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"The three largest components contributing to the growth of health care costs are hospital costs, prescription drugs prices, and the cost of physician services, in that order."
—Lee Greenfield
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INSIDE

Re-examining Minnesota's system of public campaign financing

by Deborah K. McKnight

In recent years there has been a national effort to pass state and federal campaign finance laws called "clean elections acts." Four states have enacted these laws. Others, including Minnesota, have considered such bills. The details vary, but as a group these proposals seek to reduce the influence of "special interests" in campaigns. This article compares clean elections acts with the current Minnesota program of public funding for campaigns and identifies policy choices presented by clean elections act proposals.

Four common components

"Clean elections act" is the common name used by proponents of a certain kind of public funding for state and federal political campaigns. The details of the individual acts vary, but several of the following features appear in all four laws enacted to date: campaign spending and fundraising limits, public funding and the return of unused campaign funds.

Clean elections acts are designed to reduce overall campaign spending and eliminate or greatly reduce the effect of "special interests" on campaigns. To reduce campaign spending, the acts set spending limits which candidates can voluntarily accept in exchange for public campaign funding. To counter the effect of "special interests" on candidates, these acts provide public funding of the full amount a candidate is allowed to spend, after the candidate raises a qualifying amount from private donors. To encourage candidate participation, a candidate whose opponent declines to participate in the program receives additional public funding to match whatever the opponent spends in excess of the statutory limits for the office. To counter the negative effects of "special interest" campaign messages, a candidate who is the target of an independent expenditure receives added public funding.

Policy issues raised

Clean elections acts seek to get as many candidates as possible to agree to spending limits. Minnesota already has high participation rates. From 1990 to 2000, between 96 percent and 99 percent of legislative candidates and 90 percent of candidates for constitutional offices accepted spending limits.

The unique feature of a clean elections campaign finance program is the elimination of nearly all private contributions. The question is whether ending all private contributions in Minnesota would improve the electoral process by eliminating the appearance or reality of "special interest" influences, or harm the process by making candidates more remote from legitimate societal interests.

At least in legislative races, Minnesota currently has a high rate of public funding in proportion to private contributions. Most legislative candidates now accept the maximum amount allowed under the so-called lobbyist, PAC, and large-giver limit, which is equal to 20 percent of the spending limits for the office. However, because Minnesota legislative candidates typically spend only around 60 percent of the statutory limits, a candidate who gets the maximum possible public funding (50 percent of spending limits) is almost entirely publicly funded now. Candidates for constitutional office usually spend a higher percentage of their statutory limits than legislative candidates do. As a result, they typically get a greater proportion of their

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Redefining the family living wage to support Minnesota families

by Kevin Ristau

Though we don't like to talk about it, the economic boom of the 1990s had a dark side. It's true that during those years Minnesota's economy created more than half a million new jobs; but it's also true that by the end of the decade more than one-third of the state's workers still earned less than a family-supporting wage.

That is the bleak assessment made in the JOBS NOW Coalition report, "The Cost of Living in Minnesota." The report defines a family-supporting wage as one high enough to cover the average basic costs of food, housing, health care, clothing, transportation and childcare. Although this living standard is more than the bare subsistence level represented by the federal poverty standard, it is neither luxurious nor comfortable. The standard falls short of what's usually called a middle-class standard of living.

Founded in 1983, JOBS NOW is the oldest and largest economic policy coalition in the country. The coalition consists of more than 100 organizational members who ignore their differences to focus on what they have in common—the belief that everyone willing to work should have the opportunity for a decent life.

The family budgets used in the JOBS NOW report are based on a "no-frills" standard of living. No money is included for debt payments, skills training, entertainment, vacations or restaurant meals. Nothing is set aside for emergencies, retirement or children's education. Even so, it is a standard of living that continues to elude many Minnesota families.

According to the report, for a Minnesota family of four, both adults would have to work full-time and earn $10.38 an hour just to meet the average cost of basic needs. What's the likelihood of getting a job that pays a family-supporting wage? By looking at workers' earnings, the coalition found that more than one-third of the state's workers earn less.

