

# MINNESOTA Journal

A PUBLIC POLICY MONTHLY FROM THE CITIZENS LEAGUE

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## Seeking solutions to a “wicked problem”

### Confronting health disparities on Minneapolis’ northside

*By Gary L. Cunningham and the Hennepin County - North Minneapolis Health Advisory Committee*

North Minneapolis, for many of us, is a place we read about in the newspaper, far removed from our day-to-day activities. We hear about the gang violence, poor graduation rates, lack of economic opportunity and once in a while we hear about a success story where someone has stepped forward to make a difference. Rarely do we hear about the vibrancy of the community, the pride of home ownership, or the common working people that provide the community with vitality and health. In many ways, we lack an understanding of the dual nature of this community. We also fail to realize that North Minneapolis is a microcosm of our future. This community, its people and the conditions in which they live, ultimately will impact the quality of life in Hennepin County, the metropolitan area and the state.

North Minneapolis is located northwest of downtown Minneapolis and is comprised of two neighborhoods, Near North and Camden. In terms of the socio-economic status, it is also two communities. Though overlapping, one part of the community is represented by working and professional class people whose children do well in school, who have health insurance, and overall, have a good quality of life. The other community is poor; their children do not do well in school, they lack health insurance and by every measure have some of the worst health indicators in the state.

The health of people in North Minneapolis is a marker for a growing and disturbing trend of health disparities. Some examples of the

magnitude of the problem are:

- ▶ Rates in North Minneapolis for chlamydia and gonorrhea are about three times higher than they are for Minneapolis as a whole.
- ▶ The rate of people living with HIV/AIDS in North Minneapolis is substantially higher than that of the state as a whole.
- ▶ In the Near North neighborhood, more than 25 percent of all babies are born to teen mothers, the highest percentage in Minneapolis, and more than three times the rate of Hennepin County as a whole.
- ▶ The infant mortality rate in North Minneapolis is higher than any other community in Minneapolis.
- ▶ Adults in North Minneapolis also report higher rates of diabetes, high blood pressure and obesity than Hennepin County or Minneapolis as a whole.
- ▶ Near North has the shortest life expectancy of all neighborhoods, with the exception of men residing in Minneapolis’ Phillips neighborhood.

The tremendous disparities in health between African Americans, Hispanic/Latino, American Indians and Caucasians have been well researched and documented, both nationally and in Minnesota. But nowhere in Hennepin County are these disparities more prevalent than in North Minneapolis.

Given the alarming statistics on health disparities in North Minneapolis, in 2000 the Hennepin County Board of Commissioners, with the leadership of Commissioner Mark Stenglein (who represents North Minneapolis), created the North Minneapolis Health Advisory Committee. The committee is comprised of residents, health professionals,

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# Health from page 1

academics, business people, community activists, school administrators, individuals from the faith community and other interested stakeholders. The committee's charge was to:

- ▶ Identify the health needs of North Minneapolis residents.
- ▶ Examine the health care delivery system for residents of North Minneapolis.
- ▶ Examine how changes in access of care, environment and behavior can improve health status.
- ▶ Engage the North Minneapolis community in a dialogue to improve the health and wellness of community residents.

As the committee began its examination, it became clear that we were dealing with a “wicked problem.” Rittle and Webber (1973; Roberts 2000), define “wicked problems” by these criteria:

- ▶ There is no definable problem formation.
- ▶ The problem will not be solved, but re-solved again and again.
- ▶ The solutions are not true or false, but good or bad.
- ▶ The full consequences of any solution cannot be known immediately—they may never be known.
- ▶ One-shot solutions do not work.
- ▶ Each of the problems is unique in some sense.
- ▶ The problem can be a symptom of another problem.
- ▶ The problem can be explained in many ways, and in large measure, the choice of explanation will determine the solution.
- ▶ Leaders advocating solutions have no inherent right to be wrong.

The committee found that there were numerous reports and documentation of health disparities in North Minneapolis. In the words of one committee member, “There has been more done to admire the problem than to do anything about it.”

## The cost of health disparities

In fact, more than \$1 billion (shared between federal, state and local govern-

ments) is spent each year in Hennepin County to provide health services and to deal with the consequences of health disparities. These costs include not only actual financial expenditures, but the opportunity cost associated with citizens who do not develop to their full potential. Uncompensated care alone (which is generally provided to people who lack either public or private insurance) cost Hennepin County more than \$53 million in 2003.

