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MN JOURNAL

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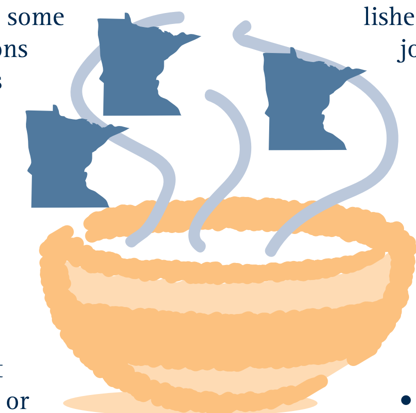
Lost in the primeval policy soup?

A new web site seeks to bring order to Minnesota's evolving policy research industry

By David Curle

Every week, dozens of organizations in Minnesota publish reports on policy issues. Some are fat, dense, empirical studies. Some are data intensive, full of statistics and charts with enough pies and bars for a Minnesota potluck. Some are produced by established, respected organizations; some originate with fly-by-night coalitions thrown together as the public relations arms of fleeting advocacy initiatives. Some are written for average citizens; some are so technical and wonkish that only an academic or an economist could love them.



Minnesota has a policy information industry, but it is a mess. Technology has extended the reach of this blizzard of research without making the research more effective or truly accessible. Who publishes this stuff? Who is it intended for? How much of it is out there? How much does it really affect the policy solutions that our state and local governments enact?

I've spent the last decade as an analyst in the information industry, researching and advising commercial publishers and information providers, including legal, business, scientific, technical, and medical publishers and various database providers and content aggregators. Those companies want answers to big questions: How big are our markets? What trends are affecting our customers? How can we best adapt our products to the Internet?

I came to the Humphrey Institute's mid-career Master of Public Affairs program in 2005. What I thought would be a career change has become, in fact, simply more of the same as I realized that the policy research organizations I encountered at the Humphrey are—or should be—tackling many of those identical questions. I started thinking about Minnesota's policy information industry as a mirror of the commercial publishing industry. Here's what I found:

- **Policy research in Minnesota is a fragmented and diffuse industry.** Its producers are spread out over the academic, government, nonprofit, and association sectors. Some are narrowly specialized, while others cast a wider net. Much policy research is published in traditional academic or popular journals and books, but most of the really influential work is published as reports issued directly to stakeholders and distributed on the Web for more general consumption. Nobody really knows how many of these organizations exist, what kind of resources they command, how much they produce, or how much they affect policy change.
- **Policy research organizations, whether they know it or not, are publishers.** They face the same challenges that commercial publishers have faced in recent years, and many are not yet up to the challenge. They are still publishing in old media "containers" even as they start to use the new media infrastructure. They are stuck in publishing models from the twentieth century and need to get cracking on the twenty-first.
- **Consumers of policy research are changing their behaviors.** They "talk back" to the information sources they use, through the new capabilities that the Internet provides them. They are often able to circumvent the "experts" that have always dominated policy debates, to find (or create) their own data, to identify alternative sources of information, and to gather information peer-to-peer rather than expert-to-novice. Many are turning their backs on traditional distribution channels for policy information—newspapers and broadcast television in particular.

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INSIDE

CONNECTIONS

Building a League of Citizens

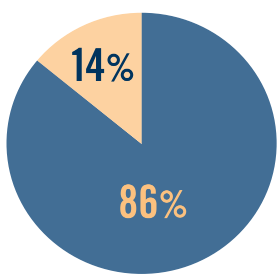
Bridget Richardson asked a question of Nate Garvis at "Uncivil Discourse and the Rise of the Outrage Industry," February 7 at the Walker Art Center. More pictures and a video are available at www.citizensleague.org

"What do I take away with all this? Because I gave some money and time to a cause I believe in, did I actually accomplish something? If I really did want to make an accomplishment, is this the best way? I don't want to be part of the machine that's dividing our community, I want to be part of the community that is bringing people together, and finding real solutions."

—George Linkert, musing about the Uncivil Discourse event on www.mncampaignreport.com.

January poll results

What political reform would best improve public problem solving in Minnesota?



Our electoral systems need reform—like instant runoff voting, initiative and referendum, campaign finance reform or legislative redistricting.

Citizens need more ways to get involved through the places where they already spend their time.

"While I think we need to always monitor our legislative and electoral systems and reform as warranted and appropriate, but I don't think that's the reason average citizens aren't engaging. They don't know how or assume it's too complicated or "over their heads." So, it takes broader awareness that citizens do have a role to play and then offering ways to engage that work for them."

"I've attended lots of caucuses and conventions and find them dominated by the "pros", with my not having much of a chance to get elected as a delegate to the state convention, for example. I favor eliminating caucuses, and primaries (which have a very poor turnout), and going to instant runoff voting."

Happy Birthday! On February 14, the Citizens League celebrated its 55th anniversary

New members, recruiters and volunteers

New and rejoining members

Jen Alstad and Eric Freeberg
Erik Brand
Deborah Burke
Dennis Cavanaugh
David Curle
Carol Daly
Edward Driscoll, Jr.
Anna Dunbar-Hester
Greg Filice
Michael Glover
Laurie Halverson
Annette Henkel
Sarah Idowu
Helene Johnson
Charlie Lazor
Martin Ludden and Julia Wheeler
Kate Lundeen
Jeanne Mock
Lily Moua
Marisa and Paul Novak
Kelly O'Hara Dyer
Cynthia and Samuel Orbovich
Karri Plowman
Kaye Rakow
Roger Ricketts
Art Roberts
Donald Roden
John Saunders
Linda Runbeck
Eric and Laurie Tostrud
Ellen Tveit

Firms and organizations

The Beowulf Group
HealthPartners
Hennepin County Public Affairs
Himle Horner Incorporated
Macalester College
Minneapolis Association of Realtors
Minnesota Business Partnership
Minnesota Secretary of State
Star Tribune Foundation
United Management

Recruiters

Ted Kolderie
Cynthia and Samuel Orbovich
Traci Parmenter
Laura Sether
Tom Teigen

Volunteers

Janna Caywood
Cal Clark
Bonnie Marshall

February member poll

Where do you get the policy information you use?