JOBS NOW's findings about the extent of the living-wage job gap were confirmed in a January 2002 report, "Wage Distribution in Minnesota," issued by the Minnesota Department of Economic Security. That report shows that nearly one of every three workers in the state—that's 832,000 workers—earns less than $10 per hour, the threshold used by the state to define a low wage. That is more than the total number of workers who live in the cities of Minneapolis, St. Paul, Duluth, Rochester, St. Cloud, Winona, Mankato and Moorhead combined.

A shortage of living-wage jobs

The shortage of living-wage jobs is often explained by a "skills-deficit," which assumes that workers must become better skilled before wages can rise, and that most new jobs will require advanced technological skills. One reason for this widespread belief is that job growth rates are often confused with the actual number of jobs created. To say that computer science is a field with a high growth rate is different than saying that it's a field where a large number of jobs are created. For example, over the next few years science and computer engineering jobs will grow by 100 percent while food service jobs will grow by 11 percent. But employers will hire more than three times as many cashiers as engineers during that period. They will hire more than twice as many low-wage food-counter workers, waiters and waitresses than all the high-wage systems analysts, computer engineers, mathematicians and database administrators combined. Increasing the number of skilled workers does not increase the number of living-wage jobs.

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Nowhere is this living-wage job gap more obvious than in the state's rural communities. According to state government figures, 46 percent of the jobs in the western, more rural half of the state pay less than $10 per hour. And while living costs in the region are 20 percent lower than in the metro area, wages are 42 percent lower.

The major cause of these low wages is a failing farm economy. When farm income falls, it hurts not only farmers but also the local businesses that depend upon them. The failures of these farms and businesses then force many rural people to take any job they can find, causing wages to fall even further. The present rural crisis is the culmination of a 60-year effort by corporate agribusiness to overturn the farm price support legislation won by farmers and their supporters in the 1930s. Under this price support legislation, the prices farmers received were based on a minimum price set by Congress. By placing a floor under prices, this program allowed farmers to control their marketing and get a fair price from the market—a price high enough to cover their production costs without taxpayer subsidies.

Over the last six decades, however, large agribusiness corporations have successfully lobbied Congress to lower the floor under farm prices. This upset the balance in market bargaining power that had been achieved between agribusiness and family farmers, eventually forcing real farm prices down to half the cost of production, with taxpayer subsidies partially offsetting the losses.

The present imbalance in market bargaining power favors grain corporations and food processors over farmers, just as it favors employers over low-wage workers. It is this imbalance of power that allows agribusiness to control farm prices in the same way it allows employers to control wages.

Government's role in setting wages

Like the farm price support program, Congress first passed the minimum wage legislation in the 1930s. Just as the purpose of the farm program was to put a

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Viewpoint

Two tools for driving public sector innovation

by Lyle Wray

An article by Robert Pear in the Oct. 30 *New York Times* reported on the National Academy of Sciences recommendations that Medicare, Medicaid and other federal government programs should reward high-quality health care by paying higher fees or bonuses to the best doctors, hospitals, nursing homes and health maintenance organizations. The Institute of Medicine at the National Academy urged that after years of disjointed efforts, the government must use its leverage as a buyer, regulator and provider of care to upgrade the quality of services received by 100 million Americans in six federal programs. The report recommended the government issue standards to evaluate treatment of 15 common health conditions, like diabetes, depression, osteoporosis, asthma, heart disease and stroke. By 2007, doctors, hospitals and other health care providers in the six federal programs would have to submit data to the government showing how they treat patients with any of the 15 conditions. Starting in 2008, each federal program would publicly report data comparing the quality of care available from health care providers who treat its patients.

Is there a general lesson to be drawn from paying more for procedures—whether in healthcare, education or social services—that have been shown to produce better outcomes and lower costs in the longer term? The trend toward "evidence-based" procedures may hold promise for some difficult and complex challenges in public policy. For example, given that approximately 15 percent of Minneapolis school students of Native American heritage finish the 12th grade on time, would it make sense to provide incentive payments if the school district was actually using techniques such as, for example, small schools, active parent involvement, and multi-year contact with a single home room teacher? Given the RAND Corporation estimate a few years ago that a high school dropout incurs lifetime costs of about $1 million per year—from lost income, social and housing costs and incarceration—should we find the money to avoid that loss?