While this figure represents the cost of uncompensated care spending throughout Hennepin County and out-of-state residents who come to Hennepin County for care, residents of North Minneapolis are disproportionate users of public health coverage or coverage requiring public subsidy.

## Redefining boundaries

As the committee worked to identify the causes of health disparities specific to North Minneapolis, several things stood out. We found that the population is highly mobile. When we looked at school data as a proxy for mobility, there were over 22,000 transactions; students enrolled and withdrew from North Minneapolis schools in amazing numbers. This finding was buttressed by data from the University of Minnesota, which showed that many of the people living in the most disadvantaged parts of the community are extremely mobile; they may live in North Minneapolis at some point

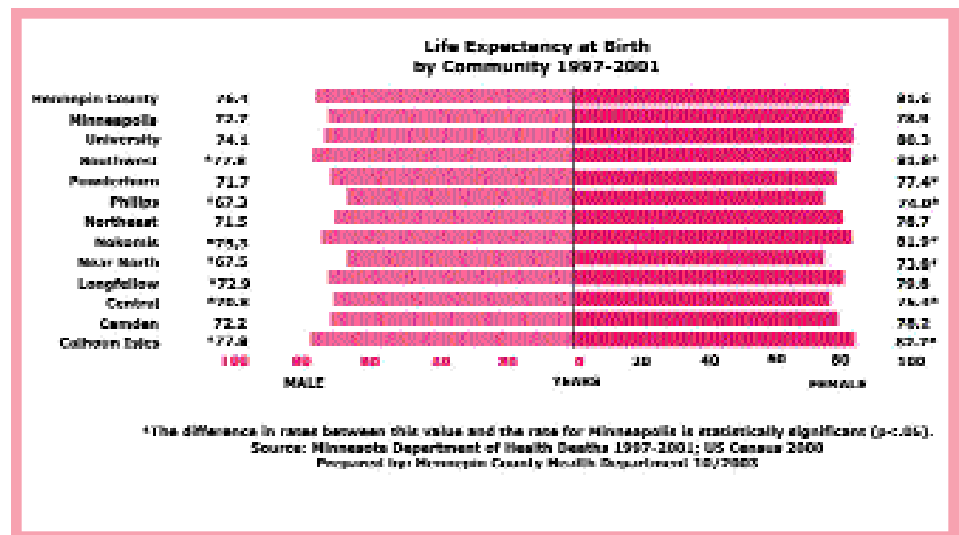
in the year, but they frequently move across the city. We also found that those experiencing negative health outcomes are also likely to be recipients of government social services. What these findings tell us is that we need to expand our view beyond the geographic boundaries of just North Minneapolis in order to fully understand the scope of the issues, as well as the complexity of the solutions.

## Searching for solutions

In conducting its analysis, the committee chose not to focus on shame and blame, which have been historical responses to questions of racial, economic, and health disparities within our community. This approach has not led to better outcomes, and in fact, has maintained or exacerbated the disparities that exist.

The committee found no single thing, but many things working together, impact poor health outcomes in North Minneapolis, including fragmentation and a lack of coordination within the health and human services systems. The committee also realized that personal responsibility is an essential part of improving health outcomes.

Past and current attempts, no matter how well intentioned, have failed to understand and speak to the importance of building the kind of relationships and social and economic networks needed to address health disparities in a holistic manner.



# Viewpoint

## There are no “dog days” here at the League

by Sean Kershaw

*The sprinkler twirls.  
The summer wanes.  
The pavement wears  
Popsicle stains.  
- “August,”*

John Updike, *A  
Child’s Calendar*



The iconography of late August is deceptive. Amid the quiet lapping of the lake shores, the late-day sun filtering through the trees, and the rushed relaxation of long-overdue vacations, lays an exciting awakening. While the natural world prepares to take a rest, in Minnesota something else is springing to life. The State Fair marks the symbolic end of our agricultural season, and the very real beginning of our “civic season,” our favorite time of year.

While many of you have hopefully been taking a break, Citizens League staff, members, and partner organizations have been hard at work this summer on a wide range of projects which will set the course for our work over the next year. We believe that this work will also help set the agenda for many policy issues over the coming years.

### The Minnesota Journal

Publisher—Sean Kershaw

Editor—J. Trout Lowen

Managing Editor—Bob DeBoer

Contributing Editor—Ted Kolderie

Sketches—Ray Hanson

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Given all of this, it seems only fitting that the Citizens League will be part of “The Great Minnesota Get Together!” Tuesday, Aug. 31, from 1-3 p.m., join the Citizens League at the Minnesota Public Radio (MPR) booth at the State Fair (corner of Judson and Nelson) for a roundtable discussion on higher education in Minnesota. What’s your vision for higher education in Minnesota? How can we ensure that our higher education system serves us as well in the next generation as it has in previous generations? Join moderator Lori Sturdevant and featured guests such as state Demographer Tom Gillaspay for a fun and provocative look at where we are now, and where we want to be.

