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Expanding the Civic Imagination



Minnesota Millennials are ready to talk about governing

By Lisa Piskor and Nicholas Banovetz

Here's one 2012 election result we could have predicted: Minnesotans voted in droves—even if it meant standing in line for hours to do it. We outpace the nation on this and many fronts. From our engaged electorate to our unrivaled charitable giving, business community, health and health care, we are lucky to consider Minnesota home.

But there's one frightening trend that's unbecoming of Minnesotans: severe partisan gridlock.

On behalf of Minnesota Millennials, this is off-base from our values. We are change- and community-oriented, results-driven, collaborative and inclusive, and entrepreneurial. We're young but already tired of divided government that fails to rally, collectively, to solve problems.

WE'RE 'PARTYLESS'

We're all too easily characterized as Democrats. That's hardly the case. Many Millennials reject labels and consider ourselves partyless. Yet we're socially and politically active. Our state's inability to consistently innovate, collaborate and champion solutions concerns and frustrates us.

We're weary of elected officials on both sides who distract us with divisive platforms, and we vote against them at the ballot box. We're willing to work hard for a thriving Minnesota, but exclusion is not the way forward, and political games must be left on the side.

There's far more we can do to raise up all Minnesotans, but we're not convinced that more government is always the best answer. We know Minnesota needs a new approach to solving problems. Here enters the Citizens League.

COMMON GROUND FOR THE COMMON GOOD

The Citizens League, a civic engagement laboratory 60 years in the making, has stayed true to its mission: to create a better Minnesota by building human capacity and imagination.

Its results are legendary: creation of the Metropolitan

Council, the "Minnesota Miracle" tax reforms of the 1960s and '70s, charter schools in the 1980s, and the groundwork for MinnesotaCare health insurance for the working poor in the 1990s.

We became involved in the Citizens League as young professionals

looking to engage with civic-minded individuals—without plugging in to one ideology or dogma.

The Citizens League's new approach to solving problems—"civic policy making"—defines every individual as a policymaker and everywhere—home, work, neighborhoods and community institutions—as places policy happens.

Involving the people affected by a problem in creating a better definition of it leads to better solutions. That's been missing from today's debates, but it's needed more than ever.

PROBLEMS NEED EXPIRATION DATES

For example, millennials consider poverty a beast we need to tackle so Minnesota is well-positioned to thrive in the years to come. Since 1964, America has devoted billions of dollars to a "War on Poverty." Yet today, 15 percent of Minnesota's children—almost 200,000, the populations of Bloomington and Rochester combined—live below the poverty line.

Involving the people affected by a problem in creating a better definition of it leads to better solutions. That's been missing from today's debates, but it's needed more than ever.

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CONNECTIONS

Building a League of Citizens

Thanks to our newest sustaining members: Erica & Chris Cantoni, Victoria Ford & Matt Crowley, Cassi Johnson, Andrew Herkert & Genevieve Lowe, Daniel Schultz, Joe Sixta & Lindsey Miller, and Britt Werner.

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

Become a sustaining member today at www.razoo.com/citizensleague.

Thanks to our new and rejoining members and contributing organizations 10/01/12-12/31/12

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The Citizens League involves people of all backgrounds, parties and ideologies to create and advance solutions for Minnesota.

The Citizens League's approach to policy—civic policymaking—results in the civic policy agenda, our case for action that is based on the belief that all people and organizations play essential roles in developing the ideas, skills and resources to govern for the common good. Visit www.citizensleague.org/who/identity to find out more.





From Kick-the-Can to Red Rover

An opportunity for honest tax—and spending—reform

by Sean Kershaw

As we've talked with thousands of Minnesotans about the state's budget realities and trends, they've literally gasped with disbelief at the “kick-the-can” tricks and gimmicks used to push the burden of hard choices off onto future generations. One of the best things you can say about Gov. Mark Dayton's budget proposal is that it attempts to break that cycle and deal with some of those hard choices today.

Hopefully now we can begin a more fruitful game, in which one side sends over their best ideas and the other side responds in kind. Good ideas on both sides may break through the clutter. Even among the harshest opponents of the governor's budget proposal, the quality of the conversation is already better than it's been in years.

TAX REFORM

From the Citizens League's perspective, we're encouraged by Dayton's proposal to broaden, and lower, the state's sales tax. It currently covers too few things, meaning it has to be too high, and too unstable. This is a very important reform, but it's only a piece of the puzzle and not an end, in and of itself.

Exempting certain items and actions from the state's sales tax is one example of a **tax expenditure** (pdf)—an exemption for a particular activity done by a particular group, that someone once decided should be subsidized by the rest of Minnesota. Roughly 40 percent of our state's budget is kept off the books and running on autopilot through various tax expenditures. Adding them back into the budget picture —*not just as a source for more money*—is a **top legislative priority** for the Citizens League. It's important to regularly evaluate them to make state finances more stable and aligned with economic realities.

What we haven't yet had, and what this budget proposal doesn't provide, is a much-needed discussion about the *value* of what Minnesota is getting for those tax

Minnesotans have come up with a very reasonable definition of what's fair when it comes to the budget: Connect significant tax reform to significant spending reform.

expenditures. Similarly, the critical response to Dayton's budget proposal has focused on the amount of new revenue it would generate, missing the point that it doesn't address the value of the services we're receiving in health care, education, transportation and elsewhere before considering additional tax dollars. Any increased spending should be tied to reforms, not just restoring previous funding cuts.

A NEW “STATE FAIR”

When we bring the public into the conversation, as we have through our **Common Cents** tax and budget reform workshops, they not only become more supportive of the need for reform, they quickly comprehend the nature of the reforms we need. They rightly tie how we collect resources to how we spend them.

Central to the debate on the budget has been the concept of what's fair. Beginning with the assumption that it isn't fair—or just—to leave the next generation to pick up the pieces of our own inability to govern and make hard choices, Minnesotans have come up with a very reasonable definition of what's fair when it comes to the budget: Connect significant tax reform to significant spending reform.

For a place with the best state fair in the country—that's a fair proposal, and one worthy of action this year.

SPENDING REFORM

We know that Minnesotans care more about the *value* of public services than *how much* is spent, and tie tax fairness to the quality of these services. The discussion should be about value and policy reform, not just spending more or less.

Not only is future spending on costs like healthcare and long-term care as much of a threat to our economic prosperity as an outdated tax system, the public will be more supportive of major tax reform when they see it connected to major spending reform.

The people we talk with also care about the *sustainability* of our spending, and how it affects our future growth and economic productivity. Health care costs are increasing out of control, with Medicaid at the leading edge. Medicaid was designed as a safety net program, yet today it pays 40 percent of our long-term care costs—\$1 billion annually in Minnesota. If current trends hold, it will be up to \$5 billion by 2035 and it will ruin our fiscal and economic future. **Reforming Medicaid to reward savings** is one example of the changes we need to be considering now for Minnesota to end up where it needs to be.