The trend toward "evidence-based" procedures may hold promise for some difficult and complex challenges in public policy.

How many parts of our multi-billion dollar health, education and social services world—from health disparities to crime reduction—could benefit if we carved out areas where we need to do a lot better and provided additional payment for quality processes or procedures—from teaching to family interventions—that produced better long term results and overall lower costs?

We could also look at providing incentives for achieving performance above what would be expected. A RAND monograph, written by former University of Minnesota Dean of Public Health Robert Kane more than a decade ago, proposed providing financial incentives for producing better than expected outcomes in health and social measures for nursing home residents. This of course is a major departure from the way in which we fund nursing homes today.

Minnesota has in fact used such performance incentives in two areas: transit ridership and higher education completion rates. While these incentives are no longer in place, they could be used as models for the selected use of performance incentives in areas that are of high priority in the health, social and education fields. Returning to the example of school completion rate for Native American children, payments for exceeding statistical expectation—with external audits and data systems of course—could help focus attention on what is a very serious school failure.

Both of these tools might be best used in the context of a policy framework. The decade-old Minnesota Milestones report, outlining goals in health, environment and the economy, could be a good starting point for developing a list of interventions for these two tools. Oregon has used their Oregon Benchmarks for more than a decade to direct state budget investments, and to work cooperatively for a policy framework for the state government, and their largest county and city.

Using these twin tools in such a framework can help provide focus in challenging budget times ahead. But they are certainly not a panacea. Other ways of empowering the public, such as school choice and charter schools, need to be a part of the toolkit if we are to get better results over the long term with more constrained resources. As Minnesota goes through at least two more years of tight budgets, it will be important to maintain a focus on getting value for money invested in public programs. These two tools can be a useful part of a sound strategy. MJ

Lyle Wray is President of the Citizens League. He can be reached at (612) 338-0791 or at lwray@citizensleague.net.

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Publisher—Lyle Wray

Editor—J. Trout Lowen

Contributing Editor—Ted Kolderie

Sketches—Ray Hanson

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OnBalance

Views From Around the State

Winter cold and higher natural gas prices equal higher heating bills…

Many counties are already experiencing an increase in applications for the "cold weather rule." The St. Cloud Times (10/2) reports "…based on the number of area households already applying for federal low-income heating aid, this could be a record year for demand for this help…already more than 1,000 applications have come in [to the St. Cloud Tri-County Community Action Program], and applications continue to arrive at the rate of about 100 a day. While that's about equal to numbers seen the past two years by Oct. 1, what's different this year is the areas' economic situation. Many households have yet to recover from job layoffs. Couple that with an expected 30 percent increase in heating costs, and demand could easily exceed the 4,485 households served last year."

The St. Paul Pioneer Press (10/9) agrees that the winter looks bleak for local energy consumers. "We would be thrilled to report that a magic wand could alter the prices of natural gas. Alas, the market is the market, leaving conservation as the most effective tool in the consumer's hands. Think back two winters, when natural gas prices and the weather were ghastly. The good news is that the amount of natural gas in storage now is at a five-year high, while the amount of natural gas in storage at the beginning of winter 2000 was at a five-year low. The bad news is that prices are up anyway. The homeowner who wants to reduce pain in the pocketbook can dial the thermostat back to 60 degrees, check the water heater and set it at 120 degrees, make sure the house is winterized, take advantage of solar heat coming through windows, dress in cozy layers, run washers and dryers expediently, consider putting in a setback thermostat to lower temperatures at night and when away from home for extended times."

Higher education with lower funding

"For the 2003 session, Minnesota needs new leadership to revitalize the state's commitment to research, teaching and outreach in our flagship institution of public higher education," argues the Duluth News Tribune (10/8). "Traditionally, Minnesota governors and legislative leaders across party lines have recognized the value of having a top-flight public higher education institution that meets the need for basic research to make new discoveries, teaching to educate each new generation and a broad land grant mission of outreach and applied research to benefit communities. We need renewed commitment to that tradition from a new governor and Legislature in 2003. Minnesota's competitive advantage in the national and international marketplace has been its highly educated citizens and its tradition of research to forge the innovations of the future. We ought not to let that advantage slip away from us—especially in tough economic times."