- ☐ Academic research centers
- ☐ Think tanks and other independent policy organizations like the Citizens League
- ☐ Trade and industry associations and other interest groups
- ☐ Research produced by other nonprofit organizations
- ☐ Primary data directly from state and local governments, school districts, etc.
- ☐ Blogs and forums where I can participation in the discussion
- ☐ Somewhere else—tell us!

Go to www.citizensleague.org to vote!

VIEWPOINT
Voices In My Head

Quantum civics and membership growth

Help the Citizens League take the next big leap

by Sean Kershaw

When I came on board at the Citizens League four years ago, I inherited a leadership role in an organization with a glorified history but a less-than-certain future. At the time, the need to be "relevant" came up in almost every conversation, and everyone wanted the Citizens League to survive.

Since then, with a tremendous amount of work and your help, we've brought the Citizens League back from the brink. We have an energizing new mission and a clear civic identity and purpose. And with the Minnesota Anniversary Project (MAP 150) and an emerging body of innovative policy work we are using this mission to build a new policy agenda for Minnesota.

The Citizens League is back. Moving forward depends on you!

The Citizens League's future success and relevance is directly tied to *your* role in attracting new members, and I'm asking you now to become "civic evangelists" in this exciting experiment.

Unlike many organizations, membership in the Citizens League doesn't serve any particular financial, ideological, or single policy interest: the Citizens League serves our common interest as Minnesotans and the interest of future generations.

The fundamental identity and purpose of the Citizens League is to build civic capacity in Minnesota: to create the ability to solve current and future policy problems, something we can't do alone or as an isolated group of policy experts. Members not only help to advance our mission and specific policy objectives, they are the source of this policy agenda. Inherent in our very identity is the need to involve a critical mass of citizens in our work, and to help build the civic capacity of those citizens in the process.

And to achieve our ambitious goals the Citizens League needs your help to make a quantum leap forward in membership. Membership growth is central to our future relevance.

"Quantum civics"

Much like the paradigm shift from Newtonian physics to quantum mechanics, we live in a world where the old rules governing public policy and civic participation no longer stretch far enough to accommodate the new realities of 24/7 technologies, globalization, and unprecedented economic and social interdependence. And much like the shift from Newton-to-quantum, a new set of civic rules is still emerging. The Citizens League needs to make this paradigm shift and move into a new era of "quantum civics."

Membership growth is central to our future relevance.

In this big networked world of quantum civics, individuals and individual institutions only matter when they are connected and organized. In fact, one of the fundamental rules of the "network effect" in technology —and of our new quantum civics—is that the power of any network increases *exponentially* with the number of members.

The Citizens League can exponentially increase its relevance now and in the future by attracting and organizing new members who own our mission and reflect the true ideological and demographic diversity of Minnesota.

Recruiting and organizing

Membership growth isn't an intellectual point for me. I'm passionate about it because it's why I'm lucky enough to have this job in the first place.

I didn't stumble upon the Citizens League. Former executive director Lyle Wray recruited me. He connected my interests in policy and civic engagement with the mission and potential for the Citizens League. He challenged me to join and gave me opportunities to become involved. His passion about good policy was contagious—and where else could I have had the chance to learn from the likes of Dave Durenberger, Jean King, and Gary Cunningham—and now Nate Garvis, Nena Street and Jennifer Godinez? They inspired me, built my capacity to be a civic leader, and taught me more than I can repay. In turn, I've been inspired by how passionate our members are about Minnesota and our potential for future civic innovation and success.

Over the past year, many of your neighbors, coworkers and fellow congregants may have read about the Citizens League's renewal and our MAP 150 agenda. Perhaps they nodded in agreement or even offered up a silent cheer. But most then probably put the newspaper aside and moved on to the next thing on their daunting daily to-do list. Maybe they were unsure of how to get involved, felt intimidated, or were simply inundated by the demands of their busy lives.

Then again, maybe no one asked them to join. You can.

As Nate Garvis reminded us recently in his amazing presentation on "Uncivil Discourse" we need your *intentional* involvement as owners and "producers" of the Citizens League's mission.

I urge you to reach out and talk to someone you know. Explain what our mission means to you. Invite them to become a member, to bring their ideas, their idealism, and their talents to this big new civic marketplace we're building.

As a member they will find an outlet for their civic and policy passions, meet an amazing group of fellow members, and have the rare opportunity to participate in building not just their individual capacity to impact public policy, but Minnesota's quality of life, civic infrastructure—and future economic and civic success.

The impact of recruiting just one new member will be transformative. Please join me now in helping the Citizens League—and Minnesota—take the next quantum leap forward. ●

Sean Kershaw is the Executive Director of the Citizens League, and can be reached at skershaw@citizensleague.org or 651-293-0575x14. You can comment on this Viewpoint at www.citizensleague.org/blogs/sean.

FACTS UNFILTERED

The Retirement of the Baby Boomers

In 2011, the leading edge of the baby boom generation will begin to turn 65. The United States population age 65 and over is expected to double over the next 25 years. By 2030, almost 1 in 5 Americans (72 million) will be age 65 and over.