Revenue Commissioner **Myron Frans** was right to have dozens of conversations with Minnesotans about the need for tax reform prior to crafting this proposal. We need to continue those conversations, broadening them to include the value of services, tax expenditures and other items on the spending side of the equation. We hope this is just the beginning of such a discussion. We're inviting all Minnesota's citizens—not just interest groups, formal policy-makers and elected officials—to “come over” to a better discussion about where we must go as a state. The future of Minnesota depends on it. ●

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2013 Legislative priorities represent years of civic policy making

What the Citizens League is pursuing at the Capitol

By Bob DeBoer

Over the past several years, the Citizens League has developed policy directions and proposed solutions in several policy areas that are in various stages of advancement. These proposals were all developed using civic policy making, a new approach that attempts to build the underlying structure for long-term success as any specific problem is addressed or new policy developed. Although government policies are only one part of civic policy making, there are many areas where action by the Legislature and the governor is now needed for Citizens League policy solutions to move forward.

Although government policies are only one part of civic policy making, there are many areas where action by the Legislature and the governor is now needed for Citizens League policy solutions to move forward.

As the Citizens League advances any policy solution, civic policy making is continually applied in order to produce authentic, long-term results. As you read through the specific policy areas, remember that in each area the Citizens League is also producing evidence about the effectiveness of this new approach to policy making. Even as we advocate for more specific solutions, there will be some areas where key political skills—such as suspending judgment and asking open-ended questions—continue to be applied to develop lasting solutions.

1. Tax reform starts with tax expenditures

Evaluation of tax expenditures (exemptions, deductions and credits) is key to tax reform and should be part of the consideration for any long-term budget solution. Current tax expenditures are on auto-pilot and are immune from evaluation that takes into account all the factors of Minnesota's structural deficit.

The Citizens League Common Cents tax reform workshops show broad support across the state for evaluating tax expenditures. Tax expenditures must be evaluated on an ongoing basis as part of the budget process, and the legislation to establish that should be passed in 2013.

A February 2011 report by the Department of Revenue brought together a group of economists from differing perspectives, and they outlined a reasonable approach to beginning ongoing evaluation and making it part of the budget process. A one-time budget deal that includes tax expenditures is progress but is not sufficient.

Key points for 2013 tax reform and balancing the budget for the biennium:

- By reducing income tax expenditures, the overall tax system can be made more progressive without raising income tax

rates. This is something the governor should consider so that he can work better with the majority and minority in the Legislature.

- In order to achieve this, the administration should explore ways to reduce federal tax expenditures at higher incomes without eliminating them so that Minnesota continues to conform to federal tax law as much as possible. This would also reduce the tax expenditures that make the most sense to Minnesotans. This might be a way to ameliorate unwanted effects of the “fiscal cliff,” if that comes to pass.
- The Legislature and governor should not focus only on income tax expenditures. The need to look at sales tax expenditures as part of sales tax reform is more essential for future budget stability.

Key points about sales tax expenditures:

- The sales tax base must be dramatically broadened to better match the current economy and the economy of the future (promotes stability and growth in revenues).
- The rate should be significantly lowered to promote tax fairness and make Minnesota more competitive with other states in terms of tax rates.
- A lower rate can be designed to be revenue neutral or raise more revenue overall, but it must be done!
- The sales tax is the most stable part of state revenues, yet Minnesota's sales tax is less stable than most because our sales tax base is too narrow.
- Although everything should be on the table, reductions in sales tax expenditures do not have to focus on the typical retail examples of food and clothing; a focus on services is the most important part of the equation.
- Depending on which tax expenditures are reduced, the sales tax system could be configured to be less regressive than the current base.

Key points about property taxes (reform, expenditures, etc.):

- Property tax expenditures could be reduced by examining whether some properties that enjoy exemptions should pay more fees based on property-related services. This could reduce the direct burden on homeowners and businesses.
- Remove any caps on the “circuit breaker” (property tax refund based on ability to pay).

2. Support prosperity through asset building and removal of asset limits

The Citizens League is establishing **Family Independence Demonstrations** with five community partners. These demonstrations are part of the Pathways to Prosperity project, which seeks to establish an approach to poverty reduction that supports prosperity rather than reacts to poverty. Groups of low-income families will be formed to set goals and report to one another on their progress. Partners are:

- **Islamic Civic Society of America (ICSA)**

- **Minnesota Indian Women's Resource Center (MIWRC)**
- **Community Action Partnership of Ramsey and Washington Counties (CAPRW)**
- **Project for Pride in Living (PPL)**
- **Circles of Support—Grand Rapids**

These groups of families will learn to develop their own community networks rather than use all their capacity to navigate the current welfare system in order to prove their neediness. They will be supported with small cash payments (conditional cash transfers) and computers.

These demonstrations will not be able to proceed as envisioned unless these payments are not counted toward asset limits or asset limits are raised or eliminated in general.

Those who set goals and are accountable in an attempt to build and sustain independence should not be penalized for earning and saving.

- The Citizens League supports asset limit removal in general but must get it enacted for Family Independence Demonstrations at a minimum for this policy solution to move forward.
- One example in existing law that could be examined as a precedent is Medical Assistance for Employed Persons with Disabilities (MA-EPD), established in Minnesota in 1999.

3. Expanding Family Assets for Independence in Minnesota (FAIM)

FAIM is part of the Citizens League's asset-building agenda and is Minnesota's most functional conditional cash transfer program. A bipartisan effort revived FAIM during the 2012 Legislature and appropriated \$250,000 in the Omnibus Health and Human Services bill (HF2294). This was after its \$250,000 annual appropriation was cut in July 2011 as part of the solution to the budget deficit.

Since a state appropriation is required for federal matching dollars, participating nonprofits have been cobbling together other funding streams to keep the federal match alive. Since the 2012 appropriation is one-time and is a redirection of federal TANF (Temporary Aid for Needy Families) dollars, it still does not trigger the federal match.

The Citizens League supports funding for FAIM at \$500,000 per year in state funding in order to take full advantage of the federal match.

4. Allow prize-linked savings to attract new savers and increase savings

Prize-linked savings is another part of the Citizens League's saving and asset-building strategy to support prosperity for low- and middle-income Minnesotans and to encourage more saving for long-term care needs. By re-creating the entertainment and fun that attracts people to the lottery, prize-linked savings encourages regular savings deposits with the chance to win every month—with no risk of loss.

Enticing more people to save is critical. According to a 2009 study by Harvard business professor Peter Tufano, 46 percent of Americans felt they would be unable to come up with

\$2,000 within 30 days if they had an emergency, and an additional 7 percent were unsure.

In its second year (2010), Michigan's successful prize-linked savings program had more than 16,000 accounts at 36 participating credit unions, with an average balance of nearly \$1,300. Forty-four percent of accountholders were non-savers prior to the program.

Enabling legislation is required to permit prize-linked savings at financial institutions in Minnesota. This requires no state funding.

Those who set goals and are accountable in an attempt to build and sustain independence should not be penalized for earning and saving.