"It's a noble goal that Minnesota should make higher ed accessible to all of its residents, but the idea that everyone must have practically immediate access to a facility is dated. Advances in technology—including long-distance learning—underscore the need to determine whether all campuses and facilities are necessary," the Red Wing Republican Eagle (10/8) opined. "A strong education system—K-12 and higher ed—no doubt is at the foundation of this state's vitality. It only stands to reason, though, that streamlined operations—the same amount of dollars put toward fewer facilities/programs—will result in greater efficiency and a better investment."

The Bemidji Pioneer (10/3) argues education funding should be a top concern in 2003. "With major budget decisions to be made, the challenge will be in funding higher education so that it remains affordable in Minnesota. The Minnesota State Universities and Colleges system got a $100 million increase two years ago, but lost $22 million in this year's budget balancing. The system now believes that a minimum 3 percent increase in each year of the biennium is needed just to keep pace with projected compensation inflation increases and to maintain core services to students without further large tuition increases or drastic program cuts. The same is true for the University of Minnesota, where another report Wednesday showed that the state must increase higher education funding if the U of M is to achieve its goal of being an elite research university."

The budget deficit looms large for lawmakers

The Mankato Free Press (10/12) hopes the new state leaders will make strides to work together. "Meeting early this year, maybe shortly after the election, would help move the process along and eliminate some of the posturing that comes with a legislative session. The Legislature should consider holding public meetings with public testimony even before the session officially starts. Legislators should make an effort to find common ground early based on the needs and interests of various stakeholders. A thorough review of all government programs will be necessary. That takes time, but much of an agency's mission is spelled out each year in its budget request. There's a lot of good information already available on everything from the success of state business subsidy programs to the reserves of city and county government.

The Bemidji Pioneer (10/11) does not support expanding the state's gambling laws to alleviate the budget deficit. "Minnesotans have opposed the extension of gaming in the state, and should again oppose this proposal despite the state's need for cash. At this point, casino operations are allowed by compact only on American Indian reservations, which seems like the proper place for such activity as proceeds have, for the most part, helped improve impoverished tribal economies…Long-term reform is needed to put Minnesota on the proper budget track, not a quick fix from gambling proceeds which, in many cases, carry the stigma of being a "tax" on those least able to afford it. Minnesota's budget solutions need to come from a reasoned plan based on spending priorities and a willingness to pay for needed services, not from the throw of a lever or the roll of dice." MJ

With costs rising, it may be time for an attempt at health care reform

by Lee Greenfield

Once again, health care premiums are increasing by double digits. In 2001, the average cost of health care premiums for all businesses rose by 11 percent and in 2002 by 12.7 percent. In fact, in 2001 the actual cost of health care rose by 10 percent, the first double digit increase in a decade. Similar increases in health care costs in the early 1990s resulted in reform attempts at both the national and state levels. In 1992, Minnesota was one of the first states to pass significant health care reform. Is it time to try again?

Just as in the early '90s, we are seeing scary predictions about where spiraling health care costs will lead us. At the present rate of increase, health care spending, which currently accounts for 14 percent of the nation's gross domestic product (GDP), will rise to 17 percent of GDP by 2011. In addition, while total health care spending grew by 10 percent last year, the GDP grew just 1.4 percent. These disturbing trends raise the same questions now as a decade ago. How will this affect businesses' ability to compete in the international market? Can employers continue to afford subsidizing health insurance for employees? If they do continue to provide health insurance, how will they reduce costs?

In the early1990s, employers struggling with rapidly rising health care costs looked to some version of managed care to provide relief. One attempt to systematically address the rising cost of health care, "managed competition," held promise. It would have significantly increased competition between health plans by requiring managed care systems to provide health care consumers with better information on established measures for price, quality, and customer satisfaction. But Congress never even took a vote on the issue. Some states moved in that direction, but no state ever put a managed competition system into place.

