

MINNESOTA Journal

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Past performance does not guarantee future success: A case for reforming state spending

by *Charlie Weaver*

Past performance does not guarantee future success. That's a standard precaution to investors eager to secure the greatest possible return for the least possible risk. It is also a suitable precaution for voters and lawmakers who are eager to address Minnesota's immediate budget challenges without damaging the state's future economic prospects.

It's hard to argue with the success of Minnesota's past performance. Riding a tide of almost uninterrupted economic growth, Minnesota's general fund budget has risen almost effortlessly from just under \$2 billion in 1970-71 to \$28 billion in the current 2004-05 biennium. While the economy has stalled at times, the biennial budget has not once declined. This boom in state spending—and the economic expansion that made it—was the result of numerous factors, including a diverse economy, a growing, well-educated workforce, advances in technology and corresponding increases in productivity, expanding markets for Minnesota exports, and, of course, inflation.

Despite persistent warnings from the Citizens League, the Minnesota Taxpayers Association, demographers, economists and some forward-thinking policymakers, we have done little to prepare the public sector—from Social Security down to local government offices—for the inevitable challenges that lie in the not-too-distant future.

Yesterday: a growing workforce

In 1970, Minnesota's economy generated about \$4,000 for each of the state's 3.8 million people, giving the state total personal income of just under \$15.5 billion. Minnesota's biennial

budget at the time was \$1.9 billion. Over the next 30 years, those numbers climbed steadily. By the turn of the century, Minnesota's economy was generating nearly \$32,000 for every man, woman and child, or \$157 billion in total personal income. The general fund budget followed along, climbing to \$23.6 billion in 2000-01.

As noted above, a number of factors made that steady increase possible. One essential contributor was a workforce swelled by the Baby Boom generation. Between 1970 and 2000, Minnesota's overall population rose from 3.8 million to 4.9 million. But the workforce grew faster. In 1970, 1.56 million Minnesotans (41 percent) were working age. By 2000, 2.69 million Minnesotans (55 percent) were working age. In other words, more people making and spending more money—and paying more taxes.

Today: budget shortfalls

Despite a recession and sluggish economic recovery, Minnesota's biennial budget grew 15.6 percent from the 2000-01 budget to the current 2004-05 biennium. But personal income in Minnesota stagnated, growing a cumulative 9 percent between 2000 and 2003—compared to an average annual rate exceeding 5 percent during the 1990s.

Minnesota's economic recovery, though lagging the nation, appears to be gaining momentum. As a result, the state's general fund is expected to collect an additional \$2 billion in tax revenues over the next two years—without raising taxes. Gov. Tim Pawlenty's budget proposal doesn't include any statewide tax increases. And legislative leaders—at least at the time of this writing—don't seem inclined to raise

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Read February's
On Balance online at
www.citizensleague.net

www.citizensleague.net

Truth in transportation: Policy leaders respond to the Citizens League report “Driving Blind”

The Citizens League Transportation Study Committee report, “Driving Blind: Minnesota Needs a More Transparent Transportation Policy That Connects Prices to Costs and Benefits to Investments,” is generating discussion among policymakers around the Legislature. Transportation funding is shaping up to be one of the big issues this year, so we asked some of those involved in the debate to give us their brief thoughts on “Driving Blind.” The report is available online at www.citizensleague.net.

Reduce hidden subsidies for driving by Barb Thoman



The Citizens League in its new transportation report, “Driving Blind,” puts some important ideas on the table. Transit for Livable Communities (TLC) strongly sup-

ports the report’s call for reform of the state transportation funding system and primary recommendation that transportation spending be more transparent. **When the costs of driving are subsidized we make different choices about where we live and how we get around than we likely would if we paid the real costs in real time.**

TLC believes that the state gas tax should be raised and revenues distributed differently to pay for the substantial costs of local roads that are now subsidized with property taxes. Like the Citizens League, TLC also decries the one-sided practice of government and private sector subsidy of employee parking which studies have shown strongly impacts employee commute decisions.