5. Reform Medicaid to reward savings

While Medicaid was designed as a safety net to assist those in our society who are impoverished, today Medicaid picks up 40 percent of long-term care costs for the elderly in Minnesota. Not designed for this purpose, the current Medicaid structure runs counter to encouraging the personal responsibility that Minnesotans from across the political spectrum have shown they desire throughout the Citizens League's work on long-term care financing.

Unless Medicaid is redesigned to remove disincentives for personal responsibility, other incentives (such as tax benefits) will have only marginal success.

Minnesota should design and apply for a federal waiver to allow a Medicaid co-insurance program, which could supplement individuals' long-term care insurance without requiring recipients to be entirely impoverished of assets and income.

This is the most difficult and fundamental part of overcoming the unsustainable fiscal path that Medicaid is on due to long-term care costs (\$1 billion today; up to \$5 billion in 2035).

Along with prize-linked savings (see above), the Citizens League will also pursue new financial products that help people save and access their wealth for long-term care needs.

The Citizens League is participating in the Dayton administration's **Own Your Future** initiative. It aligns with the third part of our **long-term care financing work**, providing people with the knowledge and information to make sound choices. For Own Your Future to have maximum effect, however, the Citizens League believes that Medicaid co-insurance design must begin now.

6. Move forward on health care reforms

The Citizens League strongly supports efforts that continue to implement medical homes, greater coordination of care and bundling of services. We believe a Minnesota health insurance

exchange will help citizens become better engaged and make more-informed decisions regarding their health care coverage.

- A Minnesota health insurance exchange will provide an opportunity for easier navigation of health care insurance options for consumers and small businesses. A Minnesota exchange will create a new purchasing channel to help individuals and businesses to compare, choose and buy health insurance, using information on cost, quality and consumer satisfaction. Plus, a Minnesota exchange will help individuals and families more easily determine their eligibility for Medical Assistance programs, premium tax credits, cost-sharing assistance and coverage requirements exemptions.
- Based on our review of health care reform efforts, including focused examination of the proposed Minnesota health insurance exchange, we believe a Minnesota health insurance exchange will provide critical information, awareness and understanding of health insurance options. As a result, Minnesota citizens can become better engaged and make more-informed decisions regarding their health care coverage. This will provide an opportunity for a more consumer-driven health insurance marketplace.

7. Expand access to higher education

Undocumented students in Minnesota pay out-of-state tuition rates at some Minnesota public colleges and universities, and students who are undocumented or have Temporary Protected Status are not eligible for state financial aid. The higher tuition makes the financial barrier—already a roadblock for many immigrant students—even more significant.

Minnesota should pass legislation that would:

- Allow students to pay in-state tuition rates at public colleges and universities if they meet certain requirements, regardless of their immigration status.
- Make higher education aid available to all students who meet residency requirements, regardless of immigration status.
- Allow public institutions (MnSCU and the University of Minnesota) to use private funding as financial aid for all students, regardless of immigration status. This requires no state funds. Private colleges already do this.

Furthermore, financial aid can be difficult to access for students who attend part-time or who do not go directly to post-secondary education upon graduating high school. The state, foundations, and educational institutions should equalize eligibility for financial aid of these older and non-traditional students.

8. Expand comprehensive approach to congestion reduction

The Citizens League continues to strongly support ongoing efforts that were initially part of the Urban Partnership Agreement in 2008:

- Based on the outcomes of the **eWorkplace initiative**, the Citizens League will push for a greater regional and statewide focus on expanding telework opportunities. Creating scenarios to help state policy makers shift their thinking to the transportation and communication needs of the future is a key part of this work.

- More stations and service for the Cedar Ave/I-35W bus rapid transit line must be funded this biennium.
- Continue efforts toward regional MnPASS and direction of any excess funding to support transit operations.

The Citizens League continues to support examination of more transparent funding sources for transportation. We took part in the **Mileage-Based User Fee (MBUF) task force**, and we oppose truck weight increases until there's a better system to pay based on road impact.

9. Pass the Impartial Justice Act

The Citizens League supports legislation to ask voters to change the constitution and allow retention elections for judges. This is one part of the **Impartial Justice Act**, which addresses three key concerns:

- **Public Performance Evaluations:** A transparent evaluation process—with members representing all three branches of government and both major political parties, and a non-attorney majority—would give voters information about the performance of their judges to use when deciding whether judges should retain their positions on the bench. These evaluations would begin to address voters' current lack of information about their judges.
- **Merit Selection:** Nearly all Minnesota district court judges have reached the bench through an appointment process based on merit. As a result, our judiciary is recognized as one of the best in the nation. Expanding merit selection for the entire judiciary and making it mandatory guarantees that no special interest can "buy" a seat on the bench.
- **Retention Elections:** The right of voters to hold judges accountable has effectively been eliminated. Currently, 90 percent of judges run unopposed in Minnesota, giving voters a choice only 10 percent of the time. This is unacceptable. Retention elections give voters the opportunity to voice their opinions in every race and determine whether to retain judges or remove them from the bench.

10. Fiscal Disparities

The Citizens League does not see any need for policy changes to fiscal disparities (regional tax base sharing in the Metro Area and on the Iron Range), based on the **report** commissioned by the Department of Revenue that was released in 2012.

We will continue to oppose any efforts to divert the fiscal disparities pool to spending programs or attempts to exempt special interests from the pool.

We are interested in proposals to make fiscal disparities more accurate on the truth in taxation statement, because it currently creates confusion among business owners and does not increase transparency.

Citizens League successes in these areas are dependent on our members, partners and all who have helped develop the policies. We welcome any efforts to bring these positions to elected and appointed officials. ●

Bob DeBoer is project director for the Citizens League's Pathways to Prosperity project and a member. He was the Citizens League's Director of Policy Development from 2003 until 2012.



Searching for big tax reform ideas

Aren't all big ideas considered crazy at first?

By Stacy Becker

It's tax reform season. The last time there was true reform (rather than piddling around the edges) was the Minnesota Miracle, thanks in no small part to the Citizens League. There are all sorts of ideas floating around now. Some piddle. Some are big. Here's one big one that may be worth thinking about, even if it's crazy, because it helps us to examine our assumptions, explore the trade-offs inherent in any reform, and more clearly identify what is most important.

The idea comes from a gentleman in Hibbing, who attended a Common Cents workshop on tax reform. He asked: "What if Minnesota had only one tax, an income tax that was exactly the same rate for everyone?"

The idea is, we swap an income tax for all other taxes—no property tax, gas tax, sales tax, alcohol tax, insurance tax, mortgage registration tax or solid waste tax. No credits or deductions. A truly flat tax. For purposes of this article, we'll call it the "single flat tax."¹

The gentleman in Hibbing correctly observed that such a tax would be more equitable than what we have right now. The income tax in Minnesota is highly progressive (i.e., the more money you earn, the higher a tax rate you pay). However, the "effective tax rate," which is the sum of all state and local taxes as a percentage of income is slightly regressive in Minnesota. The very rich pay less of their income than the middle class, and the poorest 20 percent of Minnesotans pay more.

