percent Hispanic households rely on check-cashing outlets, payday lenders, pawnshops, rent-to-own stores, and auto title lenders for day-to-day financial transactions.

Liberals and conservatives may agree on little these days, but even they could rally around initiatives that could potentially put more than \$12 billion in the hands of low-to-moderate income Americans, especially at no cost to taxpayers. Financial institutions, in partnership with community groups and government agencies, could develop new financial products to help the unbanked transition to mainstream financial institutions, while helping financial institutions tap into the \$100 billion non-bank financial services industry.

### UNLOCKING THE UNBANKED

There is no one reason why so many Americans are unbanked or under-banked (those who have a checking or savings account but still rely on alternative financial services a few times a year). The list below merely scratches the surface of this complex issue.

- **Poverty:** More than 17 million people earning less than \$15,000 a year are unbanked. Living paycheck-to-paycheck may be simplified by a cash-only lifestyle.
- **Cultural differences:** Those new to the United States may be skeptical of banks and unaware that their accounts are secured.
- **Previous account mismanagement:** Many individuals have outstanding debts for past bounced checks, have had electronically-deposited government benefits they need to live on seized to cover insufficient funds charges, or had an account closed by a financial institution.
- **Lack of knowledge:** They may not know about the financial services and products available at banks.
- **Inconvenience:** There may be no bank located in their neighborhood or it may have limited hours.

The unbanked are vulnerable to economic disasters and theft, especially on paydays, due to their tendency to carry cash. A natural disaster or fire can, in the blink of an eye, wipe out their entire life savings. When these traumatic economic chutes-and-ladders type of experiences take place, unbanked households often turn to community resources and government programs. Yet many of these services inadvertently create barriers that prevent households from becoming self-sufficient. For example, individuals may be ineligible for assistance until all assets, however minimal, have been exhausted.

Helping unbanked consumers establish relationships with mainstream financial institutions provides a foothold towards asset building, financial stability, and a pathway to self-sufficiency. A full-time worker without a bank account may pay up to \$1,000 a year in fees to cash payroll checks. Over 40 years that \$40,000 in savings, properly reallocated, could create more than \$400,000 in individual wealth.

A banking relationship allows consumers to build a credit history that can over time lead to further access to capital, such as car and student loans and home mortgages. This increased financial stability reduces reliance on government assistance programs.

### STATE AND NATIONAL EFFORTS

While Minnesota has the lowest percentage (11%) of households using alternative financial services in the nation, we can still do better. Toward that goal, State Representative Jim Davnie, State Senator Patricia Torres Ray, St. Paul Mayor Chris Coleman, and members of the Minneapolis City Council have met with the financial education organization Checking Network USA to better understand common barriers that prevent households from becoming self-sufficient. This dialog may produce best practices, new financial service products, new coalitions, and most importantly, new policies designed to best address the needs and concerns of Minnesotans living in poverty.

Checking Network USA (CNU) offers an innovative national financial education program to help individuals develop basic financial knowledge. The program includes quarterly evaluations and account monitoring for a year along with education sessions and requires participants to complete an assessment questionnaire or pass a competency exam and pay off outstanding debts or arrange a repayment plan in order to graduate. The success of the CNU program, which has 20,000 graduates, more than 95 percent of whom have accounts in good standing after a year, has led to a partnership with the FDIC.

Bringing the unbanked into the financial mainstream is one way we can create a pathway out to prosperity for millions of Americans, and create new opportunities for America's financial institutions to serve the common good. ●

Cassaundra Adler is a financial educator and a University of Minnesota Humphrey Institute public policy fellow.

# 4/15

## Action Groups Kickoff

Thursday, April 15, 5:30 to 7:30 p.m., Midtown Global Market, Minneapolis

# 4/16

## Morning Coffee

Friday, April 16, 7:30 to 9 a.m.

Overflow Espresso Café, 2929 University Ave., Minneapolis

Join Citizens League staff and current members for pastries and coffee. Network with fellow members and find out what we're up to! This is a great way for newer members to engage. Open to all.

# 4/21

## Mind Opener: Long Term Care Financing

Wednesday, April 21, 5:30 to 7 p.m., Macalester College

*For more information or to register for these and other upcoming events, go to [www.citizensleague.org](http://www.citizensleague.org)*



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PERIODICALS

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