Our system for planning, building, and maintaining roads and highways, plus the parking they require, has been built by sustained and preferential investment for more than 50 years. If we want to increase our use of transit, walking, and bicycling then we ought to reduce hidden subsidies for driving. Because infrastructure for transit, walking, and bicycling have been neglected for so many years, we will need to first substantially increase our investment in these areas in order to move towards balance.

Still, a transportation system with fully transparent costs and no subsidies may not be the ideal. Most governments around the world invest in transit because it’s viewed as a public good with benefits that accrue to everyone. Transit enables compact development patterns that make it easier

for people to walk and bike. Transit trips reduce air pollution, energy use, traffic, and the need for parking. Transit provides access for people who are unable or who cannot afford to drive a car. TLC supports government investment in transit to make it an appealing and attractive choice.

We look forward to working with the League to seek reform and greater transparency toward a common good in transportation. **MJ**

Barb Thoman is Program Director of Transit for Livable Communities.

Markets allocate resources rationally by David M. Strom



Minnesota is falling behind on transportation investments, and unless we catch up we will pay huge economic and social costs in the near future.

Unfortunately there is a huge divide regarding the solutions we should employ to address the crisis.

Why? If the crisis is clear, the solution shouldn’t be that difficult to adduce. If this were a disease, we could all work together to find a cure, right?

If only it were that simple.

Transportation isn’t a problem unto itself; it’s part of a larger family of issues that touch directly on core values. Are suburbs a natural outgrowth of a human desire for ownership and community, or are they the cause of social decay and anomie? **Should transportation policy facilitate social trends that already exist, or should it be set in order to shape social outcomes that policymakers find desirable?**

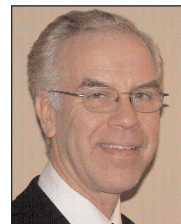
I am a firm skeptic regarding the ability of government to socially engineer desirable outcomes, and I fear that when government tries to do so it often creates unintended consequences that are disastrous.

Beginning with that principle, I heartily

endorse the Citizens League’s effort to expand transparency in transportation pricing. The very best way to get the community to express its collective values is to facilitate a market that allows people to purchase what they actually want, rather than what others think they should want. A full and transparent transportation marketplace would actually cost less than today’s system, and provide more real satisfaction with the results. **MJ**

David M. Strom is President of the Taxpayers League of Minnesota.

Increase funding for transportation by Richard Krueger



True to form, the Citizens League has prepared an outstanding report framing many important transportation funding and policy issues. The Minnesota Transportation

Alliance is confident that the report, along with the Citizens League’s advocacy efforts, will provide a valuable contribution to the public discussion—and legislative action—on transportation funding.

The Minnesota Transportation Alliance supports most, though not all, of the conclusions and recommendations outlined in the report. First and foremost, we agree with one of the Citizens League’s principal conclusions that “Minnesota’s transportation system is not keeping up with growth.” The report echoes the sentiments of many who advocate for improved transportation infrastructure, citing the steady decline in user taxes per vehicle miles traveled, the continuing increase in traffic congestion in and around the state’s metropolitan areas, and the disproportionate numbers of motorists killed and injured on the state’s rural roads.

The Citizens League report recommends that the gas tax and registration fee revenues

Driving blind commentary continued on page 7

Viewpoint

The silence of the lanes

Cutting off citizens on the congestion-information highway

by Sean Kershaw

Note to the governor: congestion is not like gossip or a bad rumor. Not talking about it won't make it go away.



In fact, withholding information from citizens about congestion and transportation choices almost certainly makes this bad situation worse. According to the Met Council, congestion leads all other policy concerns in the metro area by more than 2-to-1. Citizens stuck in traffic know it. The Legislature and governor, stuck with enormous budget and funding decisions, know it.

It seems odd then that the Department of Transportation (DOT) has proposed eliminating funding for metro area traffic reporting on the radio, currently provided by KBEM-FM. When you are on the road, you need information quickly. Where are the bottlenecks? What route will be the fastest? As this column goes to print, KBEM is busy raising private funds to close the gap created by the loss of DOT revenue. The Legislature is considering bills to restore public funding.

The proposed cuts to KBEM are a symp-

tom of a much larger problem. As our recent report on transportation pricing, "Driving Blind," points out, the failure in state policy to provide citizens with real information about the costs and benefits of transportation, and real choices for transportation options, frustrates our efforts to address congestion and expand our transportation system.