In Minnesota, we reformed health insurance for small businesses and created what is now called "MinnesotaCare" to provide affordable health insurance for the working poor who do not have employer subsidized health insurance. We also created a commission to advise the state on how to reduce health care costs. That commission recommended a version of "managed competition" and in 1993 and 1994, we moved in that direction.

But before any state could establish a managed competition system, the insurance industry convinced the American public that managed care was the enemy and would destroy quality. Instead, they advocated that the way to protect quality was to offer as wide a choice of medical providers as possible. This concept—that patient choice equals quality—was widely accepted. Despite the fact that patients receive no information on doctor performance, patient outcomes or the real cost of services, this system is represented as "choice." Even in health care markets, such as Minneapolis/St.Paul, where the market seemed to be working, managed care providers found themselves under attack for restricting access to certain doctors and specialists.

As a result, health insurers chose to significantly reduce their management role and increase access to specialists. While this was done to help them maintain their market share and survive, the result has been greater costs and higher premiums, without measurable health benefits.

All of this raises some important questions: What do we know about what is causing health care costs to rise? And what can be done to address this situation?

The three largest components contributing to the growth of health care costs are hospital costs, prescription drugs prices, and the cost of physician services, in that order. Let us take a look at these cost components.

Hospital costs account for the largest share of health care cost increases. Outpatient hospital costs in 2001 rose by 16.3 percent, while inpatient costs—still the major portion of hospital revenue—increased by 7.1 percent. This occurred while inpatient admissions were relatively stable and there was a reduction in the number of hospital beds and a reduction in the average length of a hospital stay. A recent BlueCross/Blue Shield Association study attributed more than one-third of the increase in hospital costs to two factors, the cost of new technology and the effect of hospital mergers and "industry consolidation that reduced competition." The study also pointed to another contributing factor, salary increases for nurses and other professional hospital staff.

Given the current significant shortage of professional hospital workers, especially nurses, and recent studies showing a strong relationship between quality and the ratio of registered nurses (RNs) to patients, this portion of hospital costs will not likely change in the near future. In addition, there seems to be public support for new technology, regardless of cost.

The next largest factor driving up health care costs is prescription drugs. While we all agree that many new drugs have provided significant improvements in treatment and results, the rising cost of prescription drugs raises some serious concerns. The price of prescription drugs has been steadily increasing since 1980, and in recent years it has escalated rapidly. In 1980, Americans spent $12 billion a year on prescription drugs. By 1990 that figure was $40 billion. Ten years later, spending on prescription drugs had leaped to $122 billion annually. This year, it's estimated we will spend $161 billion on medications.

In the 1980s, prescription drugs accounted for 5 to 6 percent of the national health expenditures. Now it's more than 10 percent. Prescription medications are now marketed directly to consumers and the number of prescriptions per person has gone up. Profit margins for major pharmaceutical companies are high by any standard. Americans also buy prescription drugs in a different way than another industrialized nation, and we pay more for them than anyone else. Other industrialized nations negotiate drug prices with the pharmaceutical manufacturers as nations or subdivisions of nations. We buy our prescription drugs from pharmacies as individuals or members of buying groups, and pay the highest rates.

The third major component driving the increase in health care costs is physician services. Since 1970 the number of physicians per 1,000 people has risen by about 40 percent, and medical specialists are leading that growth. In 1970 there were 66 primary care physicians per 100,000 people, by 2000 that number had increased to 98. In 1970 there were 89 specialists per 100,000 people, by 2000 there were 164, a growth rate of 80 percent.

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Living wage *continued from page 2*

floor under farm prices, so the purpose of the minimum wage law was to put a floor under wages. With these two programs, government intervened in the market to make the balance of power more equitable. As a result of this intervention, farmers received higher prices and workers received higher wages.

Opponents of market intervention say that it's counterproductive, that low-wage workers and family farmers would both somehow be better off without it. But to argue that either low-wage workers or family farmers can flourish without market intervention implies that they have as much market bargaining power as employers and agribusiness corporations. It's like refusing to install traffic lights at a busy intersection and then insisting that pedestrians can get through it as easily as semi-trailer trucks.