Q. What does that mean for Minnesota? What specific differences could these changing demographics make in our lives?

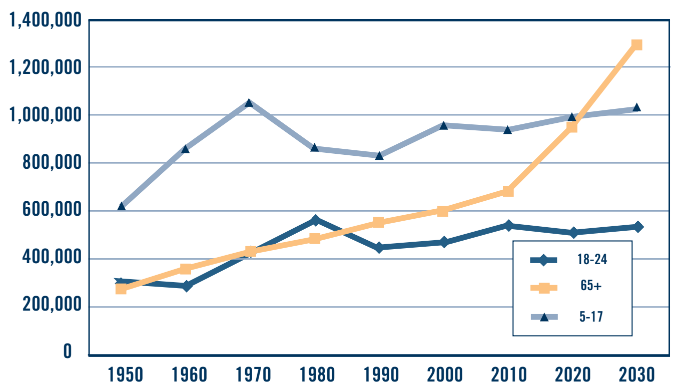
A.

Lowering the ratio of workers to retirees

We will have fewer workers to support a growing number of retirees. By 2020, Minnesota will have more senior citizens than children, which means that future generations will see an even greater population imbalance.

The growing number of retirees and elderly citizens will increase the demand for social and health services. At the same time, because of the decreasing ratio of workers to retirees, the state will have less ability to raise revenue through income taxes. State Economist Tom Stinson notes that in retirement individual income falls by about one third, and in Minnesota, tax liability for retirees can be as much as 70 percent less than that of workers.

(Minnesota Department of Finance)



Source: Census count and Minnesota State Demographer projection

More retirees and fewer workers to replace them

Experts disagree over the extent of, or even if there will be a labor shortage, but this much is clear: While Minnesota's workforce is expected to grow by 421,000 between 2000 and 2010, it is projected to grow by only 175,000 workers between 2010 and 2020.

In 2002, the Employment Policy Foundation (which is no longer in operation) estimated that, to maintain an average growth rate of 3 percent per year, the United States economy will require an additional 58 million workers over the next three decades. But if current population trends continue, the number of workers will increase by only 23 million. Others, including Professor Robert Grossman of Marist College, argue that the economy will adjust: baby boomers will work longer than expected or take up part-time jobs in retirement; more people will work more than one job; or productivity will increase.

(Minnesota State Demographic Center, Employment Policy Foundation, HR Magazine)

Straining the social safety net

Many Minnesotans will not have enough savings to support them through retirement. A 2006 U.S. Government Accountability Office report notes that the top 5 percent of baby boomers hold 52 percent of the wealth; the bottom 50 percent hold only 3 percent of total wealth. Half of the population has virtually no retirement savings.

Our health care systems will be similarly strained. According to the Congressional Budget Office, if current policies remain unchanged Medicaid spending will exceed state tax revenues by 2014. One 2004 report estimates that health care expenditures for a 65 year old are now four times those for a 40 year old. Because more of the population will be older, overall U.S. health expenditures are projected to increase 25 percent by 2030.

(Centers for Disease Control, Government Accountability Office, Congressional Budget Office)

Spending priorities will change

By 2015, Minnesota families without children will outnumber families with children, and by 2020 retirees will outnumber children. It is likely that government spending priorities will shift to better address the needs of senior citizens, potentially decreasing dollars available for public education and other youth programs.

Q. Are the same changes happening in the rest of the world?

A. Overall, yes.

A global decline in fertility and longer life expectancy in much of the world will cause the age structure of the world population to change dramatically.

- The number of people over age 60 will be larger than the number of people between the ages of 15 and 24 by 2020.
- The proportion of people age 80 and over will rise from 1 percent to 4 percent of the world population by 2050.
- The percent of people over age 60 living in developed countries is expected to increase from 20 percent today to 32 percent by 2050.
- In developing countries, the number of people over age 60 could increase from 8 percent to 20 percent over the same time period.
- In the European Union, the working population will fall by 16 percent and the population over age 65 will increase by 77 percent by 2050.

(Finance and Development Magazine, September 2006)

Facts Unfiltered contributors:

Larry Baker, Marsha Blumenthal, Cecelia Boone, Todd Graham, Todd Lefko, Michael Schmitz, Doug Stene

For more information

Minnesota State Demographic Center: www.demography.state.mn.us

Minnesota Department of Finance: www.finance.state.mn.us

HR Magazine, "The Truth About the Coming Labor Shortage": www.shrm.org/hrmagazine

Centers for Disease Control, www.cdc.gov

Finance and Development Magazine: www.imf.org/external/pubs/ft/fandd/

Tax increment financing use declined in Greater Minnesota in 2006

By Bob DeBoer

Is tax increment financing (TIF) losing its effectiveness as a development tool in Greater Minnesota? Or are other economic development subsidies, such as Job Opportunity Building Zones (JOBZ) and property tax abatements taking the place of TIF?

A look at the data gathered in the Citizens League annual survey of TIF shows that JOBZ may be reducing TIF use outside of the seven-county metropolitan area. Since 2000, the Twin Cities metropolitan area and Greater Minnesota have moved in roughly the same year-to-year pattern when measuring change in TIF use. But that changed in 2006 when the dollar amount of tax capacity captured in TIF districts actually declined in Greater Minnesota, from $45.6 million in 2005 to $44.5 million in 2006.

That is the first absolute decline in TIF tax capacity in Greater Minnesota or the metro area since 2002 when property tax reform took effect and reduced local government tax capacity. In the seven county metro, the tax capacity captured in TIF districts rose from $187 million in 2005 to $205 million in 2006. Statewide, TIF tax capacity rose from $232 million to $250 million (see Table 1).

Another way to measure TIF use is to measure the percent of total tax capacity that is captured in TIF. TIF tax capacity in Greater Minnesota fell from 5.6 percent of total tax capacity (of the cities and towns that use tax increment financing) to 5 percent in 2006, while in the metro area the drop was significantly smaller, from 7 percent to 6.9 percent (see Figure 1).