The gentleman was also responding to a view expressed by his fellow workshop participants and, more broadly, by two-thirds of participants in all Common Cents workshops: Minnesota's tax structure should be at least proportional (where the effective tax rate is the same for everyone).

That sounds easy to do, but in real tax life, it has become much more complicated. In Minnesota there are more than 20 different taxes. Some, like the sales tax, fall more heavily (as a percentage of income) on lower income families. Some, like the income tax, fall more heavily on higher income families. Some, like the gas tax, are distributed pretty evenly. The allure of the single flat tax is that it focuses solely on the overall result. It suggests that the bottom line—total taxes paid—matters most. And because it's a single tax, we can actually control the final result.

Minnesotans also care about simplicity. Nothing could be simpler than a single flat tax. Think of all the dollars saved in administering taxes in Minnesota, from the sole proprietor's costs to collect and remit sales taxes, to the counties' cost of administering property taxes, to the Department of Revenue Staff. Interestingly, we don't know how much these taxes cost to administer. But to

give you some idea, a 2010 study found that the annual cost of federal tax compliance ranged from \$1,584 *per employee* for firms with fewer than 20 workers to \$517 per employee for businesses with 500 or more workers.² Now start adding the multitude of costs that come with administering sales taxes, health taxes, property taxes, gas taxes, solid waste taxes, etc.

And nothing could be more transparent. The fact that there are so many different taxes, and tax deductions and credits (296 at last count), leads to suspicions of favoritism in the tax code. The Legislature would have a single decision—whether to increase or decrease the income tax rate (for everyone). That's it. There would be no place to hide, politically.

There are many objections that can be made to the single flat tax. Let's start by recognizing that,

except for the very wealthy, it doesn't mean that people are paying higher overall taxes. They're just paying higher income taxes. But they no longer pay property taxes, sales taxes, gas taxes, or many other more hidden taxes. The overall burden could remain the same.

Our tax code is complicated because we expect it to accomplish so many different things. Are they all equally important? How would the single flat tax fare?

- **Collection method.** Does the type of tax matter? Do we prefer one type of tax to another? Is the total tax burden most important, or the grounds for and method of paying it?
- **Transparency.** How important is transparency? Does the complexity of the current tax code carry enough benefit to outweigh its lack of transparency?
- **Simplicity.** How important is simplicity? Millions of dollars would be saved by moving to a single tax, removing the burden on businesses and local governments to administer a broad array of taxes.
- **Volatility.** Relying on a single tax makes the state budget far more vulnerable to revenue fluctuations. This is particularly true with the income tax, which can vary considerably depending on how well the economy is doing. But is a diverse tax structure the best answer? For example, in an economic downturn, it may be preferable for Minnesotans to pay less in taxes. An alternative to a diverse tax structure is a state fiscal structure that saves in good times.
- **Deductions.** Deductions disappear, including things like the home mortgage deduction and pension contributions. Deductions and credits in the tax code are used to incentivize many types

(A) 2010 study found that the annual cost of federal tax compliance ranged from \$1,584 per employee for firms with fewer than 20 workers to \$517 per employee for businesses with 500 or more workers.

of choices and behaviors. But it's worth understanding if the incentives work as intended. An analysis by House Research³ suggests that many tax breaks cost more than they deliver.

- **Charitable giving.** Perhaps the one exception is charitable deductions. The same House Research analysis stated that many studies of the federal deduction link it to an increase in giving. However, some argue that charitable giving has remained relatively stable over the years, even as top tax rates have risen and fallen dramatically.⁴
- **Business taxes.** Currently, businesses pay about one-third of total taxes raised in Minnesota. With the single flat tax, businesses would pay no taxes. This would make Minnesota more competitive. (It's worth noting that Common Cents participants placed a high priority on tax reform that helps grow the economy and provide good jobs.) Over the long run it might grow the tax base.

In the short run, it would shrink revenue, although only half as much as it seems at first glance. According to Minnesota Revenue, about 50 percent of business taxes are passed on to consumers and workers in the form of higher prices and lower wages.

Our tax code is complicated because we expect it to accomplish so many different things. Are they all equally important?
How would the single flat tax fare?

Whether Minnesota consumers and workers would benefit from the elimination of business taxes would remain to be seen. However, we do know that the shifting of this tax burden to consumers and workers falls in a very regressive manner. Because the other 50 percent of the business tax burden is born by visitors to Minnesota or nonresidents (as corporations are multi-state organizations), the actual revenue loss if there were no corporate income tax would be on the order of 15 percent (\$4 billion).

We're hearing it everywhere: Our tax system needs to be more *fair*.

By Stacy Becker

That's hard to argue with. Who would advocate for a tax system that is less fair? The problem is, it doesn't really say anything. It begs the question, "What does fair mean?"

Minnesotans know this. In our conversations about tax reform, one of the first things they ask is "How are you defining fair?" They've also said that the word "fair" as a gauge is almost nonsensical, since fair means different things to different people. So we push them to think about and help define "fair."

"Fair" is a comparative notion. The comparisons that Minnesotans think are the most relevant are:

- Do we get good value for our tax money (taxes compared to what they purchase)? This is the most popular response. Policy-makers beware: We can fiddle with the tax code in ways large and small, but if Minnesotans don't feel their money is well spent, they won't see their tax burden as fair.
- Is the tax burden affordable (an individual's taxes compared to their income)?
- How is the tax burden shared (how much someone pays compared to someone else)?

Minnesotans are far less concerned with how much they pay relative to people in other states, or whether those who pay taxes get back an equal amount in services. In short, they are interested how taxes relate, as a collective responsibility, to the common good.

I am not going to address the uppermost concern about whether our tax dollars are used wisely. Given all of the focus (at

the federal level) about who pays taxes—the 47 percent—and who doesn't pay their "fair" share—the 1 percent—I thought I'd share a couple of different ways of looking at the question of how the tax burden is distributed, and let you make up your own mind on this question.

Total state and local taxes as a percentage of income: the wealthiest Minnesotans pay slightly less in taxes as measured by percentage of their than other Minnesotans, and the poorest pay somewhat more. This is one of the most common ways of looking at the tax burden. This graph sorts Minnesota households into ten equally sized groups, or "deciles." The first group is those who have the lowest incomes, the second group, the next lowest incomes, all the way up to the tenth, who earn the highest incomes. A big caveat: the information for the first decile cannot be accurately measured—as reproduced here, it likely overestimates the tax burden. But we include it, because we don't want people to think we're hiding something.

By the way, if the richest ten percent of Minnesota households paid taxes at the average for all Minnesotans (11.5%), this would raise about \$900 million.

Each year, state and local governments in Minnesota collect around \$20 billion in taxes. How much is collected from each of these deciles? The graph below shows that the richest 10% of households (tenth decile) pay almost 38% of all taxes. In fact, they pay more in total dollars than the first seven deciles combined: the 252,000 households in the tenth decile pay \$7.5 billion in

- **State and local government relations.** If there were a single flat tax, revenue distribution between the states and local government would need to look far different than it does today. School districts, cities, counties, tax increment districts, etc. would need to be kept whole. Is there enough trust that the state, as the distributor, would keep its end of the bargain? Given recent history with cutbacks in Local Government Aid and the school funding shift, the answer may be no.
- **Constitutional dedications.** Some taxes, such as the gas tax and various sales taxes, are dedicated to specific purposes, per the constitution. While there would be enough revenue to keep these spending areas whole, there clearly is a legal issue.