The 1950s were a good time for family farmers. It was also a relatively good time for low-wage workers. The minimum wage then paid more than what a family of four with two full-time workers needed to move into the bottom of the middle class. Until the early 1980s, political leaders from both parties supported minimum wage increases for a simple, fundamental reason: they believed that people who worked full time should make enough to cover their basic needs.

Over the last 20 years, however, this bipartisan consensus has been shattered by a growing ideological opposition to all forms of market intervention, including the minimum wage. Minimum wage opponents refuse to acknowledge the imbalance in market bargaining power that existed between employers and low-wage workers. They argue that wages should be set exclusively by the unfettered market.

JOBS NOW's Cost of Living report shows the results of this campaign to lower the floor under wages. At the current minimum wage of $5.15 per hour, a couple with two children would have to work four full-time minimum-wage jobs to meet their basic needs. Like family farmers, low-wage workers have suffered a decline in market bargaining power. If the value of the minimum wage had kept pace with inflation since the late l960s, it would now be about $8 per hour.

Minimum wage opponents claim that raising the minimum causes low-wage workers to lose their jobs; but the last time the minimum wage was raised, this theory was tested and found wanting. After the 1996 minimum wage increase, opponents predicted rising unemployment rates for African-Americans, Hispanics, and workers under age 25; instead, the unemployment rates for all three of these low-wage groups declined to 30-year lows.

At the current minimum wage of $5.15 per hour, a couple with two children would have to work four full-time minimum-wage jobs to meet their basic needs.

Opponents also claim that hardly anyone works for the minimum wage, so there's no point in raising it. But if we count the workers whose wages fall below the inflation adjusted minimum wage level, we find that close to half a million workers—more than one in every six workers in the state—would benefit directly from a minimum wage hike to $8 per hour.

Do the state's newest jobs offer higher wages? According to the Minnesota Job Vacancy Survey, 70 percent of job openings pay starting wages below $12 per hour, and 55 percent pay less than $10 per hour. Many of these new jobs are in food preparation and service, retail sales and health care support. Almost two-thirds of job openings require a high school degree or less.

To reduce Minnesota's living-wage job gap, we must move beyond the usual policy debate. Asking people to work harder or get more training will not improve their living standards if we don't have enough jobs that pay family-supporting wages. In order to create more of these jobs or to support workers who cannot get them, we must do the following:

▲ Increase the market bargaining power of workers by raising the minimum wage to $8 per hour.

▲ Fill the remaining gap between low wages and family-supporting wages with subsidies provided by state programs for working families, including the Working Family Tax Credit, MinnesotaCare and Basic Sliding Fee Child Care.

▲ Increase the market bargaining power of family farmers by raising the minimum price floor to a level that covers production costs without taxpayer subsidies.

We also need to create a new model for economic development, both urban and rural. Communities must begin to hold businesses accountable for creating jobs that offer the opportunity to earn family-supporting wages, instead of competing with each other to provide the lowest wage cost to the biggest corporation. We should support locally owned businesses that keep economic activity and tax dollars in our communities, rather than subsidize large corporations that extract wealth from them.

Farmers and workers of the 1930s could never have raised their living standard if they had believed the market worked only according to the law of supply and demand—an 18th century theory that is often regarded as a natural law, like the law of gravity. Ordinary citizens won their victories because they understood that the market was a human construction that could be shaped for the good of their communities.

Once we see the market as a purely human construction, we can also see that the market can serve our human purposes. The choice we face is simple: either human beings can serve our economic system, or our economic system can serve human beings. MJ

Kevin Ristau is the Education Director of the JOBS NOW Coalition. Copies of the report, The Cost of Living in Minnesota, *are available. Call 651-290-0240 or visit the website* www.jobsnowcoalition.org.

Clean elections *continued from page1*

funds from private contributions than legislative candidates, but they are still subject to the 20 percent lobbyist, PAC, and large-giver limit.