Citizens must be part of our transportation solutions, and they can be. Almost everyone everyday makes a decision about driving or riding. But citizens can't be expected to make decisions that serve our common interest until they have information that makes explicit the public costs and benefits of their private decisions.

The wisdom of drivers

In his fascinating new book, *The Wisdom of Crowds*, James Surowiecki proposes a controversial and very relevant thesis: under the right circumstances, large groups of citizens are usually smarter than the smartest people in them. Not only can these crowds come up with the best answers, they can coordinate their actions to achieve optimal ends.

Using examples as diverse as why Google is useful, and why the stock market predicted the cause of the Challenger explosion just hours after the catastrophe, Surowiecki builds a strong argument for putting decision-making authority back in the hands of citizens. Large groups of (imperfect) citizens with (imperfect) information can actually make decisions that serve the common good perfectly well. We have to create the decision-making and policy infrastructure for these citizens to make the best choices.

To do this, Surowiecki argues that several conditions need to be in place: a shared set of norms and values, a diversity of decision-makers and perspectives, a relative degree of independence, and a mechanism that provides the ability to aggregate information. (Aggregate refers to maximizing the supply of information and the ability to learn from previous decisions.)

On any given congested metro area highway many of these conditions are in place.

What we lack is the proper information and decision-making mechanisms that allow citizens to make smart choices and make traffic flow as efficiently as possible. We need a better aggregating mechanism.

"Driving Blind" highlights a number of specific policy proposals that would maximize the efficiency of our existing and expanded road system. One of the easiest solutions, however, is simply to make sure drivers know what is going on around them. Right now, radio is by far the most cost-effective means to do so.

The costs of silence

The Legislature and governor in particular, and Minnesotans in general, face very real and very daunting decisions about transportation. Minnesotans are entering a new era in transportation as big as the introduction of the Interstate system. We're all going to be talking about significant increases in funding to resolve the congestion concerns that are (literally) driving us crazy. As we do this, two things are critical:

1) This is not just about expanding our system with expensive projects. As "Driving Blind" points out, without new pricing and information mechanisms we are likely to be in this congestion situation again in 10 years (and much poorer for the effort).

2) We have to make the most of the system we have.

Two years ago Governor Pawlenty corrected a bad decision to cut funding for the Highway Helper program—which is both relatively cheap and has a huge impact on reducing congestion. The proposal to cut funding for KBEM is a similar dead end.

It's time to make another correction—a U-turn—in these budget and policy recommendations. It's time to rethink transportation policy broadly. One small but meaningful step is to preserve funding for traffic reporting through KBEM-FM. **MJ**

Sean Kershaw is President of the Citizens League. He can be reached at skershaw@citizensleague.net or 651-293-0575x14. "Driving Blind" can be found on the League's web site: www.citizensleague.net.

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taxes. Nevertheless, tax increases appeal to those who think \$29.7 billion isn't enough. But tax increases, while generating immediate cash for state spending, would dampen Minnesota's long-term economic prospects—ultimately restraining the growth in tax revenues. Considering that Minnesota faces much larger fiscal challenges in the near future, reducing our economic competitiveness and delaying much needed reforms is not a solution.

Tomorrow: growing demand, shrinking tax base

Assume state lawmakers demonstrate extraordinary political willpower and restrain the growth in Minnesota's general fund spending to 7.8 percent per biennium (the average of the past two budgets) between now and 2010. That's a big assumption considering those budgets were set in the shadow of large deficits. Yet even at this relatively restrained rate, Minnesota's general fund spending would exceed \$35 billion in 2010-11—a 48 percent increase over the 2000-01 budget. If biennial budget increases returned to the 1990s' pace, averaging more than 13 percent every two years, state spending would exceed \$40 billion in 2010-11.

Those who advocate higher spending look back at Minnesota's economic growth over the past 30 years and insist that we can afford to spend more. But past performance does not guarantee future success. Our world is changing in fundamental ways. Falling trade barriers, electronic communications and high-speed travel have paved the way for a global marketplace. Technology and the advent of an information-based economy enable jobs to flow easily between states and nations in constant pursuit of the greatest value—i.e. the highest quality at the lowest cost—making it increasingly difficult to raise state and local taxes without producing negative economic results.