### Transportation’s true costs

The bus strike earlier this year, the opening of the first light rail line, and the ensuing community debate about transit and transportation, highlighted our need for clarity, better information, and leadership on this issue. How did we get to this point? What are the “true costs” of our transportation options? How can citizens and policy leaders make better decisions for the Metro region?

Those are some of the questions the League’s transportation study committee has been working to answer. Next month, the committee issues its report, a “true cost” analysis of our transportation options. That report, along with specific recommendations from the Itasca Project and others, will help us begin to answer those questions and offer a set of funding proposals that are smart for the region, for riders and drivers, and for our future.

### A strategy for higher education

Governor Pawlenty sought out the Citizens League for an independent and objective analysis of higher education in Minnesota. Under the tireless leadership of Rondi Erickson and Vance Opperman,

a committee of 30 League members is hard at work preparing an assessment of our current higher education system, a vision of where we need to be, and a strategic plan to align the system with this vision. Their report will be completed by the end of September.

We are due for a wake-up call on this issue. The importance of higher education to our economic success and quality of life cannot be overstated. The frustration and anxiety over our current situation reflects both the natural uncertainty of watching a system undergoing profound and perhaps radical change, and the very real concern that we share about the need to redefine what “higher education” means in order to invest in the best system for the future of Minnesota.

### The facts un-spun

Tired of the political spin and misinformation? In an exciting partnership with Twin Cities Public Television and the St. Paul *Pioneer Press*, a Citizens League committee is busy identifying the top five issues for Minnesotans in the fall presidential election, and the top 10 facts on each issue. Headed by League Board Chair Dee Long and board member Stan Donnelly, this committee’s work will form the basis for innovative and informative election coverage by the *Pioneer Press* and TPT’s *Almanac*, and for an informed public debate.

### Membership and fundraising

August 31 and the State Fair mark both the symbolic end of summer for all of us, and of the very real end of our fiscal year and of our short-term membership drive for the League. Please consider signing-up a friend and making a contribution to the League to support us during this exciting time. **MJ**

**Sean Kershaw is President of the Citizens League. He can be reached at [skershaw@citizensleague.net](mailto:skershaw@citizensleague.net) or 651-293-0575**

# Let's get Minnesota's tax system off the rollercoaster

By **Thomas Stinson and Jeremy Prahm**

Early estimates of state revenues and expenditures for the 2004-05 biennium showed Minnesota with an embarrassment of riches. In November 2000, the finance department's budget planning estimates showed fiscal 2005 revenues exceeding expenditures by more than \$1.5 billion, even after spending was adjusted to include expected inflation.

Unfortunately, those good times never arrived. In less than two years the budget outlook turned grim, and by November 2002 a massive deficit was projected. The Legislature had cut tax rates and approved new spending. But even after taking legislative actions into account, the deterioration in the state's financial situation was remarkable. The individual income tax forecast for the 2004-05 biennium fell by \$2.8 billion (19 percent) between the end of the 2001 legislative session and November 2002. Net non-dedicated revenues were down 15 percent, or almost \$4.8 billion.

The deficit was not caused by financially irresponsible policies in the 2001 legislative session. At the end of that legislative session, Minnesota had both a large budget reserve and a projected structural balance of \$242 million for 2005. And that structural balance was after accounting for more than \$600 million in anticipated spending increases due to expected inflation. A structural balance that large should have been sufficient to leave the Minnesota well positioned to manage through recession-related financial problems. But it was not. Even after all the actions taken to manage against the risk of an economic downturn, a new governor and the 2003 Legislature faced major budget problems just 18 months later.

Some of the reasons for the deficit were obvious. The economy had gone into recession, key industries in Minnesota were suffering, and the stock market bubble had burst. There had been terrorist attacks, we had gone to war in Afghanistan and we were on the brink of war with Iraq. Those shocks help explain the abrupt decline in state revenues, yet

even after taking all those unusual events into account, state revenues fell by a surprisingly large amount.