There are a hundred reasons (and counting) why the single flat tax might not be the right idea for tax reform. But these same reasons, in different permutations, can be used to stop virtually any idea for reform. The purpose of this article is simply to think through some of the inevitable trade-offs.

Many of the “big” ideas for tax reform are taken off the table before they even have a chance to be considered, because it is

assumed that the trade-offs are too unacceptable. But how can we know, unless we ask? Would Minnesotans accept a grand bargain of higher income taxes in exchange for no property taxes, sales taxes or gas taxes? The Common Cents workshops have shown Minnesotans to be very thoughtful and understanding when presented with objective information. As one participant said, “Poll the residents and really ask what they want. Not what you think we want.” ●

Stacy Becker is a project director for our Common Cents tax and budget reform efforts and Citizens League member.

¹As distinguished from a flat income tax as part of an overall tax structure that includes property taxes, sales tax, corporate income taxes and the like. If the income tax were flat in Minnesota, and the other taxes retained, the overall effect would be a tax system that is considerably more regressive.

²Nicole V. Crain and W. Mark Crain, “The Impact of Regulatory Costs on Small Firms,” Small Business Administration, Office of Advocacy, September 2010.

³A Review Of Selected Tax Expenditures, Fiscal Analysis Department, House Research Department, March 16, 2009.

⁴http://www.nonprofitquarterly.org/index.php?option=com_content&view=article&id=18931:occupy-the-charitable-tax-deduction

taxes; the 1.75 million households in deciles one through seven pay a total \$6.8 billion in taxes.

TAXES PAID VS. VALUES OF SERVICES RECEIVED

Common Cents participants did not equate fairness with the notion of paying for the value of services received. Their reasoning is that we share a responsibility to the common good, whether or not we directly receive services back commensurate with what

we pay. Nevertheless, a common refrain is “I don’t get anything for what I pay in taxes” so I thought I’d address this as well.

According to a review by the nonpartisan Tax Foundation of state and local taxes across the country, on average for all states, households with the top 40% of income pay more in state and local taxes than they receive in benefits and services. The 60% of households earning the least receive more in benefits than they pay. ●

Fig 1. Total State and Local Taxes Paid as a Percentage of Household Income

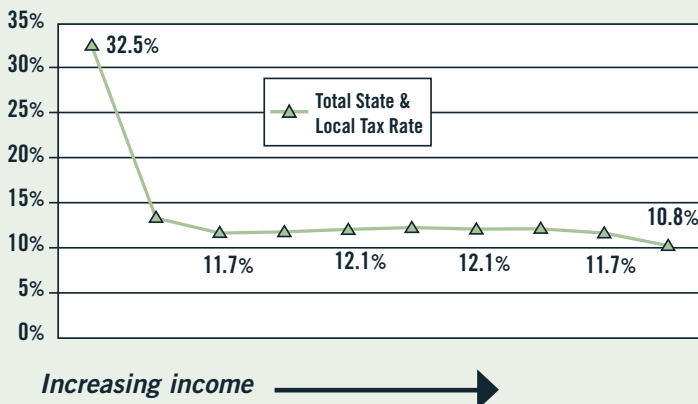
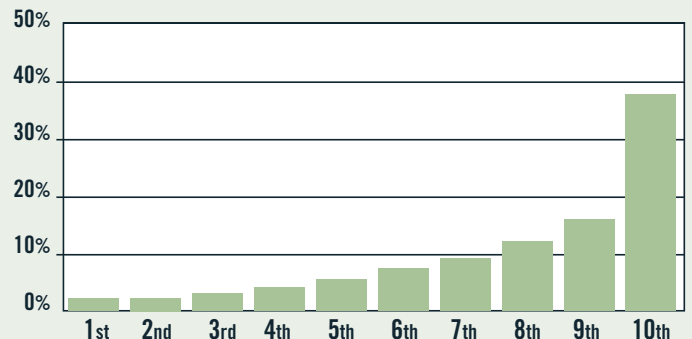


Fig 2. Total State and Local Taxes Paid as a Percentage of the Total Collected





The uphill battle to scale an innovative antipoverty approach

The experience of the Family Independence Initiative

By Maurice Lim Miller

Over the past eight years, we at the **Family Independence Initiative (FII)** have been testing an antipoverty approach that focuses on families' strengths and social networks.

This effort restores the responsibility for progress to the target families, supported primarily by friends rather than social workers. It creates the type of sharing of funds, ideas and connections that has been successfully used throughout our history by immigrants and disadvantaged minority populations to move from extreme poverty to economic security.

In all three demonstration projects where we implemented the FII model, the enrolled families made strong and verified progress. While this approach has been embraced by a small sector of supporters, it continues to face major obstacles in gaining policy and funding support. This paper explains why FII has attracted some supporters, but it primarily explores the obstacles FII and similarly innovative initiatives face in being adopted more widely. First, an explanation of the unique FII model is required to understand why it faces such an intensity of apprehension, opposition and misunderstanding.

BACKGROUND OF THE FAMILY INDEPENDENCE INITIATIVE APPROACH

In late 1999, Jerry Brown, then mayor of Oakland, Calif., called me at my house at dinner time. He was complaining that for decades those like me who ran programs aimed at breaking the cycle of poverty seemed to only be creating jobs for ourselves. He asked, "So, isn't this just poverty pimping?"

The community development agency I ran, A.N.D. in San Francisco/Oakland, was considered one of the best in the country, but after a decade of work I knew we weren't really breaking the cycle of poverty. Within 10 years I was seeing the children of the parents I'd first trained and helped get jobs cycle into my programs. I knew I was helping people get above poverty level, but the parents I helped could not keep all their kids from falling into trouble. This is what happened in my family when my mother had to work two jobs and my older sister got in trouble and fell into crisis.

A 2008 Census Bureau study confirmed that what I witnessed in the Bay Area was the same across the country. Poverty is a dynamic process: Over a three-year period between 2001 and 2003, more than 30 percent of individuals spent two or more months in poverty, yet only 2.4 percent of people remained under the poverty line for the entire 36-month period. This is a vicious and costly cycle for everyone. It became clear to me that spending to get people above the poverty level was not sufficient. Brown's comments and my frustration led to the start of the Family Independence Initiative.

WHAT MAKES THE FAMILY INDEPENDENCE INITIATIVE DIFFERENT

FII was initially designed as a research project to test the capacity of low-income families to help themselves and others out of poverty. We wanted to understand what would happen if 1) low-

income families had access to some of the funds traditionally spent on professionals to help the families, and 2) families were instead encouraged to turn to friends and social networks for help and direction. FII did not form the initial peer groups. We enrolled families in groups of five to eight households who, upon hearing of the opportunity to join FII, self-selected to come together.