The political contribution refund (PCR) is another feature of the Minnesota campaign finance program that increases the amount of public subsidy received by all candidates. The state will reimburse an individual donor for up to $50 of a contribution the individual makes to a candidate. The program, in effect, gives additional public subsidies to candidates beyond direct campaign fund payments, while also giving individual voters the power to choose individual candidates to support.

Carryforward of public funds is not allowed under clean elections acts that have been proposed or passed elsewhere. This has the advantage of returning all public funds to the public treasury and preventing the possibility of building "war chests" for future campaigns. It has the likely disadvantage of encouraging higher spending so that a candidate need not return any funds. Requiring return of all funds after the election raises the question of whether the risk of encouraging higher spending is worth the benefit of returning all unspent public funds after an election.

At least in Minnesota, policy choices about two features of the clean elections acts might be affected, if not necessarily prohibited, by constitutional considerations. Giving a candidate additional public funding to match spending over the limits by an opponent may be upheld if litigated in this federal circuit. Specifically, this approach may have constitutionally significant differences from the former, invalid Minnesota program that gave a candidate the entire public funding share of a nonparticipating opponent. A match for independent expenditures, another clean elections act component upheld by the First Circuit Court of Appeals in a lawsuit over the Maine program, would be unconstitutional under current controlling authority for this federal court circuit. However, the split in authority between two circuits on the issue would allow Minnesota to legislate and relitigate the point in search of a favorable resolution by the Supreme Court.

Assuming it is desirable to replace most private campaign contributions or to match excess opponent spending or independent expenditures, another issue raised by clean elections act proposals is whether there is an increased cost over the current Minnesota program. The particulars of a given clean elections act proposal must be examined to see whether or how much it increases either current spending limits or the percentage of spending limits to be provided by public funds. The final question is whether any possible cost increase is outweighed by improvements in the campaign process.

Additional goals clean elections act proponents hope to achieve include reducing overall campaign spending, releasing candidates from time-consuming fundraising efforts, and putting all candidates on an equal financial footing. For example, in the only year a clean elections act has operated in Maine, it promoted contested primaries and increased opportunities for minor party candidates.

States with clean election acts

Maine enacted this campaign finance system by initiative in 1996. The program applies to legislative and gubernatorial candidates. It was first used in the 2000 election and has been upheld against constitutional challenge by the federal court of appeals.

Vermont's legislature passed a clean elections act in 1997. The act applies only to candidates for governor. It was the subject of federal court litigation on some points but was used by two candidates in the 2000 election.

Arizona adopted a clean elections act by initiative in 1998. The act covers legislative and statewide offices and was first used in the 2000 elections. It is currently being litigated in state court.

Massachusetts voters passed an initiative for a clean elections act in 1998. The program applies to legislative and statewide offices. It has not yet been implemented because the legislature has not appropriated all necessary funding. The matter is in litigation at this time.

At the 2000 elections, voters in Missouri and Oregon rejected clean elections act initiatives. The same year the Connecticut Legislature passed a clean elections act, which was vetoed by the governor. Bills have been introduced in other state legislatures, including Minnesota. MJ

Deborah K. McKnight is a legislative analyst for the Minnesota House Research Department.

Health care reform *continued from page 5*

Research indicates health care costs could be significantly reduced and quality maintained if we had more primary care physicians and fewer specialists. Rates charged by specialists are more than twice that of primary care physicians, and their charges are growing at a much faster pace. To be fair, one should note that the cost of operating expenses has outpaced physician income growth. However, research strongly indicates that a large number of patients currently seeing specialists could be treated just as effectively by primary care physicians at great savings.

So, is it time to try health care reform again? With the public's rejection of managed care there is no current proposal that might solve a significant number of the problems we face. We do need a solution. Until we find some better way, perhaps we can address each of the problem areas. We need to keep the quality of our health care high and improving, but it must also be affordable. MJ

Lee Greenfield is Principal Administrative Assistant for the Hennepin County Center for Health Policy and Community Services Integration. From 1988 to 1998, he chaired the Health and Human Services Finance Division of the Minnesota House, and was one of seven state legislators who developed and won passage of Health Right in 1992, now called MinnesotaCare.

