Expanding the Civic Imagination

Open pathways to prosperity
Policies should support greater independence and family decision making
By Bob DeBoer

The Citizens League is advancing recommendations from the Pathways to Prosperity project. This multi-year effort has yielded a wealth of great policy ideas and has started to build the kind of civic infrastructure needed to implement and test new approaches to promote prosperity for low-income Minnesotans.

In this issue, we begin by focusing on some of the ways that Minnesota can move toward programs and policies that more directly support family decision making. This is where policy change must begin if we are to transform our current system—with its strong focus on control and punishment—into a system that supports moving families out of poverty toward prosperity and independent decision making.

This work was founded on Citizens League operating principles that seek to build human capacity. Policies and programs intended to address poverty should not tie up the human capacity of Minnesotans in navigating the complex systems that have resulted from our current policies. Rather, policies and programs should direct the use of human capacity towards those activities that reduce barriers to building prosperity.

In this issue of the Minnesota Journal, we highlight several existing policies and programs that successfully support family decision making, develop human capacity and promote prosperity.

Conditional Cash Transfer (CCT) programs are a recent innovation in social development and poverty prevention. CCT programs align public assistance with behaviors that build family prosperity and decision making. In other countries CCTs have traditionally promoted three major areas: education, employment and health. For more details, read the memo prepared by the Common Grounds group at the University of Minnesota at http://bit.ly/f3ZgVu.

Minnesota currently has programs that are similar in structure to conditional cash transfers that could function as basis for policy change.

Individual development accounts (IDAs) are savings accounts that reward low-income residents who save for long-term investment. The first IDA program in the state, Family Assets for Independence in Minnesota (FAIM), has operated statewide since 2003. FAIM provides matching grants to participants who complete mandatory financial education training and are saving for housing, education or business start-up. (See article on page 8.) In 2008, a second IDA, Payne-Phalen Saves 3:1, was launched. This partnership project between Thrivent Financial, Lutheran Social Services and the East Side Financial Center in St. Paul is similar to FAIM. As of April 2010, Payne-Phalen had 107 active accounts and 30 graduates.

Policies and programs should direct the use of human capacity towards those activities that reduce barriers to building prosperity.

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MEMBER SPOTLIGHT

MIKE ERLANDSON

Mike Erlandson is the vice president of Government Affairs at SUPERVALU. He has been a Citizens League member since 2007 and most recently served on the Development Committee.

Why he joined
I have followed the League’s activities and participated in a variety of events for over two decades as both chief of staff to U.S. Congressman Martin Sabo and state chair of one of Minnesota’s political parties. Joining SUPERVALU in 2007, it was important for me to remain engaged in the public policy efforts of our state, but I wanted to do so by participating with groups like the Citizens League that put public policy, not partisan politics, first.

How he practices civic engagement
At SUPERVALU we have engaged with the Citizens League to hold a number of Pizza and Policy lunchtime events, which bring in outside speakers to address current events. It is a way to engage associates working at SUPERVALU in current affairs, both at work and in their personal lives.

SUPERVALU’s Government Affairs Department is proud to have engaged company associates via a program we call Get Active. This employee engagement tool allows associates to send letters to elected officials. Employees sent more than 10,000 letters in 2010 on issues important to SUPERVALU, our industry, our investors and our associates. Associates also stay up to date on SUPERVALU’s legislative initiatives on our company Government Affairs webpage that averages more than 4,000 visits per month.

Why he recommends membership
The Citizens League has a long and active history of engaging citizens in important public policy issues and providing the tools necessary to help impact the legislative process in Minnesota. Their efforts have made our state a better place to live.

Thank you for your support in 2010

Our members’ generosity helped us to succeed in 2010! We are excited to report that your contributions exceeded our fundraising goals and earned a $10,000 matching grant from the Pohlad Family Foundation.

The Citizens League gained 781 new members in 2010, and more than 250 renewing members increased their contributions. In addition, members gave introductory gift memberships to 90 friends, family members and colleagues, all of which brought us close to reaching our overall membership goal.

Your increased support will allow us to amplify outreach, enhance communications, expand our engagement work, and continue our policy success in as we head into 2012, our 60th year.

Thank you to our new sustaining members!

Sustaining members schedule regular monthly or quarterly payments of any amount, or schedule automatic annual donations.

Carla Johnson and L. Thomas Turgeant, Matt Martin and Adam Welle

New and rejoining members and contributing organizations

Individual members
Andriana Abariotes
James Alvey
Carisa Buegler
Richard G. Devlin
Gary Findell
David Flowers
June Gliewe
Michael Gottschalk
Sandra Guyse
John Hane
Meg Hasbrouck
Susan Heegaard
Lisa Husom
Laura Jenkins
Dana Lynn Jensen
Bill Johnston
Vina Kay
Bill Kenney
Jennifer Knapp
Pat Konkler
Mary Lambert
Heidi Larson
Megan Leafblad
Yvonne Leiser
Ray Lewis
Donna Lindsay
Heather Logelin
Brandi Luneberg
Michael Mack
Mike Maguire
Craig Malm
Matt Martin
Jim Maurer
Mary Mitchell
Amanda Muenzenmeyer
Michael O’Hara
Jack Olson
Jan Parker
Heather Peterson
Katya Pilling
Luke Pilling
Molly Prjevec
Alissa Raddatz
Kim Radel
Rodney Sandberg
Sharon Sandberg
Jennifer Schaal
Mark Schiffman
Joel Schroeder
Anna Schwartz
Tamara Severtson
Dorn Severtson
Patrick Shane
Sheila Shane
Kathie Shemon
Mary Mitchell
Sandra Guyse
Heidi Larson
Megan Leafblad
Yvonne Leiser
Ray Lewis
Donna Lindsay
Heather Logelin
Brandi Luneberg
Michael Mack
Mike Maguire
Craig Malm
Matt Martin
Jim Maurer
Mary Mitchell
Amanda Muenzenmeyer
Michael O’Hara
Jack Olson
Jan Parker
Heather Peterson
Katya Pilling
Luke Pilling
Molly Prjevec
Alissa Raddatz
Kim Radel
Rodney Sandberg
Sharon Sandberg
Michelle Suk
Scott Tongen
Joanna R. Vail
Mona Volden
Janelle Waldock
Stephen Wallner
Dan Whalen
Katharine Whalen
Dawne White
Adrienne Wickstrom
Tamara Winden
Anna Youngerman
Anne Zorn
Firms and organizations
Kowalski’s Markets
The St. Paul Foundation
Golf Public
SRF Consulting Group Inc.
City of Woodbury
2011-12 LEGISLATIVE PRIORITIES