## The taxation rollercoaster

Over the years, changes in Minnesota's tax system and changes in the distribution of the tax base have made our state's tax revenues more volatile. Some of those modifications were deliberate, others were necessary to conform to federal income tax law. In total though, those changes have produced a state revenue system that is more volatile than it was when Minnesota's tax system last underwent a comprehensive evaluation in 1986. Our state's revenue system is also likely to be more volatile than we would choose were we starting from scratch.

**Some of the reasons for the deficit were obvious. The economy had gone into recession, key industries in Minnesota were suffering, and the stock market bubble had burst. There had been terrorist attacks, we had gone to war. Yet, even after taking all those unusual events into account, state revenues fell by a surprisingly large amount.**

The increased volatility was accepted gladly during the good years. It produced additional funding for state programs and at the same time left money for tax rebates and permanent tax cuts. But, now that we are on the downside, its effects are more troubling. We have seen large declines in revenues at a time when the economy has slowed, but is not in total disarray. Lower revenues have created financial problems for state government, quickly depleting

the state's budget reserves, threatening our state's credit rating, and creating a need for program cutbacks or tax increases. The yo-yo budgeting made necessary by this volatile revenue system is not conducive to good public sector financial management, and the tax rate uncertainty that accompanies a boom-bust revenue system makes Minnesota a less attractive place to conduct business.

Clearly, dealing with the extended effects of our most recent budget problem is the first item of business for state policy makers. Further tough decisions will be needed before Minnesota's finances have improved to the point where expected revenues exceed anticipated spending in the next biennium. But once a budget with long-term structural balance is approved, a comprehensive discussion of Minnesota's tax system should be a high priority. When that time comes, one question that deserves careful consideration is whether our tax system has become too volatile. At first glance it appears a strong case can be made that without fundamental changes to the state's tax system, future state revenues will once again be climbing quickly to higher future peaks then plunging rapidly into the valleys.

Two factors have made our tax revenues more volatile. First, each piece of the tax base has increased in volatility. Even wage and salary income, which used to be less volatile than the overall economy, has become less stable due to the increased use of performance-based compensation. Greater reliance on commissions, bonuses and options means that in good times employee compensation increases substantially more rapidly than in the past. The downside is that when the economy struggles bonuses are smaller and the wage drops more dramatic. That happened in 2001, as can be seen in the accompanying graph (*see page five*). Before 2001, only once in nearly 50 years had total wages in Minnesota grown at an annual rate of less than 3 percent. But that changed quickly. In late 2001 annual wage growth rates

**Continued on page 5**

(four quarters apart) fell from 8 percent to almost zero and they remained below 2 percent until 2003.

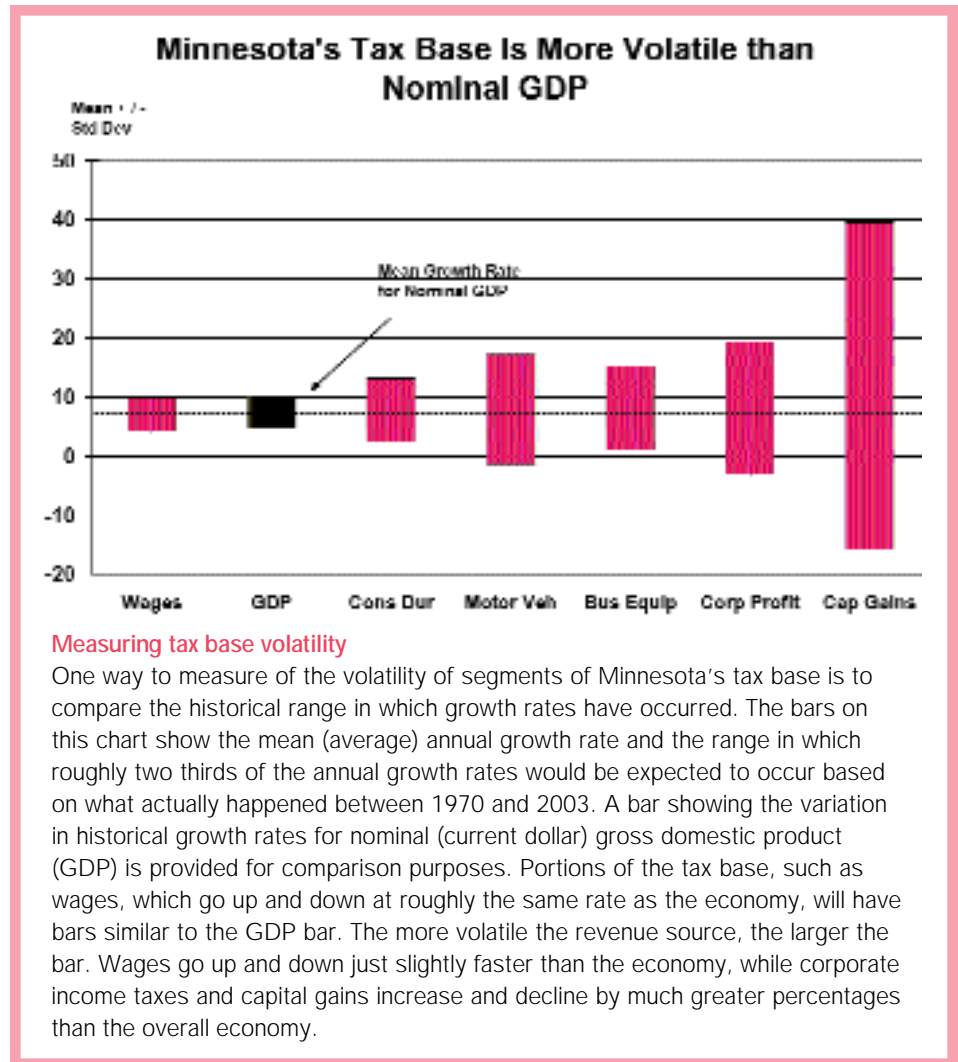
The most volatile portions of the income tax base also grew in importance during the eighties and nineties. Investment income has become a larger portion of the tax base, and investment income fluctuates more than wages over the business cycle. Capital gains realizations were just 3.6 percent of the income tax base in 1993, in 2000 they accounted for 7.8 percent.