Because FII staff was perceived by the target families to be in a power position, we did not allow staff to provide any leadership or direction to the groups or we would not learn of the families' capacities. FII staff did, however, challenge the groups to take actions toward change as they saw fit.

Families could earn about \$25 to \$30 for reporting and providing documentation of the progress they made, be it improving grades, saving more or starting a business. The maximum they could earn was \$500 per quarter and the wide variety of paths allowed did not dictate families to follow any preprogrammed actions. Families were paid for moving forward, regardless of the path they chose.

The monthly reporting process itself turned out to be a change agent. In an evaluation, families commented that reporting their progress kept them focused on making changes and that the feedback from the monthly tracking charts FII provided reinforced the progress they were making. The small amounts of capital that they earned by reporting and documenting their progress could then be invested to continue their progress as they saw fit. We found that giving the families control and choice at the outset led to an organic process of change. This is at the heart of FII. Family progress was heavily influenced by personal choice, cultural values and friends as they turned to one another to find the best child care, new jobs or emotional support.

KEY LESSONS

What FII learned in its first demonstration project in Oakland, and was reinforced in subsequent demonstrations in Hawaii and San Francisco, is that low-income families have a huge capacity to



help themselves and others. While every family took different individual actions, patterns did arise. When one of the Salvadoran refugee families scaled back on remittances in order to save up for a house in Oakland, all five of the other refugee families in their cohort, as well as others not enrolled in FII, followed their lead and eventually purchased their own homes in the Bay Area. These changes in group expectations are akin to how immigrant and indigenous communities have historically and recently followed one another's example to leave poverty.

Ultimately the primary difference between the large majority of low-income families and the rest of society is that low-income families have less money, not less capability. They also have a very strong desire for choice and control over their lives. By focusing on family strengths rather than needs, government and philanthropy can play an effective and central role in changing how this country helps the large number of families that are willing to help themselves and others.

POLICY IMPLICATIONS

Government incentives and benefits that motivate and help upper-income families to pursue education, create businesses and improve their communities could motivate low-income families and communities with equal success.

These policies can and should be extended to those working families sustaining themselves at and slightly above the poverty level. The following are a sample of the lessons and subsequent approaches that FII has found successful among low-income households and that merit broad replication or adoption:

- Low-income families will respond to the monetary benefits we currently provide middle- and upper-income families. Make available any variety of tax credits, scholarships, refunds, lower interest rates or access to capital and opportunities.
- Natural helping networks can be undermined by introducing program professionals before they are truly needed. Provide fellowships, leadership training, etc., to ordinary residents who voluntarily help others, act as trusted advisors and watch over the neighborhoods.
- Low-income families want and need choices. Fund multiple service programs, groceries, daycares, etc., in low-income communities and make them compete to serve low-income families. Have families rate those services, and fund according to the market demand of the families who are the consumers.

At the same time, the charitable sector has created programs and interventions that are not natural in that they didn't grow out of the needs or wants of target families and communities and are not market-based. These efforts have not proved to be as effective or sustainable as the system that incentivizes and helps middle- and upper-income families. Part of the problem is the lack of market discipline and the tendency to provide resources for low-income families based on need and not on initiative. Needs-based programs take away resources as families make progress, which at very low-income levels is a disincentive to initiative. Rather than

dismantling the needs-based system and welfare, we need to extend a new set of benefits and policies that benefit the working poor and mirror the initiative-based benefits we extend to the middle and upper incomes.

FII's organic approach runs counter to the more professionally designed and run interventions funded and supported by current policies.

The success of the FII families as well as other studies has confirmed what Jerry Brown lamented: Planned and institutionalized interventions are NOT the key to breaking the cycle of poverty. FII believes that fundamental and sustainable improvements in the lives of low-income families are significantly more effective if the change is:

- Initiated and controlled by the target populations;
- Self organized within natural communities that share culture and values;
- Evolving over time in directions relevant to the families and communities.

Trusting low-income families with money and connections, thus giving them control and choice in their lives, is what led to their success in our demonstration projects. Their success shows that it is possible to recreate part of the environment in which middle- and upper-income families exist—one that relies on personal ownership and responsibility, access and accountability to networks of colleagues who provide opportunities, and access to small amounts of capital in increments over time.

OBSTACLES TO EXPANDING THIS APPROACH

Although FII has been successful in catalyzing this type of environment, it still faces tremendous obstacles to expanding this approach. Those who control resources and regulations have resisted engaging communities without predetermined outcomes, encouraging expansion of social networks and giving control of money directly to families.

FII's organic approach runs counter to the more professionally designed and run interventions funded and supported by current policies.

The four major obstacles FII has faced as it grows are negative stereotypes of participating families, structural funding roadblocks, government limitations and opposition from incumbent service providers.

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Latino Educational Success:

Lessons from Minnesota schools that are closing the gap

Rodolfo Gutierrez, Colleen Gross Ebinger and Hector Garcia

It is old news that our state faces an educational crisis. By virtually every measure, our minority and American Indian students have had one of the highest achievement gaps in the country for decades. For Latino students, this means a 33 percentage point difference in high school graduation rates compared with whites; only half are graduating from high school in four years. The U.S. Department of Education reported that during 2010-11, Minnesota was the *worst among all states* in graduation rates for Latino and American Indian students and second worst for African American students. Such inequity damages our civic infrastructure and it's also bad economics. Here's why:

First, Minnesota is an aging state, and whites are aging most rapidly. The largest population growth in Minnesota is projected to be in the 65+ age bracket, with that group expected to nearly triple in number (increasing 260 percent) between 2010 and 2040. In contrast, the number of people under age 65 would grow by only 9 percent. An increasing percentage of these younger workers are ethnic minorities, and Latinos are growing at a faster rate in Minnesota than all other ethnic groups. The overall population in the state grew by 7.8 percent between 2000 and 2010, but the Latino population grew by nearly 75 percent. Importantly, over half of Latinos are below the age of 30 and fully 40 percent are younger than 20. We must ensure that these future members of our workforce have the crucial skills and knowledge necessary to support retirees and maintain Minnesota's high quality of life.

Second, globalization necessitates a multilingual, multicultural workforce. All states are looking beyond the U.S. borders for increased trade opportunities, and Minnesota is no exception. The U.S. has free trade agreements with the majority of Spanish-speaking countries in the Western Hemisphere. A key challenge in navigating these opportunities is a lack of cultural understanding and, to a lesser degree, fluency in Spanish when embarking on business dealings with Latin American companies. Underscoring the value of biculturalism, corporate executives at a recent Minnesota business roundtable on immigration noted their reliance on the foreign-born for their "divergent and complementary cultures" that support outside-the-box thinking and innovation. Students who speak foreign languages, move frequently between cultures and have personal relationships with citizens of other countries are increasingly common in Minnesota and have the potential to greatly enrich the state if equipped with a high-quality education.