Thanks to the work of our members in recent years, the Citizens League is well positioned to advance policy at the Legislature this biennium. The following is an overview of our priorities at the Capitol. Get more information and updates on these initiatives on our policy blog, www.citizensleague.org/blogs/policy.

The theme: reform

The need for long-term change in the way government operates came through very strongly in the Common Cents project, which included discussions with people from all over the state and the political spectrum. The Citizens League is advancing proposals in several policy areas that will lead to better connections that get more out of existing resources.

PATHWAYS TO PROSPERITY

Change the focus from managing poverty to supporting prosperity.

• Savings promotion raffle: By making small, regular deposits in qualifying savings accounts, customers enter to win cash prizes with no risk of loss. Savings raffles promote saving as well as help customers form relationships with financial institutions. Contact us to support this legislation.

• Conditional cash transfers: Provide payments directly to families when they choose certain activities that support prosperity (keeping children in school, receiving regular checkups, saving to buy a home or start a business, etc.). The FAIM program featured on page 8 is Minnesota’s strongest CCT program and is in danger of elimination this session. The Citizens League opposes cuts to FAIM.

• Human capacity bonds: Measure and pay a return on investment (ROI) for performance in human capacity development to encourage private investment in successful nonprofit organizations. Demonstrating ROI by increasing the incomes (or related outcomes) of target groups can save public program costs and increase tax revenues. Support HF681/SF434, referred to as the Pay for Performance Act.

• Remove public assistance asset limits: Rather than restrict the assets of those who receive public assistance, we should shift the policy focus to saving and asset building and define policy, program and individual success in those terms.

• Fully recognize government benefits by evaluating tax expenditures: When looking at the allocation of government benefits, look not only at spending programs but also the many deductions and exemptions that are written into law. See the Department of Revenue’s recent report http://taxes.state.mn.us/legal_policy/Documents/TE_Review_Report_02_15_11.pdf. The Citizens League has a short-term advancement group developing our specific position.

LONG-TERM CARE FINANCING

Prepare, individually and as a state, for the anticipated rising costs of long-term care for the elderly.

• Medicaid co-insurance option: Allow people to use Medicaid to supplement a long-term care plan (CLASS Act participation, HSA savings, long-term care insurance or home equity) without being forced to spend down their assets.

TRANSPORTATION

Expand the more integrated, multimodal approach developing along I-394 and I-35W south of Minneapolis to a metro-wide system and increase alternatives to solo driving.

• eWorkplace initiative: Studies show that about 40 percent of Minnesota workers can telecommute to some degree, yet only 5 to 6 percent do. Participation in the Urban Partnership Agreement (UPA) workplace initiative was almost double projections (3,300 v. 1,700) and continues to expand, showing the high potential for reducing vehicle usage, time spent in transit, and emissions.

• Regional free-flow (MnPASS) pricing: Wherever congestion is significant, institute a single lane where solo drivers can pay for free flow — and where buses and carpoolers are guaranteed free flow at no cost.

• Transparent financing: Those who benefit from transportation improvements should help to pay for them through options like value capture and impact fees. Explore more aggressive evaluation of the potential for sound public-private partnerships.

• Evaluate the UPA: Evaluate the effect of congestion reduction remedies along I-35W south of Minneapolis: improved transit options, free-flow pricing and flexible scheduling, and increased telecommuting options.

EDUCATION

Improve opportunities for all Minnesota students.

• Alternative teacher certification: We are pleased to report that legislation enabling alternative certification was signed into law in March. This is not a silver bullet, but it is another tool that will be available to help address the achievement gap that persists in Minnesota schools.

JUDICIAL SELECTION AND ELECTIONS

Preserve the impartiality and integrity of the judiciary before Minnesota faces high-money, highly politicized elections.

• Constitutional amendment: Approve a ballot measure to provide for the appointment, retention election and performance evaluation of judges.

How you can help:

Members’ resources are key to advancing the Citizens League’s policy agenda. You can help by:

• Connecting with legislators or people in government agencies who can advance these proposals.

• Connecting with other organizations or efforts that offer opportunities for collaboration on Citizen League priorities.

• Promoting these proposals in your communities

To get involved or find out more about any of these projects, contact Annie Levenson-Falk at alevensonfalk@citizensleague.org or 651-293-0575 ext. 16. Get more information about all of our work at www.citizensleague.org.
The recent revolutions in the Middle East have been full of many inspiring moments, but the moment that stood out to me was when a BBC reporter approached a woman sweeping in Egypt’s Tahrir Square and asked her why she was doing this. Egypt is notoriously dusty, and here she was working to make this public space “shine,” in the reporter’s words.

“Before this,” she replied, “I didn’t know if what I did made a difference.”

Before this, she obviously made decisions everyday in her life. But now she could see how her daily actions were part of something bigger: democracy. Egypt’s new climate of freedom had created a new civic imagination that allowed this woman to become an active citizen, and to understand how her actions—even sweeping the public square—contribute to the common good.