The accompanying graph shows the volatility of the major pieces of Minnesota's tax base. The larger the shaded band, the more volatile the revenue source. The bands show the range in which growth rates are expected to fall roughly two thirds of the time, based on past experience. One sixth of the time the actual growth rate will be higher than indicated by the band, and one sixth of the time lower.

Wages are the least volatile element, and that provides an important source of stability since wages are about three-fourths of the individual income tax base. Capital gains, as would be expected, are the most volatile source of income. There, growth rates of more than 40 percent would be expected to occur one sixth of the time, but declines of more than 16 percent would also be expected one sixth of the time. Obviously, super rapid growth rates for capital gains followed by substantial declines is a recipe for financial difficulty.

### Strategies for a smoother ride

Reducing the volatility in our state's revenue system will involve trade-offs, particularly trade-offs in provisions put in place to ensure Minnesota's tax system is fair. Revenue neutral possibilities include reducing our reliance on the corporate income tax—the most volatile of all the state's taxes—by replacing the lost revenue with an increase in the property tax on commercial and industrial property. There would be winners and losers—firms with little property and high profits would benefit, while firms with large property holdings and little profit would pay more in



taxes—but a modest change in the distribution of the tax burden on businesses might be acceptable if it made our tax system more stable.

Similarly, reducing the tax rate on income from capital gains, and replacing the lost revenue with an increase in the marginal tax rate on those whose earnings place them in the state's highest tax bracket, would reduce volatility while making only modest changes in the distribution of the tax burden. A more substantial revenue-neutral change would be to greatly expand the sales tax base to include more necessities, while lowering the sales tax rate and providing a refundable credit to keep total sales tax bill for households constant.

No analyst would argue that revenue stability is the most important criteria for use in designing a state tax system. Most

tax system tune-ups are brought on by a need to make taxes fairer, or easier to understand and administer. Responsible tax reformers also attempt to minimize the distortions that taxes cause in individual consumption and investment decisions. And those simple policy goals often conflict. Fair taxes do not necessarily minimize the impact on individual consumption decisions, and simple tax systems may not be particularly equitable. The final result is always a compromise, but as we think about reshaping Minnesota's tax system for the future, revenue stability should be included in the policy debate. **MJ**

*Thomas Stinson is an Associate Professor in the Department of Applied Economics, University of Minnesota. Jeremy Prahm is a graduate student in the Department of Applied Economics, University of Minnesota.*

### The practice of legislative bundling should go out with the garbage

Ramsey County District Court Judge John Finley's decision to strike down the state's conceal and carry gun law is a step in the right direction toward fixing the controversial law, states the **Rochester Post-Bulletin** (7/17). Finley ruled the legislation, which was bundled together with a Department of Natural Resources bill, violated a provision in the state's constitution that prohibits lawmakers from bundling unrelated legislation into a single bill. The ruling was made in a lawsuit filed by representatives of several religious organizations that objected to provisions in the law requiring them to post signs if they don't want visitors or employees carrying guns inside their buildings. "Lawmakers should revisit the conceal-carry issue in 2005, and work together in bipartisan fashion to craft a conceal carry law that makes sense," the paper argues. "Ending the requirement of garish signs and detailed verbal notification for churches and businesses that don't want guns on their property should be a top priority." They also hope that legislators will view the judge's decision as "a wake-up call that the long-held, and apparently unconstitutional, practice of bundling unrelated legislation together to force a vote on controversial measures should be abandoned. It is this kind of shifty, disingenuous maneuvering that has prompted citizens to distrust politicians and stay away from the polls in droves."