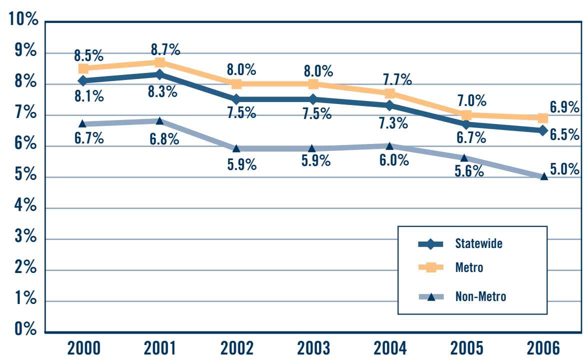
TIF has been around for more than 50 years, but did not become a cohesive state policy until the 1979 TIF Act. It is used mainly by cities to subsidize redevelopment of blighted areas, and to foster new development and the creation of affordable housing (see What is tax increment financing? sidebar). TIF allows a municipality to "capture" the property taxes that result from the increased value when a property is developed or redeveloped. The captured portion of the tax (the increment) can then be used to finance some development or redevelopment costs. The tax increment is unavailable to the city, town, county or school district until the TIF district expires or is closed.

Here comes JOBZ

The Pawlenty administration launched the JOBZ program in January 2004 to stimulate rural economic development. The program provides tax subsidies to companies that start up or expand in 10 targeted zones in Greater Minnesota, encompassing some 300 communities. The subsidies run through 2015.

By 2006, more than $2 million in property tax capacity had been exempted statewide under JOBZ. For perspective and scale, only four counties in Greater Minnesota captured more tax capacity in TIF than total JOBZ tax capacity in 2006: St. Louis, Stearns, Wright, and Rice.

Figure 1: Percent of tax capacity captured in TIF
(based on the total tax capacity of cities and towns that use TIF)



Source: Department of Revenue, calculations by the Citizens League

TIF and JOBZ leverage the same tax capacity: commercial and industrial improvements. Only one subsidy can be utilized at a time. TIF can also capture value from residential improvements.

JOBZ also includes exemptions from state taxes, including:

- the corporate franchise tax;
- income tax for operators or investors, including capital gains tax;
- sales tax on goods and services used in the zone if the goods and services were purchased during the duration of the zone;
- the wind energy production tax; and
- employment tax credit for high paying jobs.

Table 1: Tax capacity captured in TIF districts, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Metro	$190,337,236	$ 220,722,816	$157,358,948	$ 171,386,065	$ 180,416,402	$ 186,645,876	$205,351,038
Non-Metro	$ 46,670,967	$ 51,213,631	$ 36,277,307	$ 39,869,681	$ 44,284,764	$ 45,622,614	$ 44,506,055
Total	$237,008,203	$ 271,936,447	$193,636,255	$ 211,255,746	$ 224,701,166	$ 232,268,490	$249,857,093

Source: Minnesota Department of Revenue

continued on page 6

What is tax increment financing?

Tax increment financing (TIF) is a tool used by cities and other development authorities to finance certain types of development costs. The state legislature created a uniform TIF act in 1979 that replaced five separate laws dating back to 1947. The 1979 law remains the basic structure of TIF with important changes enacted in 1988, 1990 and 1995. Cities or other authorities create TIF districts to subsidize the cost of redeveloping blighted areas, to create economic development and jobs, and to create affordable housing.

Tax increment financing enables a city or town to use the additional property tax revenue generated by new development to pay for certain development expenses. With TIF, the city "captures" the additional property taxes generated by the new development within the district that would have gone to other taxing jurisdictions and uses the "tax increment" to pay some of the development costs that the owner, developer or local government otherwise would have paid.

Some examples of TIF-eligible costs are the acquisition of land or buildings, the demolition of substandard buildings, site preparation, the installation of utilities or road improvements, and the construction of low- and moderate-income housing.

The up-front costs of TIF-subsidized development are often financed with the proceeds from general obligation bonds, or loans. The debt service on those obligations is paid with the tax increment generated by one or more TIF districts.

Some TIF districts use an alternative to bonds or loans, known as pay-as-you-go financing. In this case the property owner or developer pays the development costs up front and is reimbursed with the tax increment generated by the TIF district.

TIF 2006 decline

continued from page 6

The interaction between TIF and JOBZ

To take a look at the interaction between TIF and JOBZ, our survey compared tax capacity captured in both on a county-by-county basis based on three main TIF factors:

- dollar amount of tax capacity captured;
- number of districts; and
- percentage of the tax base captured in TIF.

> That is the first absolute decline in TIF tax capacity in Greater Minnesota or the metro area since 2002 when property tax reform took effect and reduced local government tax capacity.

Looking at each county, here is what we found:

- Of the 80 counties in Greater Minnesota, 75 utilized TIF and 53 utilized JOBZ;
- four counties, Big Stone, Coo Koochiching and Lake of the Woods utilize neither TIF nor JOBZ;
- only one county, Clearwater, did not use TIF, but did utilize JOBZ.

Using the three measures above (dollar amount, number of districts and percent of tax base); we analyzed each county and created two major categories:

- counties where TIF and JOBZ are used, and
- counties where TIF is used and JOBZ is unavailable.

Of the 52 counties that have TIF and JOBZ, 33 showed flat or reduced TIF use (see Table 2) and 19 showed increased TIF use (see Table 3). Of the 23 counties that have TIF but no JOBZ, 14 showed flat or reduced TIF use (see Table 4) and 9 showed increased TIF use (see Table 5).

Without the benefit of a detailed survey of local governments, we made some assumptions that looked beyond the dollars and the percentage of tax base captured. In some cases we had to look closely within the county at where districts were opening and where they were closing as a deciding factor in whether TIF use was increasing, flat or declining. To view the details, visit www.citizensleague.org.

There are indications that TIF use may be declining with or without JOBZ. If the JOBZ property tax capacity is added to the TIF numbers from 2005 to 2006, the total increase in Greater Minnesota property tax subsidies for economic development look anemic compared to the metropolitan area TIF use.