To sustain this democratic movement, Egyptians will need to move beyond revolution and take on the hard work of building a new civic infrastructure. They will need to transform all of their institutions, schools, nonprofits, businesses and religious organizations in ways that allow them to cultivate the civic identity, imagination and skills (the capacity) needed to govern for the common good.

Even in a democracy as long-standing as ours, the events in Egypt and elsewhere offer both inspiration and a wake-up call about our own need for reform.

I’d even go so far as to say that we need a “revolution” here in our approach to policy making if we are to successfully solve the fiscal and public policy challenges Minnesota faces.

A NEW MODEL AND A NEW IMAGINATION

The Citizens League’s civic policy agenda offers a new model for public policymaking in the 21st century, one that recognizes the roles that all individuals and institutions must play in solving our public problems, a model that cultivates the civic imagination as well as the practical skills and opportunities we need to govern for the common good.

It is essential to the health of our state that we make this paradigm shift from governed to governing. Philosophically, our democracy depends on all institutions to help cultivate the character and skills required for self rule by a free people. It’s de Tocqueville 101. And, as a matter of practicality, in an increasingly complex world where we can no longer rely only on government alone to solve our public problems, we need to understand the impact that all individuals and institutions have on public policy, from clean water to long-term care to economic sustainability. The future of public policy is how all institutions and individuals govern to solve public problems.

POVERTY AND GOVERNANCE

Restructuring policies around poverty provides a great opportunity to show that this new model can create better solutions for our most intractable public problems.

Right now, public policies punish low-income families by stripping away public benefits faster than family income increases, preventing them from building financial assets. We provide externally-reinforced punishment for good individual decision making.

The Citizens League’s model for public policy making asserts a fact: families are a core institution for policy making, and that decisions (policies) made within the family impact both their capacity to be a healthy family and also are the place where individuals develop the imagination for who they are in the larger world. Moving families out of poverty is a “both/and” situation: external policies from government and nonprofit systems must support and reward good decision making within families.

For example, the Citizens League is partnering with the nonprofit Islamic Civic Society of America, through the Minnesota Active Citizenship Initiative, to explore how this civic policy agenda can create a new model for family counseling and family intervention. This capacity-building model differs from a traditional therapeutic model. Family counseling can and should help provide internal reinforcement and support within families to help them develop the governing skills and imagination (the capacity) to become better parents, children and spouses. Better family decision making, in turn, serves the common good.

In this issue we highlight other innovative policy solutions that build governance capacity.

The Minnesota Early Learning Foundation is proposing to improve school readiness (a public problem) by providing parents with the resources, skills and information they need to identify which early learning program is best for their child.

Conditional cash transfers provide low-income people with cash resources and rewards them for making better decisions, e.g. receiving immunizations and staying in school. Good government rewarding good family governance.

And a Michigan credit union pilot program that rewards account holders for saving and building financial assets connects individual action to the common good.

GOVERNED AND GOVERNING

Ultimately, I believe this new policy model will work, for two reasons. First, events in Egypt have reminded us that deep down, all people aspire to be a part of something bigger than themselves. Second, the nature of our “new normal” in society and governance demands that decision-making capacity be extended deep inside all institutions. What’s good for the governed is good for governing.

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/.
A framework for change
The civic organizing approach to policymaking can lead to more specific, effective and sustainable policy change
By Bob DeBoer

Since 2008, the Citizens League’s civic organizing has engaged hundreds of Minnesotans in the Pathways to Prosperity Project. Civic organizing develops policy solutions by developing people who govern for the common good and organizing the relationships to implement and sustain those solutions. Civic organizing has made it possible for us to imagine how we must reorganize the capacity of us all to reduce poverty and promote prosperity for low-income Minnesotans.

By using this civic organizing approach, we have been able to draw on a broader range of resources and experience than in the past, and bring new perspectives to the discussion. But the resulting analysis, no matter how good, only takes us so far. The real test will be to see if the civic infrastructure created as part of this process can support lasting change. Civic organizing has the potential to integrate and strengthen all approaches to problem-solving, but it requires that thinking remain open-ended and clear as solutions begin to emerge and develop.

Conditional cash transfers (featured in several articles in this issue) are one element of change that needs to be at the core of solving, but it requires that thinking remain open-ended and clear as solutions begin to emerge and develop.

Although their potential to produce policy change is significant, CCTs represent but one narrow facet of the change that must occur if we are to create a system that more strongly supports prosperity. The Citizens league is currently advancing three general areas of recommendations:

- Family prosperity (decision making and independence): The current approach that requires public aid recipients to “navigate the lines” of poverty should be replaced by an approach focused on family prosperity goals.

- Building community networks (civic infrastructure): Despite all the good work done in our communities, the plethora of non-governmental organizations working in conjunction with government services has resulted in a system that requires a lot of effort to navigate.

- Change in government role to support: Government plays a dominant role in determining who is “poor enough” to deserve assistance (by drawing the poverty line), but also in the delivery of benefits, services and programs. Funding streams are currently aligned with various policy “silos” and committees. We must significantly reallocate resources in ways that better support family prosperity and community networks.

For a short summary of all three levels of policy change supported by the Pathways to Prosperity work, see the September/October 2010 issue of the Minnesota Journal (page 6).

CURRENT APPROACHES TO POLICYMAKING ARE NO LONGER SUFFICIENT

Civic organizing is a new approach to policymaking and it is designed to strengthen, integrate and ultimately transform existing approaches to policymaking. Existing approaches often strengthen the status quo in some way or don’t do enough to affect change. While these existing approaches each have strengths, there are significant gaps in each approach’s ability to effect policy change.

Advocacy: The purpose of an advocacy approach is to give voice to or act on behalf of a particular issue, group or cause. In this approach:

- Power is usually defined in linear terms (the powerful vs. the powerless)
- Solutions often ignore the systemic or structural cause of problems which are grounded in the way that systems work on a daily basis.
- The process sometimes demonizes and polarizes, leading to entrenched adversarial political strategies and role definitions.