The **Red Wing Republican Eagle** (7/16) agrees that lawmakers should stop bundling legislation. "Minnesota lawmakers pulled a fast one on citizens a year ago when they tacked gun legislation onto an unrelated Minnesota Department of Natural Resources bill and then passed it," the paper chastised. "Regardless of which side you support in the conceal-carry issue, the ruling delivered an overdue political stickup. The shoddy legislative process must stop."

It is about time the courts took action to end the practice of legislative bundling, or garbage bills as some lawmakers refer to them, opines the **Mankato Free Press** (7/21).

"In four separate cases since the 1970s the court has warned lawmakers it is prepared to 'strike down oversweeping legislation'... Yet, to date it has not done so." In previous cases, the paper notes, the courts have struck down individual provisions within a bill while leaving the remaining legislation intact, a practice that critics charge amounts to a judicial line-item veto. "If the court agrees to an expedited review in this case and concurs with the lower court that the Legislature violated the state's constitution, it's entirely possible that the court will not only strike down the gun permit law, but the entire bill," the paper states. "State Rep. Tony Cornish of Good Thunder, whose bill the gun permit language was attached to, has suggested that such a ruling would slow the lawmaking process 'into Never Never Land.' Maybe so. But if the only way for lawmakers to get their work done is to attach—or bury—the more controversial issues in unrelated bills, then perhaps passage or rejection of the bill is best left for another day."

"Optimism about a tentative agreement between the governor and legislative leaders that would have filled a \$7.6 million budget hole in the state public defenders system was misplaced," notes the **Rochester Post-Bulletin** (7/16). Pawlenty called the tentative agreement a "reasonable plan B," but then reneged on the deal, stating he didn't think the plan was the best way to go and raising questions about its legality. As a result, at least one quarter of the state's public defenders will be laid off. "This is just one of many concrete examples of how the state's legislative leaders and the governor failed the state by agreeing to disagree on just about everything during the 2004 legislative session," the paper chided.

Lawmakers should not try to broker compromises on individual issues, argues the **St. Cloud Times** (7/10). "A nay to Minnesota legislative leaders for trying to work out a deal that will avoid having to lay off public defenders all because lawmakers failed to reach a budget agreement this session. No

one wants to see the court system bogged down even more, but a dangerous precedent is being set by so blatantly using next year's tax money to avoid this year's budget problems. Either call a special session and address all budget issues or let voters feel all the consequences heading into the November elections."

The **West Central Tribune** (7/24) commends Governor Pawlenty for following the intent of the Minnesota Legislature, rather than the letter of the law, on local government aid this year, and for asking the state's Public Defense Board to avoid laying off public defenders. But the governor could have acted sooner on the second issue, the paper charges. "This would have saved significant staff time in many cities and courts seeking other options to pay fees for public defenders... In the future, the governor and legislative leaders should stop worrying so much about political bickering and posturing. A little bit of compromise would go a long way in proper governing in today's state politics."

The **Rochester Post-Bulletin** (7/9) seconds House Speaker Steve Sviggum's suggestion that half of the 67-member Senate be up for election every two years. That way, at least some senators would risk upsetting voters if they failed to act during an even-year bonding session. U.S. senators, the paper notes, serve six-year terms and one-third of them face voters every two years. "This system ensures that senators are always engaged in the process and that at least some will face voters relatively soon. It helps to avoid the malaise that hit the Legislature this spring." Critical issues lawmakers left undone, the **Post-Bulletin** observes, include passing of a bonding bill to jumpstart the economy, adjusting local government aid formulas, and funding public defenders. "Perhaps if some senators were up for election this year, we wouldn't be in this predicament," the paper concludes. **MJ**

To help us understand the complexity of the system, the committee worked with John Bryson and Karen Lokkesmoe of the Humphrey Institute of Public Affairs at the University of Minnesota, and Yvonne Cheek of Millennium Consulting Group, to conduct a stakeholder analysis.