TakeNote Policy Tidbits

Interesting bits of information gleaned from the information sea

Looking back more than a decade to Minnesota's path-breaking policies for school choice, the Center for School Change issued a report last summer. The findings did not get nearly enough public attention. By 2001, 150,000, or 17 percent, of the 850,000 total students were in postsecondary options, second-chance, charter or alternative schools. Fully 30 percent of all secondary students participated. The greatest growth occurred in alternative schools that attract students who are not succeeding in traditional high schools.

Joe Nathan, the center's director, says rising use of choice has brought measurable changes to school district practices. Among the most obvious: a 753 percent increase in numbers of students taking Advanced Placement tests—roughly twice the national increase.The full report is available at www.centerforschoolchange.org.—*Curt Johnson*

Minnesota ranks high for states with laws and regulations governing telemedicine—physician-patient consultations via telecommunications devices—that are considered advantageous to citizens, according to a recent survey by the progressive Policy Institute. On a 10-point scale, Minnesota was one of 17 states to score a seven. Only Hawaii, North Dakota and Oregon scored higher. Each scored a perfect 10. —*Scott McMahon*

World's first mag-lev train to begin operation in Shanghai. The November issue of *I.D. Magazine* reports that in early 2004 the world's first regular service mag-lev train—which floats on a magnetic cushion—will become operational over a 30 kilometer course in Shanghai. The airport-to-downtown trip will take less than eight minutes. The train could reach speeds of 270 miles per hour. The $1.2 billion project is a joint venture between two German firms, Siemens and ThyssenKrupp.—*Lyle Wray*

Bad news for the state's unemployment fund. According to a recent U.S. Department of Labor report, Minnesota's unemployment fund is barely solvent. The labor department estimates the solvency of the states unemployment funds by the number of months a state can pay recipients during recession like conditions. Minnesota's cushion is less than six months. The Department of Labor considers a 12-month reserve necessary for a fund to be solvent.—*S.M.*

Coplink brings artificial intelligence software to crime fighting. In an article in the Nov. 2 *New York Times*, Mindy Sink wrote that recent developments in artificial intelligence software are being applied to better use and integrate crime data. Coplink is an Internet-based software system coming into application. During the recent sniper shootings, all of the information collected, including that from other computer database systems like the Federal Bureau of Investigation's Rapidstart, was downloaded into the Coplink database so that the accumulated data could be compared, said Robert Griffin, president of Knowledge Computing Corporation of Tucson, the company that is turning the prototype in the laboratory into a commercial product. "The more data you get, the better Coplink works," he said.

Coplink works by linking and comparing data from new and existing files. For example, in a Tucson case a man was found lying face down after his throat had been cut and he had been run over by a vehicle. The man was still alive, and before he was taken to a hospital he told people at the scene, "Shorty did it." The name Shorty was put into Coplink and cross-referenced with the victim's personal data, and within minutes the records showed that the two men had been in prison together. The program also allows users to look at lists of data or to create graphs and charts showing affiliations among different criminals.

"It's the Google for law enforcement," said Hsinchun Chen, the director of the Artificial Intelligence Laboratory at the University of Arizona and designer of the Coplink system. Chen was referring to a speedy popular Internet search engine that, given a couple of words, can find an array of related Websites. "Things that a human can do intuitively we are getting the computer to do, too," he added.

At the moment, the Tucson Police Department is the only one in the country where Coplink is fully installed.—*L.W.*

Around a large table in the back area of a restaurant in the western suburbs, a bunch of retired Citizens Leaguers were grilling former MnDOT commissioner Richard Braun in late October about controversial Metropolitan Council proposals for a policy based on "centers and corridors." The idea, as advanced by the current Met Council, is to support growth in centers all over the region, and around corridors, so that the market for higher density development of offices, retail, and housing is supported and transit becomes a more feasible option. Braun, amazed that anyone would think this is either new or radical, pulled a report from his weathered briefcase that he'd written in 1972, on commission from the Metro Council, recommending exactly that strategy. Apparently good ideas, bottled to age like wine, can be uncorked when the climate of congestion allows them to mature.—*C.J.*

MJ

Take Note contributors include Citizens League staff and members.

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