Electoral: The purpose of this approach is to appoint to an office by vote or designation. Barriers to policymaking include:

- Mainly focused on the power that is contained within the formal governing structure.
- An issue-specific focus on how governing bodies work that often does not provide the focus or context of democracy and political competence.
- Can result in a form of government that is ruled by partisanship and narrow self interest.
- Reduces the role of citizen from that of an active citizen and governing member of society to a consumer, client, or advocate for special interest, which leads to complacency and a lack of ownership.

Community based: The purpose of the community-based approach is to form a society of people sharing common values, rights and privileges. This approach:

- Often produces “cliques” resulting in isolation and fragmentation.
- Downplays the role institutions of family and faith have as policymakers responsible for governing for the common good.
- Is often issue driven and reactive; agencies compete for scarce resources, including time and leadership.

Service: The purpose of the service approach is to perform regular or continuous duties on behalf of those served. Barriers to policy making include:

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Minnesota needs a new education revolution
Reward high-quality childcare providers who ensure school readiness with market incentives, not mandates
By Duane Benson

By third grade, researchers can pretty accurately predict which children are most likely to drop out of school, and by kindergarten researchers can predict which kids are mostly likely to be behind by third grade.

Kindergarten. If Minnesota truly cares about improving performance of the K-12 system and developing the workforce needed to compete in the global marketplace, our kids need to be prepared to succeed by the time they arrive in kindergarten.

Tragically, only about half of Minnesota children are currently prepared for kindergarten, and too many never catch up. Whether you are a child, a parent, an employer or a taxpayer, that is very bad news.

Historically, we have asked childcare providers to keep our children safe, healthy, clean, fed and loved while parents work. They have done a good job, and these obviously remain important goals. But to do right by kids, we must reward childcare providers who also can prepare kids for school and for lifelong learning. We know a whole lot more about how to do that today than we did even a few years ago. As much as 90 percent of brain development occurs by age five, so we must ensure children are in stimulating learning environments during those crucial early years.

Some say the solution to our school readiness problem is more money. But as the Minnesota Early Learning Foundation (MELF) learned during a five-year pilot project (which is wrapping up this year), that is an incomplete answer.

RETURN ON INVESTMENT IS NOT GUARANTEED

To support their argument for more public funding to expand access to childcare, children’s advocates rightfully point to a return-on-investment (ROI) analysis done by economists Arthur Rolnick and Rob Grunewald at the Federal Reserve Bank of Minneapolis. That research famously documented a $16 return to society for every $1 invested in early education.

But the CEOs and civic leaders on the MELF board pay close attention to details, and the fine print of that analysis says that to get that 16-to-1 ROI, the investment must be in high quality early education, the type of childcare that is most likely to prepare children for kindergarten.

When we’re not investing in quality early education, there is no 16-to-1 return. In fact, research suggests that investing in low-quality early education can actually set children back.

QUALITY REALLY IS JOB ONE

Right now, Minnesota spends about $1.6 billion per year on childcare, no small sum. But that investment is not strategically targeted toward high-quality early education, and, as a result, half of Minnesota kids arrive at kindergarten unprepared. Continuing to spend year after year on that same system will not solve our school readiness problem.

As the old automobile ad said, quality really is “job one.”

So, the core challenge Minnesotans face is this: How can we direct more of our $1.6 billion investment to high-quality, high-return early education? MELF spent $20 million of nongovernmental money on nationally acclaimed pilot projects designed to answer that question. Those pilots inform our policy recommendations, which are now embodied in bipartisan legislation (SF 331), sponsored by Minnesota State Senators Geoff Michel (R-Edina), Linda Berglin (D-Minneapolis), Carla Nelson (R-Rochester), and Terri Bonoff (D-Minnetonka).

PARENT AWARE RATINGS

First and foremost, we have to identify and spotlight providers who have proven to Minnesota parents, policymakers and taxpayers that they can actually deliver kindergarten readiness. Currently, it’s almost impossible for parents and policymakers to identify childcare providers who are effective at preparing children for kindergarten, and that is the single biggest problem with the current system.

To address that problem, MELF worked with local and national early learning experts during the pilot project to develop the Parent Aware ratings, an easy to understand one- to four-star rating system that measures the extent to which each childcare provider is using early education best practices (www.parentawareratings.org). The Parent Aware ratings are like a Consumer Reports ratings system for early-learning providers.

MELF recommends making these Parent Aware ratings statewide to help policymakers and parents shop and invest wisely. The ratings have already been in use in MELF pilot areas—the cities of St. Paul, Minneapolis and Wayzata and in Blue Earth and Nicollet counties. If the Legislature and governor approve SF 331, the ratings will be available to all Head Start, school-based, center-based and licensed family childcare programs across Minnesota.

To ensure the ratings are proactively marketed to parents and remain focused exclusively on school readiness outcomes, we also are calling on the private sector to form a Parent Aware Promotion Board. (MELF will cease to exist after 2011, as promised when it formed in 2006.) The board would raise private and foundation funding to market the ratings to parents, validate the rating standards to ensure they are tied to school readiness outcomes, and to speak out for more rigorous ratings standards over time.
REWARD QUALITY

Participation in the Parent Aware rating system would be voluntary, and there is a concern that too few providers will step forward unless participation brings meaningful benefits. Therefore, MELF recommends rewarding providers that participate with a quality coach, an early education expert who will spend several months helping them implement a specific list of evidence-based early education best practices. In the MELF pilot project, quality coaches were very successful in helping providers in all types of settings improve their ratings. Providers also get quality grants to help them make improvements to increase their ratings.