Perhaps the biggest stumbling block to absorbing large spending increases is demographics. Minnesota's workforce is projected to grow more slowly over the next 15 years—reaching just 3.1 million in 2010 and leveling off at 3.3 million in

2020. Meanwhile, the baby boomers begin moving out of their peak earning and spending years in 2011, which will dampen tax revenue in numerous ways. For example:

- 1) **Taxable income.** Retirees tend to have less of it.
- 2) **Sales tax revenues.** Retirees tend to purchase fewer taxable goods and more non-taxed services.
- 3) **Property taxes.** Retirees selling large family-sized homes may see values in some areas fall as fewer new families enter the market.

At the same time, we aging baby boomers will increase demand for public services, primarily in health care, making it difficult to restrain budget increases. In 2000, per capita health care spending on people under age 65 was \$1,800, compared with \$5,600 for people over age 65.

Our economy is changing as South America begins to rival the United States in agriculture, as manufacturers scramble to meet the “China price,” as jobs become more mobile and our workforce grows older.

In other words, those who have carried personal income and state spending to current levels will themselves soon begin asking for help from a proportionately smaller workforce.

A solution: revenue growth and spending reform

The Minnesota Business Partnership believes that these long-term trends taken together present a compelling argument for focusing on long-term economic growth while reforming how we fund and deliver public services. Belt-tightening is essential in the light of current budget deficits, but it is not a sustainable solution in light of these changes. Neither is raising taxes in an already high-tax state in a global economy with a workforce that will

shrink in proportion to the “dependent population.”

Economic growth, of course, is essential to Minnesota's success in dealing with these challenges. State lawmakers must pursue policies that encourage business investment and job growth in Minnesota. With the sixth highest overall state and local tax burden in the nation (including the third highest individual income tax and the eighth highest corporate income tax), holding the line on tax increases is vital. At the same time, the number of school-age children in Minnesota (our future workforce) is shrinking and getting more diverse. That makes it even more important that education reforms close the achievement gap between white and minority students and prepare all our students to compete for jobs in the knowledge economy. And clearly we must somehow control health care costs.

Put simply, Minnesota has to find new, better, more creative, less expensive ways to deliver public benefits and services. The members of the Minnesota Business Partnership know this to be possible. Productivity gains have been essential to their survival in the global economy. More importantly, three-quarters of Minnesotans (including two-thirds of public employees) believe this is possible, according to a recent Coalition of Minnesota Businesses poll. To address these long-term budget issues, we recommend the following guidelines:

- ▲ Prioritize state spending. Base budget priorities on future needs and long-term economic growth, not past spending.
- ▲ Fund results. Give spending priority to programs with proven performance and reduce, eliminate or restructure programs that do not work or are duplicative.
- ▲ Use productivity gains—not tax increases—to fund new spending.
- ▲ Create opportunities for more competition in the delivery of public services to generate lower costs, better services and new ideas for meeting public needs.
- ▲ Target government spending directly to those most in need, rather than subsidize the wealthy or the systems that provide services.
- ▲ Restructure public-sector benefit packages to be more in line with private sector practices.

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Giving citizens a voice in the health care debate

Medical Alley's new community decision-making model shows promise

by Larry A. Kuusisto, PhD

Health care demands and costs are soaring beyond society's ability to pay and this fundamental dilemma is being addressed through fragmented and inconsistent mechanisms. Too often, legislators and administrators make decisions about who and what Medicaid and MinnesotaCare will and won't cover based on economic concerns and political whim rather than on our collective social values about what's right, what's fair and what's humane.

Rarely are the people affected by those decisions participants in making them. Despite the fact that substantial health care costs stem directly from behavioral choices, health care consumers tend to be given incentives instead of knowledge. Five years ago, members of Medical Alley, a statewide industry trade association of more than 450 members, began asking what would happen if we changed the equation. What if we gave Minnesota's health care consumers the opportunity to become informed participants and decision-makers? Would their decisions serve the common good?