What we don't know is what impact, if any, property tax abatements play in the

Table 2: Greater Minnesota counties with JOBZ and reduced or flat TIF use

AITKIN	KITTSON	PIPESTONE
BECKER	LAC QUI PARLE	POLK
BLUE EARTH	LE SUEUR	REDWOOD
BROWN	LYON	RENVILLE
CHIPPEWA	MARSHALL	ROCK
CROW WING	MARTIN	ST. LOUIS
FARIBAULT	MCLEOD	STEVENS
FREEBORN	MORRISON	TRAVERSE
ITASCA	MOWER	WADENA
HUBBARD	MURRAY	WASECA
KANDIYOHI	OLMSTED	WINONA

Table 3: Greater Minnesota counties with JOBZ and and increased TIF use

CASS	LAKE	ROSEAU
CHISAGO	MEEKER	STEARNS
CLAY	NICOLLET	TODD
COTTONWOOD	NOBLES	WABASHA
DOUGLAS	OTTERTAIL	WATONWAN
GOODHUE	PINE	
JACKSON	RICE	

Table 4: Greater Minnesota counties without JOBZ and reduced or flat TIF use

BENTON	MAHNOMEN	RED LAKE
DODGE	MILLE LACS	SWIFT
GRANT	NORMAN	WILKIN
HOUSTON	PENNINGTON	WRIGHT
KANABEC	POPE	

Table 5: Greater Minnesota counties without JOBZ and increased TIF use

BELTRAMI	ISANTI	SIBLEY
CARLTON	LINCOLN	STEELE
FILLMORE	SHERBURNE	YELLOW MEDICINE

Policy redux: the Citizens League reports

Editor's note: As the Citizens League celebrates its 55th anniversary in 2007, the Minnesota Journal will offer an occasional look back at some of the Citizens League's most provocative and influential reports.

Minnesota's budget problem: a crisis of quality, cost, and fairness (1993)

Findings

There are major design flaws in the public sector:

Government and taxpayers do not require results from spending. Rewards that public agencies receive are unrelated to the fulfillment of their missions. Government usually assumes that it will own and operate whatever services it decides should be provided.

Government and taxpayers do not require equity as a result of redistribution. On the contrary, many current policies either redistribute to satisfy institutional interests or to benefit individuals who are already advantaged.

Conclusion

Because the [state's] budget problem results from these fundamental system flaws, good leadership and incremental change will not be enough to solve it. The view must be embraced that the purpose of government is to design environments where individual citizens and institutions are systemically oriented to accomplish public purposes, and where they meet their own interests in the course of doing so. Government is not mainly about dishing out money, but about creating systems in which money gets results and subsidies go to people who need them.

overall picture. Local governments are not required to report property tax abatements to the state Department of Revenue, so the corresponding tax capacity numbers for abatements are unavailable.

One possible conclusion we can draw from the existing data is that with or without JOBZ, many areas of Greater Minnesota are finding it more difficult to use TIF than before property tax reform took effect in 2002 and reduced the amount of revenue available through TIF. To the extent that market values are more solid and appreciate more readily, TIF will be easier to use in the metro area than in many parts of Greater Minnesota.

If property tax reform has made it more difficult for communities in Greater Minnesota to use TIF, JOBZ may actually provide some regional balance in terms of economic development subsidies between the metro area and Greater Minnesota. But the JOBZ program does little to address policymakers' concerns that economic development and redevelopment subsidies may often be used in cases where development would likely occur even without the subsidy.

Taking a look at JOBZ in conjunction with TIF in 2006 begins a long-term effort to analyze property tax subsidies on the whole as part of the Citizens League's annual TIF survey.

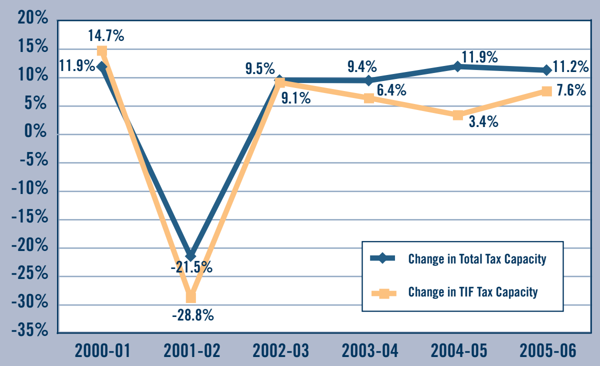
Bob DeBoer is Director of Policy Development for the Citizens League. He can be reached at bdeboer@citizensleague.org or 651-293-0575 ext. 13.

2006 TIF use by Minnesota cities and towns

For the fourth year in a row, tax increment financing in Minnesota did not grow as fast as overall tax capacity (see Figure 2). There were more TIF districts created than closed in 2006, raising the number of districts to 1,998, but the number of cities and towns using TIF declined from 421 to 414.

In 2006, Minneapolis led the way in terms of tax capacity captured in TIF districts with nearly $57 million, followed by St. Paul, Bloomington, Edina and Brooklyn Park. Among the 49 large users of TIF (those who capture more than $1 million in tax capacity), Rogers had the highest amount of its tax base captured in TIF districts at 26 percent, followed by Chaska, Waite Park, Ramsey and Mounds View (view Tables 6 and 7 at www.citizensleague.org).

Figure 2: Annual percent changes in total tax capacity and TIF tax capacity, 2000-2006
(among cities and towns that use tax increment financing)



Source: Department of Revenue, calculations by the Citizens League

Looking more broadly at TIF use in 2006, there are 46 cities and towns in Minnesota (with tax capacity of more than $1 million) that captured more than 10 percent of total tax capacity in TIF. Of this group, Lilydale had the highest percent of its tax base captured in TIF at 36 percent, followed by Dundas, Rogers, Rush City, and Osseo (see Table 8 at www.citizensleague.org).