Through this process two very significant correlations emerged. First, the analysis illustrated that those stakeholders with the most interest in the issue had the least power. Conversely, those with the most power, who are most directly associated with the provisions of health care, often do not know how they can have an impact on health outcomes, or are unsure of how their actions can affect their own interests. We also found that many times stakeholders are working at cross purposes on fragmented strategies. In fact, a large amount of resources have been channeled into North Minneapolis to meet these challenges with little success. The Committee concluded four things from the stakeholder analysis:

- ▶ Stronger alliances are needed among key stakeholders.
- ▶ North Minneapolis residents must become more proactive in their own health care.
- ▶ Agencies and health care organizations with the power to influence health disparities must become aware that it is in their own interest to align with others to work on these issues.
- ▶ Institutionalized policies and procedures that perpetuate disparities and health outcomes must be actively challenged.

In 2004 the North Minneapolis Health Advisory Committee issued its final report, "Health Happens in Healthy Communities." The committee recommended to the Hennepin County Board of Commissioners a framework which included four big picture, systemic actions:

**The development of a Hennepin County health and wellness public/private partnership.** The partnership should be comprised of leaders from the county, the city, the state (including representa-

tives from the Minnesota Department of Health's Eliminating Health Disparities Initiatives), educational systems, hospitals (Hennepin County Medical Center and North Memorial in particular), health care providers and insurers, housing and economic development agencies, the media, business leaders, the faith community and community members. The Minnesota Council on Health Plans is currently involved with many health disparity projects and has indicated a willingness to participate in such a partnership.

**Redesign the North Minneapolis health care delivery system.** With the current system it is nearly impossible to determine what results are being purchased from specific efforts. The primary aspects of the redesign should focus on clear measurable goals and objectives, realignment of funding streams and other resources, and insuring that policies and programs are consistent with the identifiable objectives. The state and the county should define what they are paying for and their expectations for results. This way we could see measurable progress on things such as teenage pregnancy, infant mortality, and diabetes, to name a few.

**Identify community assets and build on them.** There are already many incredible things happening in North Minneapolis. The key is to focus on what's working and to stop doing what is not working. We need to build upon a new model of self-reliance rather than professional liberalism. The Office of Minority and Multicultural Health within the Minnesota Department of Health has already done significant work in the asset-based community model. We could build upon the work they have already started.

**Foster individual responsibility and action.** Individual responsibility is the bedrock of healthy communities. The standard that we set for our communities determines the environment that we live in. Individuals need to be motivated and supported in their efforts to stop smoking, control their weight, abstain from drugs, and to engage in responsible sex. People need to own their unhealthy behavior. We

need to inspire people, just as we have with environmental recycling; we need parents to teach their children, and for friends and neighbors to step up to the plate to intervene in community issues and activities. We need to create a safe environment for all in North Minneapolis and that means individual responsibility and systemic changes.

In the final analysis, healthy citizens cannot exist without healthy communities. The county, the state, the city and individual residents must be willing and able to take ownership and provide leadership to coordinate efforts, align resources and build trust and coalitions. Without action, health disparities will continue to rob the community of potential vibrancy of its citizens, exacerbate conditions of impoverishment, and cost the government, communities and individuals an inordinate amount of time and resources.

In his classic work on public policy analysis, the late Aaron Wildavski stated that one of the keys to effective policy change is "creating problems that can be solved. Solvable means that good ideas that are worth implementing have been found or created and that there is likely political support for implementing them. To be really useful, policy analysis requires linking technical rationality with political rationality—that is, it is important to mobilize support for substance." The North Minneapolis Health Advisory Committee certainly has provided a framework for solving a "wicked problem" in our community. It will take leadership from the private and public sectors, and it will take individual action on the part of community members to begin to reverse the growing health disparities which are sapping our community vitality and our resources at alarming rates. **MJ**

*Gary L. Cunningham is the CEO of NorthPoint Health & Wellness Center, Director of Hennepin County Primary Care Department and Director of the African American Men Project. To receive a copy of "Health Happens in Healthy Communities," contact Pam Cosby at 612-302-4827.*