According to the results of a pilot study conducted in Hibbing, Minn. last year, the answer to at least part of that question is a resounding "yes." Given the opportunity, Minnesota citizens are interested and willing to becoming involved in shaping the health care that they and fellow citizens receive and pay for through tax dollars.

A community decision-making model

Medical Alley was founded in 1984 as a non-profit trade association of Minnesota's health care industry. Its mission is to support the growth of the state's health care industry and to facilitate innovation. Its Alley Institute, a non-profit research arm, tackles issues that span segments of the industry and affect the public interest.

In 2000, an industry-wide group of experts was convened to design a new health care decision-making process that would incorporate the social values expressed by the citizens of Minnesota. The goal was ultimately to create a process where citizens would help determine—based on shared community values—what health care services and products should

be paid for by the state's health care system. This group of 24 experts, including physicians, economists, health plan administrators, union leaders, state legislators, ethicists, and others, along with members of the public met for a full day each month for 18 months.

Too often, legislators and administrators make decisions about who and what Medicaid and MinnesotaCare will and won't cover based on economic concerns and political whim.

The result of that process is Medical Alley's Consumer-Coverage Interface Model (MAC-CIM), a three-phase model involving decision making, assessment, coverage prioritization, and continuous feedback and education.

The panel designed the model along the lines of the much talked about Oregon Health Plan, which used a series of town hall meetings to gather input from health plan enrollees. Unfortunately, very few of Oregon's plan enrollees participated. The Minnesota model parallels the Oregon decision-making process, but incorporates more in-depth citizen input and reaches out to those who would receive the benefits of a state-funded plan.

While Medical Alley's model provides extensive opportunity for citizen input, citizens do not directly select what services the state will pay for. Citizens help to determine shared social values, and then a clinical advisor group takes those values and creates a priority list of health services the state should cover. This process balances social values with best medical practices and available funds.

Hibbing pilot project

To test the social values component, Alley Institute teamed up with the city of Hibbing and Iron Range Resources. In February 2004, we delivered detailed sur-

veys to all 6,700 households in Hibbing. Each household received two copies of the survey, which included questions about the individual, their household, their health status and behaviors. The survey also asked respondents to score their views on an extensive list of values statements.

For example, participants were asked to decide if they strongly agreed, disagreed or fell somewhere in between with regard to the following statements:

- Generally, health care costs in Minnesota are under control.
- Everyone should personally pay for some portion of their own health care.
- People choosing healthy behaviors in their lives should be rewarded.

This became the central data for the two-step follow up. The survey also asked respondents to rank categories of medical services in terms of their importance to themselves and to their community.

Households were given more than a month to fill out the confidential surveys and return them by mail. We estimate each survey took approximately 45 minutes to complete. More than 1,300 households and more than 1,700 Hibbing residents returned surveys, well above the expected response rate. The respondents ranged in age from 18 to more than 100 years old.

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Conform, change or hold

The results of the first round of surveys were compiled, and the communitywide data for each question was mapped out in bar graphs showing the distribution of opinion. The results were returned to each individual so they could see how they scored the values statements and how the community as a whole responded to each statement. Then they were asked if they wished to conform, change, or hold to their original statement and argue in support of their position. These data and comments were recorded and then returned again to the participants in round three giving them a final opportunity to modify earlier choices. No one but the study coordinator knew who had what to say.

Medical Alley continued on page 6

Here is a sample of what participants had to say in the first round, and how the results were reported.

community leaders are often viewed as keepers of special knowledge. When assessing community values, all members' views

express their views as it does with finding out what any sample may believe.

Think in terms of an election. Public servants might be chosen by a representative sample of any community, but those not invited to participate would feel detached and uninformed. When it comes to issues of growing importance to the community, like health care coverage, feeling detached and uninformed is where too many people find themselves today.

Reporting results in this graphic manner provides ample fodder to fuel the discussion. Having the time to ponder these questions over the breakfast table lets people think. Expecting them to all show up for a town hall meeting and to publicly discuss these issues is expecting too much.