To see all tables and figures and additional data on the cities and towns that used TIF from 2000 through 2006, visit the Citizens League website at www.citizensleague.org.

Recommendations

The report identifies five design principles for better value:

- Target public subsidies directly to people who are financially needy.
- Use competition to align institutional self interest with the public's interest in the quality and cost of services.
- Allow the pricing of public services to reflect the true costs, including the social cost of individual decisions.
- Meet more public responsibilities through nongovernmental communities in which people already have relationships of mutual obligation.
- Consider long-term economic growth to be one of the objectives of state spending.

Applying these design principles for better value will link spending and results. Government services should be meaningfully connected to the taxes that citizens are willing to pay. Some of the recommendations in specific policy areas include:

Increase the proportion of property tax relief that is paid directly to individuals and reduce the amount of aid provided to cities in the form of general-purpose grants, which insulate local taxpayers from the effects of their local spending choices. The current system of property-tax relief, which directs only 10 percent of all aid to individuals on the basis of financial need, represents a massively inequitable distribution of aid in favor of the relatively well-to-do.

In both K-12 and higher education, split the roles of purchaser and producer in education. View system boards as purchasers of service and as policymakers, not as operating entities that produce service. Permit private and public producers of non-instructional services to compete for the system's business. Allow teachers to form professional partnerships that can contract with school boards to provide instructional programs.

Alleviate the inequities in the current financing system by ensuring that all state funding follow the individual student to the school and program he or she chooses. Significantly increase higher education appropriations for need-based financial aid by reducing the percentage of appropriations to institutions. Make appropriations to institutions on a per-student basis and tie state appropriations to clearly defined system and institutional performance standards to reward successful institutions.

View students, too, as competitors for public funding, and discontinue public tuition write-downs if student performance is unsatisfactory.

continued from page 1

- **There is no central aggregation of current Minnesota policy research.** Much of the policy research with the most influence in the state lies scattered, hidden in the nooks and crannies of the Web. There is no central place where a policy researcher can search the products of the state's policy research organizations. Most of it is published only on the Web, and it's not indexed, archived, and aggregated like traditional books and journals.

First step: define the space

Finding little concrete information about this phantom policy information industry, I decided I had to become an information provider myself. Thus was born Minnesota Policy Soup, a project intended to answer my questions about the industry. This new online resource (www.mnpolicysoup.com) includes three elements:

- **SoupSearch:** A search engine that allows users to search research published online by Minnesota policy research organizations;
- **SoupBase:** A directory of those organizations with contact information, organized by policy area (as of this writing it includes about 80 organizations; I expect it will ultimately include a couple hundred more); and
- **Analysis and commentary** on practices in this policy research industry.

Building those three elements allowed me to start defining the boundaries and scope of the industry, a first step toward understanding it. The search engine and directory will help the industry's customers find the policy research they need. The rest of the site should help policy research organizations understand the contours of their industry, and its evolving standards and best practices.

Second step: ask the questions

Once you understand the size and shape of an industry, you can start to drill down into the really interesting questions. These questions center around two main subjects: What trends, particularly end user trends, are affecting the industry? And what best practices are applied by successful organizations in this new information environment? Here are just a few examples:

User trends

Workflow integration is the Holy Grail in the commercial publishing world. The idea is that information users should not have to stop what they are doing to go to another application or source in order to get the information they need. Salespeople using prospect management software should not have to leave that software to access updated information about the companies they hope to call on. Lawyers should not have to leave the court briefs they are writing in order to find the current status of a statute or court decision. Which policy research organizations are injecting their content into their audiences' policy work processes like that?

Generational differences are also worth watching. Digital natives—the generation that has never known life without computers, the Internet, and cell phones—are coming soon to a workplace near you. Younger people are much less likely to sit back and read content; they want to participate, be part of the content. They are more influenced by messages coming from peers than from mass media. To baby boomers, the online world is a place to go to read stuff; to digital natives, it's a much more social place. Which policy research organizations are reaching those users by making information products more interactive?

Rich data. Information users these days don't just want text-based information and conclusions; they want to touch and feel the data themselves, manipulate it, plug in their own variables, download it to a spreadsheet, turn it into a graph. Which policy research organizations are opening their databases and applications to the world via the Web?

Best practices

Brand and reputation measurement. Research organizations and their products have brands and reputations. Those can and should be measured in order to understand how an organization and its products are perceived. Are policy research organizations nurturing their brands?

User needs assessment. Information providers can't assume they understand what users of their information need and want. Which policy research organizations are systematically assessing what their audiences want, how they want it, and how they use it?

Benchmarking PR and marketing functions. There are dozens of new media techniques and methodologies for ensuring that information reaches the right audience—but many research organizations aren't even using "old media" techniques very well. Which organizations are improving their PR and marketing efforts by measuring them against peers and competitors?

Design for search. Few organizations take steps to help search engine users find their research. Which organizations are using search optimization techniques and search advertising to increase traffic at their sites?

What we know so far

Minnesota Policy Soup will tackle those questions and more in the coming months. But in the few short weeks the project has been underway, a few quick conclusions have surfaced:

- **Old school publishing.** Our research organizations are stuck in a twentieth century "archive and retrieve" model of online publication, which usually means putting a comprehensive report together and placing it on a Web site in PDF format for downloading. Only a few have moved to a newer "publish and subscribe" model, using RSS or email effectively to condition users to a steady stream of new, updated content.

- **Size matters.** When hefty, one-size-fits-all reports were about the only alternative for sharing information, they made sense. And they still make sense in many contexts, depending on the scope and purpose of a research project. However, few organizations are using technology to break down, recycle, and re-purpose their content into smaller and more digestible pieces for multiple audiences with distinct needs.
- **The R word.** Relationships are everything—and most policy-oriented organizations understand that. The personal relationships they cultivate with colleagues and policymakers are a key part of their operations. But few organizations are using technology to effectively create bridges between information and people, through online social networks or other interactive tools.