# TakeNote

## Policy Tidbits

**Minneapolis is the most literate city in America** for the second year in a row, according to a study led by John W. Miller of the University of Wisconsin-Whitewater. The study looks at a number of factors, including educational attainment, number of newspapers and other publications, library use, and number of booksellers per capita. Joining Minneapolis at the top of the list are Seattle, Pittsburgh, Madison, and Cincinnati, with St. Paul coming in at 16th. Richard Florida, public policy professor at George Mason University, points out that many of the most literate cities can be characterized as “yuppie magnets,” that attract young, highly educated people to work in creative professions. He adds that many of these top cities “are becoming colonies of the highly educated, with almost everyone else being forced out,” but that Minneapolis and St. Paul are bucking this trend by “evolving in a way that is including more and more of the population.” [www.uwm.edu/npa/cities](http://www.uwm.edu/npa/cities)

**Controversy is stirring in Washington state** as the King County (home to Seattle) Council prepares to adopt some of the most stringent rural land-use regulations in the nation. The proposal, set forth by County Executive Ron Sims, would require rural property owners to preserve native vegetation on 65 percent of each parcel of land. Provisions would also limit homebuilding and paving to 10 percent of land, and increasing setbacks on each side of fish-bearing streams up to 165 feet and up to 300 feet around wetlands. Proponents argue that an exhaustive study of the best available science indicates that streams deteriorate at a fast pace when forest cover falls below 65 percent, and that these restrictions are needed to prevent changes in storm-water runoff that would damage streams and wetlands. The *Seattle Times* (Aug. 2, 2004) reports that increased attention to Washington’s streams and wetlands comes on the heels of the federal government’s recent listing of Puget Sound Chinook salmon as threatened under the Endangered Species Act. Critics, including more than 200 rural landowners who are lined up to file lawsuits in state and federal courts, argue that the proposed regulations amount to little more than “a massive land grab,” and complain that they are being forced to bear the burden of the environmen-

tal protection while urban landowners can develop land with very few restrictions. [www.seattletimes.nwsources.com](http://www.seattletimes.nwsources.com)

**A currency revolution is under way.** Last year, the use of plastic surpassed the use of cash and checks in the U.S. for the first time. The boom in the use of credit and debit cards signals a historic change in the way economic transactions are handled. Last year, consumers used cash in 32 percent of retail transactions, credit cards in 21 percent and debit cards in 31 percent. *Wall Street Journal* reporter Jathon Sapsford points out that the first major shift in currency occurred between the Sixth and 10th centuries B.C. when Greece and India starting using metal coins. After 2,000 years as the mainstay in the world economy, coins were replaced by the use of checks by Italian merchants in the middle ages, followed by the introduction of printed money in Massachusetts in 1690. Credit cards were first introduced in the 1950’s by Diners Club, and along with debit cards are now used to purchase more than \$2.2 trillion in goods and services each year, almost 20 percent of the nation’s GDP. <http://mobile.azstarnet.com>

**Philanthropic giving reached near-record levels last year in the United States**, with total contributions reaching 2.2 percent of the gross domestic product (GDP). This is just below the 2.3 percent high in 2000. While private giving as a percentage of GDP is small in all rich countries, the Netherlands gives the greatest percentage, at just over 4 percent of GDP, American giving is far greater in terms of real dollars than most other countries, especially if religious giving (which accounts for 62 percent of giving) is included. American giving is also much different than European countries, where

volunteering makes up a large portion of charitable contributions. A recent study by Paul Schervish and John Havens of Boston College found that the wealthiest Americans are also the most charitable. The 4.9 percent of families with a net worth of \$1 million or more accounted for 42 percent of all donations to charitable organizations in 1997, and the 22 percent of families with **incomes** of \$1 million or more contributed about 13 percent of all charitable giving. The rise in charitable giving, especially in the form of estate bequests, will undoubtedly have major effects as we encounter the largest transfer in wealth between generations in recent history (the passing of the baby boomers). That transfer is expected to be more than \$41 trillion, an amount that is roughly four times the present size of the entire U.S. economy. [www.economist.com](http://www.economist.com)

**San Francisco lawmakers are using rapid transit to raise air-quality awareness.** BART, or the Bay Area Rapid Transit, is offering free rides for up to five days when air quality in San Francisco is especially poor. The purpose of the plan is not to increase ridership, but rather to increase awareness of air pollution as a part of the Bay Area’s “Spare the Air Days” efforts. Under the plan, when air pollution exceeds the Environmental Protection Agency’s standards, citizens are asked to adjust accordingly and to act to slow pollution. Bay area officials are also keeping in mind the connection between smog and valuable federal highway transportation grants, which are often placed in jeopardy with an area exceeds air-quality standards, calling the plan, “a small insurance policy to protect billions of dollars.” [www.governing.com](http://www.governing.com) MJ

*TakeNote is compiled by Citizens League staff*