Although it was not part of the Hibbing pilot study, there is room in this process to add additional community discussion and education components. Between rounds, the respondents could be informed of the cost and health implications of their choices, allowing them to make more informed decisions on following surveys as they refine their opinions.

The MAC-CIM Social Values process allows all adults to find a convenient time to candidly express themselves in their own homes, and without revealing their identity. Every opinion, whether given by a community leader or a quiet individual unwilling to speak, will be heard and each carries equal weight. A central concern to those of us who created this model was respecting individual voices, and we feel that we're on to something very innovative here.

We believe the Hibbing MAC-CIM study could be duplicated in any community, or adapted for use statewide. We believe it can become a valuable tool to help state lawmakers determine how to allocate our state's scarce health care resources in ways that best reflect the values of Minnesota's citizens. **MJ**

Larry A. Kuusisto, Ph.D. of Kuusisto Research, LLC was appointed by Alley Institute as the principal investigator of the MAC-CIM study. For further information, contact Dr. Kuusisto at kuus0001@umn.edu, or Medical Alley President Don Gerhardt at 952-542-3077.

▲ Costly diagnostic technology always should be used to eliminate any doubt.

Response	Percent
1 Strongly Agree	25
2	18
3	15
4	20
5	10
6	5
7 Strongly Disagree	5

Community Average = 3.2

Refer to your personal report. Do you want to conform to the community, change or hold in your rating? (check one box)

I will conform to the "Community Average" rating.

I will change my rating.

Enter a new 1 – 7 rating here

I will hold to my previous rating. (Optional explanation)

▲ People choosing healthy behaviors in their lives should be rewarded.

Response	Percent
1 Strongly Agree	40
2	20
3	15
4	15
5	5
6	5
7 Strongly Disagree	5

Community Average = 2.6

Refer to your personal report. Do you want to conform to the community, change or hold in your rating? (check one box)

I will conform to the "Community Average" rating.

I will change my rating.

Enter a new 1 – 7 rating here

I will hold to my previous rating. (Optional explanation)

▲ People choosing unhealthy behaviors in their lives should be penalized.

Response	Percent
1 Strongly Agree	25
2	15
3	15
4	20
5	10
6	5
7 Strongly Disagree	5

Community Average = 4.1

Refer to your personal report. Do you want to conform to the community, change or hold in your rating? (check one box)

I will conform to the "Community Average" rating.

I will change my rating.

Enter a new 1 – 7 rating here

I will hold to my previous rating. (Optional explanation)

Everyone can participate

In contrast to the open forum, town hall approach of public discussion, MAC-CIM allows all eligible participants to "speak" openly yet retain their privacy. When dealing with contentious issues in an open forum, the loudest voices prevail. Knowing this, many only listen while many more simply stay at home. Knowing the identity of the speaker also affects the building of consensus; experts and com-

should be weighed equally. MAC-CIM invites every adult to participate, respects each and every point of view, and presents these views—anonously—for continuing discussion. It invites everyone who cares to participate.

Wouldn't it be easier to just take a random sample of the community? Yes, but this process does even more. This process has as much to do with ensuring everyone in a community has an opportunity to

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Past performance

Last century, Minnesota developed as a very successful regional hub in a national economy based on agriculture and manufacturing. Our fortunes were buoyed by a growing, well-educated labor force and an influx of people attracted by a strong job market in an ever-more diverse economy.

Future success? Our economy is changing as South America begins to rival the United States in agriculture, as manufacturers scramble to meet the “China price,” as jobs become more mobile and our workforce grows older. Continuing to foster high-quality job growth in Minnesota will be essential to carving out our niche in this competitive global marketplace. Raising taxes now would only make that job more difficult than it is. On the other hand, taking a few steps now to encourage cost efficiency and reward productivity in the public sector would improve Minnesota’s chances of success in the current century. **MJ**

Charlie Weaver is the Executive Director of the Minnesota Business Partnership.