Beyond the quality coaches, the rating system will also reward providers by attracting what they need most—customers. By marketing the Parent Aware ratings to parents through radio ads, outdoor signs, mailings, internet ads and web- and phone-based search tools, as we did in our pilot project, providers will be rewarded with new customers who will increasingly use the ratings as a tool to guide their shopping. In this way, informed consumers and market forces, not government mandates, will drive much of the quality improvement.

On the public-pay side, we propose scholarships. To get the 16-to-1 return on investment referenced earlier, Rolnick’s analysis says we need to target public funding to children who are least likely to be ready for kindergarten: children from low-income families or English language learners. MELF sometimes refers to these as “high-return” children. These scholarships would pay for part of their tuition, and could only be used with providers who have earned a three- or four-star Parent Aware rating. This proposal shares similarities with the Citizens League-endorsed notion of conditional cash transfers in that the government would only allow public funding to be used in programs that demonstrate quality.

Finally, MELF recommends the creation of two new state tax incentives to reward quality. A new “Train and Retain Tax Credit” would reward childcare/early education employees who improve their education and training and work in a rated program for at least a year. Research shows that education, training and employee retention lead to better school readiness outcomes, so this new tool is intended to reward those choices.

We also propose an “Early Learners’ Hero Tax Credit,” to reward private donors who help children access high-quality early education, or support quality improvement efforts. In communities throughout Minnesota, this will reward public-private partnerships focused on early learning.

When Minnesota starts rewarding childcare providers, parents, educators, and private donors for embracing high-quality early education, MELF is very confident that they will step up.

REFORM BEFORE INVESTMENT

Will getting every Minnesota child prepared for kindergarten ultimately require more public spending? Probably. After all, thousands of low-income, high-return kids are currently on public-program waiting lists.

But it makes no sense to dump additional money into a system that currently sends half of all kids to kindergarten unprepared. We need to reform the system first, and then fund the system appropriately. Once reforms are adopted, taxpayers can be confident that their investment is working as hard as possible.

Minnesotans are anxious to get moving on this issue. A November 2010 MELF-sponsored survey found that an overwhelming 82 percent of Minnesota voters agree that “it is important for legislators to find new ways to improve Minnesota’s kindergarten readiness, even if additional funding is not available.” The survey found strong majorities from all political parties and all regions who agree the time to act is now.

A NEW EDUCATION REVOLUTION

Some of us are old enough remember when Minnesota led the way in revolutionizing school choice and education financing. Now it’s time for the governor and the Legislature to lead a new type of education reform revolution, a revolution that encourages market-driven quality improvement, public-private partnerships, and rewards, not regulation. This is the face of Minnesota’s newest education revolution.

Duane Benson is executive director of the Minnesota Early Learning Foundation (MELF), a Lanesboro rancher, and a member of the Citizens League board of directors. He also has served as executive director of the Minnesota Business Partnership and as minority leader in the Minnesota Senate.
The asset development movement was started in the 1990s in recognition of the fact that the poor and working poor are often excluded from opportunities for asset development, the ability to build and maintain financial resources. In his book *Assets and the Poor: A New American Welfare Policy* (1991), Michael Sherraden argued that helping families build financial assets is a more effective approach to poverty reduction than government assistance programs that offer much needed but short-term income support (such as Temporary Assistance for Needy Families-TANF). Ray Boshara, of the New American Foundation, put it succinctly: “Lack of income means you don’t get by. Lack of assets means you don’t get ahead.”

Asset building ideas gained strength during the debate over welfare reform and culminated in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. This federal legislation included a provision for state-based programs to establish individual development accounts, or IDAs, which gave the movement its legs. Individual development accounts are specialized savings accounts that match the deposits of low-income households for the sole purpose of long-term asset acquisition. In 1998, the federal Assets for Independence Act authorized IDAs and appropriated funds to support states’ efforts to use this new tool to help families leave poverty permanently. Shortly thereafter, a coalition of Minnesota leaders worked with legislators to establish *Family Assets for Independence in Minnesota* (FAIM). FAIM combines individual development accounts (IDAs) with financial education, training and coaching to help low-income people acquire assets and improve their economic security.

**HOW FAIM WORKS**

FAIM IDA accounts operate like an employer-based 401(k), but instead of focusing on retirement savings, individuals and families can use these limited-duration savings accounts to purchase a home, pay for post-secondary education or finance a small business venture. Accountholders receive a 3-to-1 match for every dollar of earned income saved. They can save for an asset for up to two years (up to $3,840 savings and match). FAIM account holders can also leverage additional down-payment assistance, financial aid and small business loans to achieve their asset goals.

To be eligible, households must have incomes at or below 200 percent of the federal poverty level and $10,000 or less in assets.

Currently, FAIM receives funding from a federal grant that matches the Minnesota Legislature appropriation of $500,000 per biennium (FY2010-2011). Private sources such as the United Way, the McKnight Foundation, Bremer Bank and regional foundations also support FAIM efforts.

FAIM is delivered through a multi-site statewide collaboration of 23 Community Action Agencies, Women Venture, City-County Federal Credit Union/Emerge Community Development, and the Leech Lake Tribal Governments. These organizations ensure that account holders have access to a spectrum of wrap-around services such as home heating assistance and weatherization, free tax preparation, employment and training, GED and educational services, housing, Head Start, food support, and transportation assistance.

FAIM has demonstrated success. From 2000-2009, FAIM account holders saved more than $2 million. FAIM savers have acquired 1,400 assets: 29 percent purchased homes, 33 percent capitalized businesses, and 38 percent pursued higher education. FAIM has shown that asset-building incentives available to Americans. However, these benefits are much less available to workers with low-wage jobs that don’t offer retirement benefits, or families whose incomes prevent them from becoming homeowners or enrolling in higher education. More often, low-income individuals and families live paycheck to paycheck and rely on their limited earnings to provide for basic needs. IDA initiatives like FAIM focus on ensuring that low-wage workers have access to asset-building opportunities that enable them to reach their dreams and achieve long-term financial security. The benefits of this extend beyond the individuals and families FAIM and other programs help.
ADDITIONAL BENEFITS

Research has shown that homeownership is associated with improved educational outcomes for children, a decrease in intergenerational poverty, and physically and emotionally healthier parents. Children of homeowners are less likely than children of renters to drop out of school or to have children before age 18. Renters who become homeowners pay property taxes and contribute to their communities. Additionally, communities improve when working people increase their professional skills through higher education and training.