From policy research to policy change

If there's one key insight I've gained while pursuing this project, it's that there is no shortage of policy research information available in Minnesota. You can't swing a cat without bumping into some sort of coalition, center, alliance, association, council, league, or institute pumping out research about your policy issue. Just the organizations identified in SoupBase so far employ over 1,100 people and consume millions in salaries and other resources.

> If we have so many brainy people studying our policy problems, why are the problems so intractable?

If we have so many brainy people studying our policy problems, why are the problems so intractable? Why is there so little consensus about the magnitude and nature of challenges in areas such as education, healthcare, and transportation? Part of the answer may be found in the Citizens League's MAP 150 project, which showed that Minnesotans agree to a large extent on what our major policy problem areas are, but are increasingly put off by the processes we use to tackle them.

Could it be that, in the Information Age, these organizations are good at policy but not so good at information? Do they have something to learn from commercial publishers who have been forced to change their ways (or perish) in the face of the changes brought on by the Internet?

Minnesota Policy Soup hopes to contribute to a maturing policy information industry. It will help information providers understand their markets and users, and adopt best practices that leverage information technology to find new formats and channels for their published research. It will also help information consumers better understand the information that's out there, and to use it more effectively to help them understand and solve policy problems.

David Curle is an information industry analyst, Master of Public Affairs degree candidate at the Humphrey Institute of Public Affairs, and a member of the Citizens League. He can be reached at david@curle.com.

Rising to the top

A random sample of research organizations doing it right

Best Practice: Present research in a structured, consistent way and allow users to subscribe to new research alerts.

Office of the Legislative Auditor

www.auditor.leg.state.mn.us/

What works:

- Main web page highlights recent research.
- Each study gets its own highlight with a summary and links to PDF versions of the report, authors and authors. Each study is easily "findable" by search engines.
- Notification of new reports by email or RSS feed.
- Reports have very effective summaries of findings for easy scanning by busy readers.

Best Practice: Target user groups

HousingLink

www.housinglink.org

What works:

- This is an organization with multiple audiences. Web site clearly directs very different stakeholders (renters, landlords, policymakers, media) to the right "slice" of HousingLink content.

Best Practice: Open your data to the world.

House Research

www.house.leg.state.mn.us/hrd/hrd.htm

What works:

- House Research's Local Government Aid Lookup takes statewide data out of a report and puts it on the user's computer. Plug in a set of cities or counties, a date range, and display the data on-screen or download it to an Excel spreadsheet for further manipulation.

JOBS NOW Coalition

www.jobsnowcoalition.org

What works:

- The Coalition's Family Wage & Budget Calculator allows a family to plug in monthly expenses and uses cost-of-living data determine the wage level needed to support the family. This makes abstract cost and wage data dramatically specific and real.

TAKE NOTE

Innovative Policy Initiatives From Around the World

Open source textbooks

This software industry trend makes its way into the classroom

By Victoria Ford

The open source movement got its start in the software industry and now the ideas behind the movement are making their way into the classroom. Several projects are underway using open-source methodology to develop new textbooks, including the Open Textbook Project, the CommonText Literacy Project, the Global Education & Learning Community, Connexions, Wikibooks and the California Open Source Textbook Project (COSTP).

Wikibooks makes the case for open source textbooks this way:

> *Our textbooks are started by people who are familiar with the subject. Content is continually augmented by Wikibookians. This is no lone professor seeking additional income, it is a community of people who are there to learn the material in the least painful way to get the grade and be prepared for the next step. That means textbooks that make sense.*
>
> *You will never have to wait months or years for another edition to come out that incorporates the latest changes in the field. The very minute a discovery or advancement is made the text can be updated to reflect that change.*

The California Open Source Textbook Project offers another argument in support of open-source textbooks: cost. The project's goal is to eventually eliminate California's $400 million line item for public school textbooks—first, by greatly reducing the cost of obtaining books for use in California's public schools, and then by licensing the rights to use those textbooks to other educational organizations and international agencies.

These projects are still in their infancy. Wikibooks has a small number of completed books (on subjects ranging from *Basic Physics of Nuclear Medicine* to *UK Constitution and Government*), with various levels of quality. Connexions and the CommonText Literacy Project have each developed substantial libraries of educational materials but have not yet created a full-fledged textbook. The California Open Source Textbook Project's first pilot project is a world history textbook that is being developed on Wikibooks. Work on the textbook began in 2004, and so far includes sections on the "Civilizations of Ancient Times," "Ancient Philosophy and the Development of Western Political Thought," "Eastern Civilization and Its Impact," and (skipping ahead several thousand years), "A New Millenium."

Notably, none of these efforts so far put an emphasis on involving students. ●

Victoria Ford is a staff policy associate at the Citizens League. She can be reached at vford@citizensleague.net or at 651-293-0575 ext. 17.

For more information:

Connexions: cnx.org

CommonText Literacy Project: www.commontext.com

Open Textbook Project: otp.inlimine.org

California Open Source Textbook Project website: www.opensourcetext.org

World History Pilot Project: en.wikibooks.org/wiki/COSTP_World_History_Project

Global Education & Learning Community: edu-gelc.dev.java.net/nonav/index.html

Open source feedback: views from around the Web

"Oh how I would love to see this sort of thinking spread through all our educational institutions. Imagine what a project like this could do to lower the costs of higher education where the costs of textbooks are borne by the students themselves? Sounds to me like a perfect mission for our land-grant universities with their democratic mandate for openness, accessibility, and service to people..."

—Kevin Gamble, information technologist and blogger at HighTouch

"It's hard to tell how open-source textbooks will evolve and go mainstream, but certainly every new ratcheting of the screw by textbook publishers will make open textbooks even more attractive. Yet another instance of the power of the online commons, which can subvert unresponsive markets, construct new communities of practice, and grow with self-reinforcing momentum in highly efficient ways."