NARROWING THE GAP: HOMEGROWN IN MINNESOTA

As individuals and organizations that have worked for decades with the Latino population in this state, we are deeply concerned

about the current statistics on educational achievement. Thanks to a grant given to the **Chicano Latino Affairs Council (CLAC)** by the Minnesota Humanities Center and funded by the Arts and Cultural Heritage Fund, our organizations recently completed a research report* that examined the characteristics of programs that have had success in narrowing the gap for Latino students.

The research focused on high schools where disparities in graduation rates have been reduced. We talked with people working at every level of the school system—from students to principals—in both rural Minnesota and the Twin Cities metro. The results are a bright spot within an otherwise dismal scenario. Two positive trends emerged:

- It is possible! We found plenty of success stories, demonstrating that closing the gap is a matter of public will and not a question of whether it can be done.
- The gap narrowed even as overall success increased. There are those who believe that closing our persistent achievement gap can only be done by decreasing the achievement of the overall population. Our research demonstrates the opposite. The greater the gains of traditionally underachieving populations, the more improvements we found for all students.

We found plenty of success stories, demonstrating that closing the gap is a matter of public will and not a question of whether it can be done.

ELEMENTS OF SUCCESS

Successful programs embraced seven common elements: individual attention, motivation, exposure, academic rigor, culture and language, family involvement and community partnerships. These strategies are recognized as positive for all students. What is distinctive in the successful schools is their application to

Latino students. In other words, these universally acknowledged elements of success are apparently not being applied toward Latinos in many Minnesota schools.

1. Individual attention

Successful programs emphasize individual attention to help each student understand strengths and barriers and develop goals and ambitions. Program leaders pointed to their efforts building relationships with students and understanding their personal stories. Schools also cited the importance of collaboration among staff to maintain consistency and create a "web of support" for students. Several commented on the misalignment between state graduation testing and standards and the realities of many students. While they recognized the importance of common standards, they noted that these requirements create a barrier for many Latino students, particularly immigrants and English learners. They rarely relied on these factors as indicators of success for their students and instead focused on individual indicators of growth and accomplishment of personal goals.

2. Motivation

These programs identify students' interests and goals for the future, and utilize them as tools to motivate and encourage. Program leaders noted the importance of persistence in consistently pushing and encouraging students to define and meet their goals. One student reflected, "She doesn't give up on you. She'll push you, even though you don't want to, but she'll do it." School leaders also made efforts to include Latino students in leadership positions and provide opportunities for students to influence school policy and represent the school.

3. Exposure

Program leaders stressed exposure to higher education, careers and other opportunities as important to helping students identify goals, maintain motivation and see the relevance of academics to their life beyond high school. This includes organizing college visits, encouraging students to take advantage of PSEO (Post-Secondary Enrollment Option, in which high school students take courses at a higher education institution), exposing students to a broad array of careers and including community service projects in curriculum. Several highlighted the importance of vocational programs. In addition, school leaders emphasized their efforts to provide students with positive role models in the community, especially Latino professionals.

4. High Expectations & Academic Rigor

Program leaders push students academically by eliminating barriers to more rigorous academic opportunities and encouraging them to take advantage of these options. Schools made Advanced Placement (AP) courses open to a wider range of students, rather than reserving them exclusively for the best performing students, and encouraged PSEO and career-oriented education. Data shows that in 2011, Latino students who took at least 280 hours of career tech courses throughout the year, including PSEO courses, had a 94.8 percent graduation rate. School staff cautioned that simply making these programs available is insufficient, however. Schools must also provide support and encouragement and reduce the barriers that prevent Latino students from taking advantage of these programs.

5. Culture and Language

Recognizing and valuing Latino students' culture is essential to engaging them in school, as it helps them more easily connect school achievement with future personal success. With English Language Learners (ELL), in particular, schools have traditionally struggled to provide culturally competent support. The importance of hiring Latino teachers and administrators cannot be overemphasized. Native speakers and those knowledgeable in students' cultures can more effectively communicate with and understand

students and families, and they also serve as positive role models for students.

6. Family Involvement

Building relationships with families is central to encouraging involvement in their children's education. Students themselves said that they strove to excel in their education in order to make their families proud; successful programs are leveraging this strong family identity in support of educational achievement. Representatives from these programs visit families' homes and use interpreters to address language barriers. One of the most important and influential strategies for garnering parent involvement is teaching families to navigate the school system.

Program leaders provided information to parents on requirements and expectations for them and their children. Family liaisons, especially those who are Latino, played an essential role.

7. Community Partnerships & Involvement

Cultivating partnerships and collaborations in the local community can also support students' educations. Several schools partnered with universities and colleges to provide tutors. Two other schools, in which families shared common employers, collaborated with those companies to host parent conferences and provide information. Staff also recognized that education requires the school to address student and family needs beyond instruction and information; they worked with community organizations and local businesses to strengthen relationships with families and to provide opportunities for parents to access educational resources such as English language classes.

LOOKING TO THE FUTURE

Since 2011, CLAC has been consulting with education experts in Minnesota and other parts of the world, examining programs that achieve both excellence and equity. There is plenty of evidence pointing to what works in closing the achievement gap and improving Latino graduation rates. What we lack is the bold leadership and public will to make it happen. Policy makers and school leaders should look closely at these success stories, review the findings and make systemic changes in order to unleash the tremendous talent of all Minnesota students. Our economic future depends on it! ●

*The full report, "Opportunities and Challenges: the Education of Latinos in Minnesota," can be downloaded at <http://bit.ly/13itQAU>.

Rodolfo Gutierrez is executive director of Hispanic Advocacy and Community Empowerment through Research (HACER). Colleen Ebinger is founder/CEO of Impact Strategies Group and a member. Hector Garcia is executive director of the Chicano Latino Affairs Council (CLAC) at the State of Minnesota. Allison Shurilla, research associate at HACER, was the lead researcher and author of the report.

Data shows that in 2011, Latino students who took at least 280 hours of career tech courses throughout the year, including PSEO courses, had a 94.8 percent graduation rate.

PERSPECTIVES

Expanding Minnesota's Conversation



My wish for this Legislature: Disagree agreeably

Lessons in civil discourse from improv comedy theater

By Tane Danger

When I moved to Minnesota from Florida nearly a decade ago, a lot of things took some getting used to: the winters (obviously), lakefront beaches instead of ocean beaches, and a cultural predilection to avoid open disagreement.

Minnesotans, to some credit, like to steer clear of messy, contentious debates. How often have you heard some version of, "I don't think we're going to agree

In my dream Legislature, politicians would share lunch (or preferably cocktails) every day with folks from the other party.

about this, so let's just talk about something else?" This leads to many fine and enjoyable discussions of the weather and the glory of local sports teams. But there can be a steep barrier to conversations on important and perhaps difficult issues.

It's seductively easy to surround oneself with voices echoing one's own point of view. Political leaders can go through most of their day without directly engaging audiences who might ask difficult or uncomfortable questions. Yet the assumption that we have nothing to talk about or learn from those with whom we disagree is wrong-headed, self-defeating and poisonous for democracy.