A University of Minnesota study examined home purchases made between 2000 and 2004 and concluded that 91 of 97 FAIM study participants (94%) improved their economic well-being through retention of the home or sale of the property with a net gain. Only three homes went into foreclosure during this time, much lower than the statewide average. FAIM providers point to high-quality financial education and ongoing coaching as key factors in the program’s success. Coaches inform participants about predatory lending and offer guidance on low-risk, trustworthy lending products that offer the greatest opportunity for long-term asset protection.

Demand for FAIM far exceeds the available resources. Sixty four of Minnesota’s 87 counties offer these services, and all have waiting lists. Those waiting to enroll can sometimes participate in FAIM’s financial education component. These classes, which are also offered to transitional housing residents, public health and workforce program participants, AmeriCorps volunteers, homeless shelter residents, and inmates preparing for community release, help participants take significant steps toward becoming “asset ready” by repairing or improving credit, decreasing debt, and building sustainable budgets. Financial education is the key to long-term and sustained asset building, as newly learned skills become personal habits. When parents pass this new knowledge to their children, they are helping to equip a new generation of young people with sound financial knowledge and diminishing the likelihood their children will become trapped in a cycle of intergenerational poverty.

MORE COULD BENEFIT

Although FAIM has been successful for thousands of Minnesota families over the past 10 years, many more could benefit. Funding is currently in place to serve just over 300 new families annually. State funding leverages a 1 to 1 federal match of $250,000 annually, but Minnesota could leverage up to $1 million in federal grants each year if the state increased its funding. These additional funds, along with private funding, could triple the number of Minnesotans acquiring assets through FAIM. Unfortunately, FAIM funding is slated for elimination in the governor’s budget for 2012-13. Legislative efforts are underway to ensure that funding is preserved, as the loss of state funds will trigger the loss of federal funding as well.

Comprehensive program models such as FAIM enable long-term changes in the lives of families struggling to work their way up and out of poverty. Asset-building success is best achieved through sustained personal coaching that supports the acquisition of sound financial practices over time.

Research shows that unhealthy habits change slowly; individuals typically follow a pattern of change that includes recognition of the problem, understanding what needs to change, development and practice of new habits, and ongoing maintenance of new practices. FAIM supports individuals through the process of change over a two-year period. Matched savings programs without this critical support may be less costly but don’t build the human capacity in terms of knowledge, skills, and behavior change that leads to sustained economic security in the long term.

FAIM is not a Band-Aid approach to poverty reduction. Its focus on building the requisite financial skills and behaviors of vulnerable families may be more expensive in the short term, but more effective in the long term.

Pam Johnson is director of member strategies, research and development with the Minnesota Community Action Partnership. Catherine Solheim is an associate professor in the Department of Family and Social Science at the University of Minnesota. For more information, contact pamjohnson@minncap.org.
Saving can be fun and fruitful

Michigan credit unions raffle program promotes saving and encourages good financial behavior

By Joanna Smith-Ramani and Maureen Lafrinere

A mericans have a long history of saving money. Ben Franklin famously admonished his countrymen that “a penny saved is a penny earned,” while early puritan settlers viewed thrift as a virtue and wealth as a sign of divine favor. Even in the 20th century, Americans continued to save. During the Second World War, Americans saved more than $54.4 million by purchasing a relatively new financial product, the U.S. Savings Bond. And as late as the 1980s, it was a rare homebuyer who had not saved up a down payment equal to one-fifth the value of the home.

Savings has and will continue to play a critical role in insulating people from financial shocks, helping them make important purchases and providing an alternative to costly credit. At a time when jobs are disappearing and workers’ hours are being cut, families’ need for reserve funds are even more pronounced. The time is right for America to return to a saving culture, both to shore up household finances and to strengthen the nation’s economy.

But for many of us, the benefits of saving money are long term and abstract, while the reward for spending money is tangible and immediate. Perhaps the way forward, then, is to infuse the act of saving money with some instant, visceral payback—some excitement, anticipation and allure. Then a well-intentioned consumer might face a spending/saving choice with more balance and with a bit of gratification.

For centuries, financiers have known lotteries and raffles can be useful tools for raising capital for everything from private ventures to public works to renowned universities. More recently, the element of chance and the opportunity to win prizes has helped make savings promotion raffles or “prize-linked savings” (PLS) products successful in countries around the globe. The Premium Bonds program in the United Kingdom has a 50-year history of helping Britons save. More than 20 million Britons now hold more than £25 billion in Premium Bonds, and the program is an established institution.

Knowing that history, in 2009, eight Michigan credit unions launched a large-scale pilot program to replicate the international success of prize-linked savings. The program, Save to Win, is a collaboration between the Michigan Credit Union League, the Doorways to Dreams Fund and the Filene Research Institute. By the end of the pilot year, 11,500 Michigan credit union members had saved $8.5 million.

The program is actually pretty simple. At the heart of Save to Win is a one-year federally insured balance-building share certifi-
Pathways to Prosperity continued from page 1

Savings promotion raffles have proved to be an effective way for Michigan credit unions to increase savings among lower-income residents. (See article on page 10.) At this time, Minnesota law does not allow savings promotion raffles. The Citizens League will propose legislation to change the law this biennium. Several other states have either recently passed legislation or are moving to do so.

The Minnesota Early Learning Foundation (MELF) has proposed the creation of early learning scholarships, a type of conditional cash transfer that encourages low-income recipients to access higher quality childcare through a new Parent Aware childcare ranking system. (See article on page 6.)