—David Bollier, Senior Fellow at the USC Annenberg School for Communications and Editor of OnTheCommons.org

"Math is such a basic subject that it would be a great place to start building online, open source textbooks that could be used—and improved—by any school, public, private or home."

—Tim Stahmer, instructional technology specialist and blogger at www.assortedstuff.com

"We don't have a calculus text, so I'm left to my own devices. Fortunately, there's a number of open-source textbooks!

- A Slashdot thread: Five Free Calculus Books
- Wikibooks Calculus

Tell me that story again, Grandpa, about the times before the internets... how was it that people survived?"

—mrc, math teacher and anonymous blogger on understanding.mindtangle.net

Partners in learning

Home educators and public schools can learn from each other and improve education for all students

By Ben Cox

The Breakfast Club, Risky Business, Ferris Bueller's Day Off, and other similar films have always held a certain fascination for me. These films focus on a common experience for most people, but for me, it is a glimpse into an unfamiliar subculture: high school. You see, I was educated at home from the fifth through the twelfth grade. I would like to share a few of my experiences, and some thoughts on how collaboration between home educators and the public school system could improve outcomes for all students.

> Many of my peers assumed that being taught at home was undemanding... My parents knew what I was capable of, and I was held to that standard.

My experience

I have been asked what it is like to be home-educated many times. It is difficult to describe the different dynamic that home education brings to the process of learning, but I can characterize my education at home in three ways.

First, home education was uniquely challenging. Many of my peers were envious of my schooling because they assumed that being taught at home was undemanding. This could not have been further from the truth! My parents knew what I was capable of, and I was held to that standard. So the first characteristic of my home education was that my achievement was measured by my potential.

Second, home education was supremely flexible. As my siblings and I got older, we picked our own textbooks based on our learning styles. Each of us had different curricula, and if a particular curriculum wasn't helping us learn, we tried something else until we found what worked. We were also able to change schedules easily to accommodate special educational opportunities. Whether it was an exhibition at a science center, a history fair, or a theatrical production with a demanding schedule, we were able to participate without missing class. Indeed, it was class.

Third, everything was class, or rather; every experience was treated as a chance to learn. I didn't like having to write reports about family vacations, but I see the value of this lesson now: all of life is learning. This is the third characteristic of my experience: home education was holistic.

Partnership potential

The growth and success of the home-education movement, and the challenges that face our public schools raise a key question: Given the uneasy relationship between home educators and the public school system, why would either system want to form a partnership?

First, home educators are the type of parents that schools want to have involved. They are highly invested in their children's education, and are willing to devote a great deal of time to improving educational outcomes.

Second, as one Minnesotan home educator commented to me, although home educators have opted out of the public school system, they are still stakeholders. Home educators are very interested in the success of the public schools, because those schools will define the world that their children will live in.

Third, there are some resources that the public school system has that are not available in the home. Sports, band, performing arts, and science labs are strong points of the public school system, and weak points of home education. Most home educators would love to offer those opportunities to their children.

The incentive for collaboration is high for the public schools and for home educators. I would like to propose a framework for that collaboration.

Incubating new educational ideas

A home school convention is an interesting scene. There are thousands of parents from all walks of life, with thousands of children in tow, milling around hundreds of booths with vendors offering all sorts of curricula, programs, and ideas. Parents will try many methods and curricula. Those that don't work will be discarded, and those that do work will be widely adopted.

This scene illustrates the great potential of home education as an incubator for new educational ideas. Because of the small scale of home education, parents can try new curricula or a different educational method without the considerable cost and risk that public schools would incur. If an idea works with many home educators, then this idea is worth trying on a larger scale in our public school system.

A few ideas from a home educator

Kenneth Dick, Ph. D., a senior research fellow at the University of Nebraska at Omaha and a home educator, regularly speaks about home education to students in advanced school administration classes at UNO. He suggests three concepts that could be transferred from home education to the public school system.

- Focus on the individual, not on the whole. Education should not be industrialized, and must occur on a human scale.
- Measure achievement by the individual's potential, not by conformity. Expectations will always be higher this way.
- Make learning experiential. We learn far more from what we experience than from what we are told.

Clearly, both home educators and the public schools have much to gain from collaboration. I hope that public school administrators will see home educators as a part of their strategy for improving educational outcomes, and welcome collaboration and involvement from parents who educate their children at home. And I also hope that home educators will see themselves as partners in improving their community's education system, and give their time and expertise to the public schools. If we can achieve this collaboration, it will lead to a better education for our children.

Ben Cox is a new father, community volunteer, and an active Citizens League member. He also works in sales and marketing with SECOA, a national theatre and stage equipment company based in Minnesota.

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MN JOURNAL

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PERIODICALS

3/7

Policy and a Pint: Healthcare Handcuffs

A dialogue with Minnesota Public Radio's **Chris Farrell** and the Carlson School of Management's **Steve Parente**. Moderated by 89.3 The Current DJ Steve Seel.

Wednesday, March 7. Doors at 5:30 p.m.; program at 6 p.m. Varsity Theater, 1308 Fourth Street S.E., Minneapolis

More information or to register go to www.citizensleague.org

3/8

The ChangeMakers—Business & Community: Minnesota's Philanthropic Tradition and Its Future

Business' role in building community has never been more important to our state–and perhaps never more overlooked. This multigenerational panel will delve into Minnesota's rich philanthropic tradition to explore our strengths and weaknesses and discuss how business and community can coalesce to build a more opportunity-rich Minnesota.

Thursday, March 8. Registration and reception at 4:30 p.m., dinner and program at 5:30 p.m. The Depot, 225 3rd Avenue S., Minneapolis

Register at www.collaborative.net