My hope for the 2013-2014 Legislature is that lawmakers take time to talk and listen to members from the other side of the aisle, and not just about those issues on which they assume they will agree. I want them to jump head-first into the murky waters of their differences, drinking in one another's world view no matter how contrary to their own beliefs.

Easier said than done, I admit. And some of my own experience in the world

of civic dialogue ought to leave me even more pessimistic.

About 18 months ago, I co-founded a live stage production called The Theater of Public Policy. Each show, we invite a knowledgeable individual on a particular political or policy issue to speak in an interview format. Then a team of improvisers bring the entire conversation to life, live on stage, through improvisational comedy theater. It's always interesting, thought-provoking and funny.

Our aim is to bring new people into important discussions using the unconventional tools of improv and comedy. The humor is intended to illuminate and start a dialogue on important topics in a way that's both informative and entertaining.

On several occasions we've had would-be guests express enthusiasm for the mission and innovative approach of the project, yet ultimately turn down the invitation to appear. Most of these individuals have been politically right-of-center and have cited the futility of speaking to an audience they assume will be unsympathetic to their politics or policy prescriptions.

Admittedly, our home-base stage is HUGE Theater, located in the liberal bastion of Minneapolis' Uptown neighborhood. And yes, the audience skews towards a young, civically minded, idealistic demographic. But—as I would argue to these conservative would-be guests—fans of the show are pretty much respectful, curious people, who may not agree with you but will still learn from what you have to say.

Still, most would turn us down, seeing little value in speaking to our audience. My worry is that a similar mindset informs our political leaders' actions as they grapple with big issues at the Legislature.

Some on the left might suggest that it is a uniquely conservative disposition to avoid political engagement with folks from the other side of the isle. Our show's experience suggests otherwise.

Twice in the past year we have been joined on stage by prominent conservatives: Sarah Janecek, formerly of Politics in Minnesota, and Kim Crockett of the Center of the American Experiment. Disappointingly, our regular audience largely stayed home on these nights. The box office numbers were statistical outliers within their respective seasons with fewer than half as many people in the seats as normal.

There are many potential explanations as to why these particular shows might have had such low attendance. But based on audience figures for all of our other shows and anecdotal feedback I received from fans, I suspect many of our regulars were less than enthusiastic about listening to a conservative with whom they assumed they'd have little in common. One fan went so far as to ask what there would be to gain from listening to someone "so conservative," unless we were planning to mock and ridicule her. We weren't.

We must learn to find comfort in discourse that ends in disagreement. There are many big, fundamental questions and dilemmas that demand collective attention and action. We'll only find sustainable answers to those questions if we're willing to talk and listen to those with whom we disagree. We aren't going to see eye to eye with each other on all the solutions all of the time. This doesn't make us enemies.

This goes double for legislators. There's an obvious value in finding common ground. But to suggest that it will be easy (or even possible) for lawmakers with dramatically different political philosophies to find some middle way on contentious issues and skip forward together into a future of sunshine and smiles is naive.

That's not an excuse to stop engaging with the opposition. We learn from people who differ from us, both about where they're coming from and about the strengths of our own arguments. In my dream Legislature, politicians would share lunch (or preferably cocktails) every day with folks from the other party. They would breeze past talk of sports or the weather and directly, but respectfully,

share their opinions on the issues of the day. They would listen to how and why their political adversaries believe what they do. They would understand that everyone wants a better Minnesota, though we have very different notions of how to make that happen. They would practice agreeable disagreement and perhaps learn something in the process.

I have no doubt there are those who would take strong issue with my potentially contentious prescription for the next Legislature and, I believe, a more vibrant democracy. To those folks I'd simply say, "How about them T-Wolves?" ●

Tane Danger is the co-founder of The Theater of Public Policy, a Citizens League member and an "artist in residence" at the Minneapolis Institute of Arts.

Minnesota Millennials continued from page 1

Minnesota should fundamentally redefine and restructure our approach from a system that reacts to poverty into one that promotes and incentivizes prosperity.

That's the goal of the Citizens League's Pathways to Prosperity project.

This year, the Citizens League plans to demonstrate the benefits a capacity-building approach to Family Independence, together with social service agency partners like Community Action Partnership of Ramsey & Washington Counties and the Minnesota Indian Women's Resource Center. The two-year program will financially reward low-income families for building networks of support within their own communities and making responsible decisions that move them toward self-sufficiency.

To make this happen in Minnesota, we need to eliminate "Catch-22" laws that punish families who try to better themselves and that prevent them from building assets and making independent financial decisions.

These prosperity-promoting incentives require state-level changes:

- Restore funding for **Family Assets for Independence in Minnesota**, a matched-savings program so low-wage earners can build wealth.
- Offer raffles that encourage **regular savings deposits** where people win lottery prizes without losing money.
- Shift to performance-based assistance programs.
- Develop and expand Human Capital Performance Bonds to reward agencies and nonprofits demonstrating results.

Pathways to Prosperity can radically alter how Minnesota approaches poverty. But to advance our communities, we need to reform state laws, social service organizations and financial institutions. Everyone with an interest in making Minnesota even better, help us break down partisan lines to build common ground for the common good.

Our elected officials will listen only if we lead by example. ●

Lisa Piskor is co-chair of the Citizens League Emerging Leaders Committee and senior grassroots and legislative affairs specialist at Blue Cross Blue Shield of Minnesota.

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A CALL TO ACTION

After all is said, the two factors that separate most low-income families from middle- and upper-income families are 1) money; and 2) the social networks that can provide connections to jobs, professional services, opportunities, etc. Sadly, current practices and the negative stereotypes of low-income people keep those of us who want to impact poverty from giving families control over funding and connections to the networks and opportunities we and our professional staff utilize in our daily lives.

If we are to bring about substantial change, this country needs to begin to rely on low-income target families to help

themselves and their friends. To bring this about, several things must happen:

- We need to more accurately communicate the resourcefulness, capacity and caring that is the true picture of lower-income families and communities.
- Funders must allow for program approaches that provide help based on family and community initiative and strengths.
- Policy makers, funders and leaders must seek direct feedback from the consumers of the programs they create and respond to that feedback.
- The target families must self-organize and advocate for themselves and their communities.

While a wholesale change of society is unlikely, we do feel that a new "movement" can evolve that is a partnership between families who are assuming control over the change process and those in positions of influence who trust the families to lead their own change. We are optimistic that this country is in a period where past practices are being challenged and we are at a point in history where we can make history. ●

Maurice Lim Miller is the founder and CEO of the Family Independence Initiative. This essay is excerpted and originally appeared courtesy of the **New America Foundation**.

The Citizens League is organizing a demonstration based on learnings from the Family Independence Initiative. For more information, visit <http://www.citizensleague.org/what/policy/poverty/>.

Help advance our legislative priorities

We've outlined the top legislative agenda items we want to see become a reality in 2013.

But we need your help to advance them.

Keep updated by following the Citizens League blog at www.citizensleague.org/weblog.

*For more information on any of these proposals, contact Policy Manager Annie Levenson-Falk by email at alevensonfalk@citizensleague.org or by phone at **651-289-1072**.*

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