Also this session, state lawmakers will consider legislation to allow individuals with developmental disabilities greater choice, freedom and responsibility to design and implement their own support systems according to individual need. (Read more about My Life, My Choices on page 12.)

These examples of conditional cash transfers and of related options that directly connect financial support to family decision making could be the building blocks for a more comprehensive policy shift in Minnesota.

Political support will be critical to implementing any of these approaches because conditional cash transfers programs often require coordination across government sectors, particularly education, health, and social welfare. While an even more comprehensive approach is necessary to reduce poverty and build prosperity for all Minnesotans, these examples offer a promising beginning.

For more information on the Pathways to Prosperity Advancement Phase, contact Bob DeBoer, director of policy development, by email at bdeboer@citizensleague.org or by phone at 651-293-0575 x13.

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• Service principles are not based on democratic principles and do not promote mutual obligation yet service is the approach that organizes a vast amount of our resources on a daily basis.
• Service principles foster narrow self-interest, immediate gratification and the capacity to consume.
• Power is hierarchical, leaving the majority without governing obligation.
• Expertise is focused on immediate problem solving instead of organizing people to govern.
• It is easy for individuals to disassociate with the functions of politics, democracy and governance.

This is a very simplified account and does not include much of the detail of existing approaches to policy making, but suffice it to say that civic organizing has developed strategies that attempt to strengthen what is most important to integrate from the other approaches.

To achieve this integration, we apply the political skills that are foundational to the day-to-day practices of civic organizing, some of which have been practiced by the Citizens League for years. The political skills include:
• Critical thinking to distinguish objective reality (facts) from subjective reality (interpretation).
• Open-ended questions that engage different perspectives.
• Strategic listening that determines and clarifies self-interest as it relates to common goals.

Joanna Smith-Ramani is the director of strategy for the D2D Fund. She is currently working with several states to expand savings promotion raffle programs and promote opportunities for financial security.

Maureen Lafrinere, marketing consultant for the Michigan Credit Union League & Affiliates, helped to launch Save to Win and currently works with Michigan credit unions to implement, launch, manage and market the Save to Win program throughout the state.

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.
My Life, My Choices
Redesign supports for persons with developmental disabilities to maximize choice, freedom and responsibility
By Mark A. Peterson

As in so many areas of public policy, Minnesota has long been a national leader for its system of services and support for people living with developmental disabilities. The reforms in the 1950s that led to the closure of state-run institutions and the creation of community-based services occurred not simply because community-based services were more fiscally prudent, but because it was the right thing to do for the people most affected. As former Gov. Elmer L. Andersen put it in a 2001 speech, our state’s progress in these matters “will only so continue as there’s eternal vigilance and a caring heart for people, not out of the good of heart but out of the value to society of utilizing the potential of every blessed human being on earth.”

The system created in the wake of those reforms has served many well. It has been built with thoughtful concern for the well-being of individuals living and working in the community. It has helped us, as a state, make great improvements in our care and treatment of persons living with developmental disabilities. Now, it is time for the next right answer.

We are at a moment when that progress is necessary, and it is achievable. We need “the potential of every blessed human being.” We need a system that works today, and in years to come, for the more than 30,000 individuals with developmental disabilities on various state waiver programs and the more than 3,000 people still waiting for services.

This session, the state Legislature will consider legislation drafted as part of a new innovative initiative, My Life, My Choices. My Life, My Choices aims to give individuals with developmental disabilities greater choice, freedom and responsibility in the decisions that shape quality of life.

THE FUTURE: A BETTER, MORE INDEPENDENT LIFE

Last fall, Lutheran Social Service of Minnesota initiated conversations with a wide range of participants to imagine new policy initiatives to advance Minnesota’s tradition of improving opportunities for persons with disabilities. These conversations sought to identify innovations that could move our society toward a vision and a commitment to “utilizing the potential of every blessed human being on earth.” Working with the Public Strategies Group, conversations were held throughout the fall with a wide range of stakeholders, including individuals and their families, the disability services community, public officials and others.

My Life, My Choices is intended to take the CDCS model to a new level. It calls for more financial clarity and transparency; simplifying governmental regulatory systems and funding streams; creating greater independence and community integration; and, minimizing the current outsized focus on oversight and safety.
Where the system of supporting people with disabilities is now

**Funding**
Funding comes from multiple sources with strings attached for how it must be used.

**Oversight**
Multiple sources of oversight and monitoring.

**Providers**
Providers compete for dollars and cases.

**People with Disabilities**
Individual has little say in how dollars are spent to best meet his needs.

**Hierarchy of Outcomes**
Disproportionate amount of funding is spent on safety and shelter.

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Where the system of supporting people with disabilities could be in the future

**Budget**
Overall individual budget established and given to individual to use.

**Oversight**
Smaller, consolidated exception-based monitoring.

**Marketplace providers face consumers and their trusted partners.**
Work to discern individualized aspirations. The individual’s chosen Fiscal Support Entity helps him to account for his budget. He reports his outcomes annually.

**Hierarchy of Outcomes**
Individual purchases highest quality of life possible within dollars available.
My Life, My Choices creates a vision for “Jim,” a hypothetical individual, to illustrate how a redesigned system should work. At the core of this vision is the idea that Jim, working with a trusted partner, should have the fullest freedom and responsibility to make choices and decisions about his life. The state would create an individual budget for Jim out of various funding streams. He would have every possible opportunity to pursue his dreams by living and working fully in a marketplace of services which help him meet his specific needs and goals.

Just public policies must be framed so that every citizen is regarded for his or her abilities, not defined by his or her disabilities. This session, a coalition of service providers, state agency personnel, and legislators are working to review current statutes and write proposed legislation that would restructure the current service delivery model for individuals with developmental disabilities in the following ways:

• Give providers the opportunity to enter into performance-based contracting with the Department of Human Services (DHS), and allow them to work with individuals. They would be expected to produce outstanding, measurable outcomes. In trade, individuals with developmental disabilities would be given broader allowance to manage their own affairs and be less constrained by oversight.

• Call on DHS to develop unified individual budgets that consolidate funds currently coming from multiple sources and FSE agreements to allow individuals to pool their budgets if they choose.

• Separate case management administration (budget determination) from service coordination to allow individuals to choose either government or private service coordination, and pay the cost out of their own budget.

Some key context in advancing the work:

• The marketplace of services “Jim” could access would continue to include options currently available for case management, housing and community-based services.

• DHS would review individual budgets as circumstances in individuals’ lives change. Individuals with developmental disabilities go through “surge” points in life just like everyone else (i.e. moving out of the family home, death of a parent, opportunity to participate in activities that expand their horizons). In some years, an individual might need more support, and in some years less. DHS would adjust allocations according to need and circumstance.

THE TIME IS NOW

The redesign of service and supports for persons with disabilities is important for two reasons. First, individuals with disabilities and their families should be allowed to choose for themselves what services and what supports they need to live a full life in the community and the parameters of their independence and protection.

Second, the current system is expensive, and many would argue unsustainable. My Life, My Choices provides a vision of service and supports with better results at less cost.

It is time, again, for Minnesota to lead the way toward a society that utilizes the potential of every blessed human being on earth.

Mark A. Peterson is President and CEO of Lutheran Social Service of Minnesota.

RESOURCES

• My Life, My Choices: www.lssmn.org/Support-LSS/Advocate/


• Minnesota Department of Human Services www.dhs.state.mn.us. Click on the Disabilities tab.

Ask any group: “Who doesn’t want to close the achievement gap?” No hands will go up. Ask: “Who knows how?” and you’ll see that nobody yet has the magic elixir.

Maybe we aren’t coming at this question right. Perhaps we need to start by seeing that the achievement gap is a function of the way we define and measure both “achievement” and “the gap”.

What defines school success is growth in student performance: performance that improves year on year.

Right now we define achievement as how well young people read English and do math. We test. Then we look at the difference in the mean (average) proficiency scores by sub-group; white students and minority students, for example.

That gap between what groups know on average is the hardest to close. If first we tried to get every child at least to proficient, that gap might close.

Also, while reading and math are important they’re not everything. Clearly young people know and can do more. We just don’t measure those things, such as skills and knowledge in other fields. Take language. On a recent school visit to the Minneapolis Institute of Arts a young boy ran over to a wall in the Middle East section and read his classmates what was written there—in Arabic. The school had pegged that boy as “not reading well.” Clearly he does read well. In Arabic. He just does not yet read English well.

If we defined achievement as having a reasonable facility with two or more languages, which students would be high performing?

Students also have non-academic skills and knowledge: critical thinking, creativity, communication, the ability to work well in groups. Traditionalists deride these skills as “soft”. But increasingly colleges and universities, employers and society find these skills important—and want assessments that identify them.

Our narrow, distorted definition of student achievement also affects our sense of what is a successful school. Many people think—clearly, the media think—a school is out performing others if its students score higher on the state assessments. That’s intellectually indefensible. In his 2004 lecture to the Educational Testing Service, Professor Steven Raudenbush, then of the University of Michigan, was firm about this: “Static measures such as school mean proficiency cannot isolate the contribution of school quality no matter how good the test.”

What defines school success is growth in student performance: performance that improves year on year. This is not the way to measure student growth. Performance that improves year on year. This is not the way we define and measure student achievement also affects our sense of what is a successful school. Many people think—clearly, the media think—a school is out performing others if its students score higher on the state assessments. That’s intellectually indefensible. In his 2004 lecture to the Educational Testing Service, Professor Steven Raudenbush, then of the University of Michigan, was firm about this: “Static measures such as school mean proficiency cannot isolate the contribution of school quality no matter how good the test.”

Minnesota tracks test results for individual students, so it is possible to measure their growth. The state measures this, as do some districts. But those results aren’t often shown, or used.

The picture assembled by Charter School Partners lays the foundation for a discussion about school performance that moves beyond a one-year measure of student scores. Measuring change over time, the data show some schools with low scores making gains (and some not); some with high scores not making gains; some with high scores still making good gains.

Once we identify which schools are better at improving learning, what do we do? Conventional wisdom says schools should replicate best practice. The trouble is that students differ, from neighborhood to neighborhood and from one to another. What works for some might not work for all. Success might require, as the late Jack Frymier argued, adapting teaching to the aptitudes and interests of the individual student. Frymier spent his career at Ohio State University and Phi Delta Kappa working on curriculum and instruction. So, best practice must link with student needs.

The rapid growth of digital electronics makes this possible. But that requires knowing the students as individuals. And the central office does not know students as individuals. Only the teachers know the students. So superintendents mandating replication are unlikely to succeed.

From his long experience, John Goodlad, a developer of individually-guided education now at the University of Washington, the answer is to replicate the conditions that made it possible for a successful school to be successful. Create a healthy culture by keeping the school small so people know each other well. Give schools autonomy to decide what its students need and act quickly when problems appear. And give teachers a fully professional role. Teachers will then look for good practice to replicate.

Minnesota’s alternative and chartered schools particularly display these conditions. Similar self-governed schools are beginning to appear in the district sector. It would make sense now to create more autonomous schools to serve students who are not doing well.

The idea is to bring up the low-performing students faster. Improving all students’ learning is a good thing, but does not close the gap. And nobody wants to hold back students now performing well, or to drive up the quit rate among low-performing students.

We can do a lot to close the achievement gap, but not until we redefine both achievement and the gap.

Ted Kolderie is a senior associate with EducationEvolving. He is a past executive director of the Citizens League.
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