Yesterday	Tomorrow
Between 1970 and 2000, Minnesota’s biennial budget (general fund spending) grew from \$1.89 billion to \$23.62 billion—a 1,165 percent increase.	If lawmakers could restrain biennial growth in spending to 7.8 percent (the average over the last two budget cycles), Minnesota’s general fund budget would exceed \$50 billion in 2020-21.
Between 1970 and 2000, Minnesota’s population ballooned from 3.8 million to 4.9 million—a 29 percent increase.	Current demographic projections show Minnesota’s overall population reaching 6.3 million in 2030—a 29 percent increase over 2000.
Between 1970 and 2000, Minnesota’s workforce, the state’s primary taxpayers, grew from 1.56 million to 2.69 million—a 72 percent increase.	Minnesota’s workforce growth is projected to level off, reaching just 3.1 million in 2010 and 3.4 million in 2030—a 26 percent increase over 2000.
Pre-K through 12th grade enrollment has fluctuated over the past 30 years, but the overall trend has been downward, from 915,000 students in 1970 to 825,000 students in 2004-05.	Pre-K through 12th grade enrollment will continue to fall before leveling off at 815,000 students in 2016.
In 1970, Minnesota had twice as many children enrolled in school as it had retirees.	By 2016, when today’s kindergartners are graduating from high school, Minnesota will have more people age 65 and older than children enrolled in public school.
In 1970, Minnesota had 400,000 residents age 65 and older.	In 2020, Minnesota will have 950,000 residents age 65 and older—with that figure exceeding 1 million in 2025.

Driving blind commentary from page 2

to Minnesota’s roads should no longer be dedicated to road construction, as has been the case since the 1920s. Our view is that **undoing the state’s only funding source dedicated for Minnesota’s roads would severely restrict the availability of funds for critical road and bridge construction and maintenance**, and make the funding system less “transparent” a key Citizens League policy goal. Instead, we believe that a permanent revenue source should be established to finance additional, identified transit and road infrastructure needs. The Citizens League recommends that the gas tax should also be indexed for inflation in order to better meet expanding needs, and the Alliance wholeheartedly supports that recommendation.

We also support the Citizens League’s ongoing public education efforts concerning transportation funding, and its importance to the economic vitality, safety and quality of life of all citizens of the state. **MJ**

Rick Krueger is Executive Director of the Minnesota Transportation Alliance.

Pass on the true cost of driving by Joel Kramer



If consumers had to bear the true costs of their transportation decisions, would they behave differently, and would the “system” provide better travel experiences at a price we’re collectively willing to pay? “Driving Blind” assumes so, and I agree. Its most powerful recommendation is to capture and pass on the true costs of driving, so people will at least consider other options for how to commute and where to live—options that could improve the overall community’s efficiency, quality of life, and capacity for economic expansion.

This takes courage, because Minnesotans, like most Americans, are so attached to their cars that they will mightily resist being charged anywhere near the true societal cost of driving and parking them. And lib-

erals worry about the impact on low-income people who must drive to work.

Nonetheless, **charging drivers for being on the road at rush hour powerfully communicates the reality that congestion is what creates the demand for expensive new roads**. If low-income workers are harmed, we should adjust for that elsewhere—by raising the Working Family Credit, for example. And linking registration fees to the weight and power of vehicles communicates that some vehicles do more damage to roads, requiring more repair expense.

If we get that pricing right, the demand for mass transit will rise, and the subsidy it requires will shrink. **MJ**

Joel Kramer is Executive Director of Growth and Justice.

TakeNote

Policy Tidbits

How are women of color faring in Minnesota? Not that well, according to a new report published by the Women's Foundation of Minnesota. Women of color make up 11 percent of the state's population, and their participation in the labor force is among the highest in the nation, yet poverty rates for African-American, Asian and Native American women in Minnesota are higher than the national average.

Disease and mortality rates for the state's 283,020 women of color are the highest in the nation in some categories. And there is an "overwhelming absence" of Minnesota women of color holding state and national office.

"The Status of Women of Color in Minnesota," produced jointly by the Women's Foundation and the national Institute for Women's Policy Research, provides the first focused look at key data from the United States Census on women of color in the state. It is presented as a stimulus and a tool for leaders and communities. The analysis examines the status of women of color in three categories: economic status, employment, and education; health and well-being; and political representation. To read the report, go to www.wfmmn.org.

Students receive report cards; why not schools and colleges? In an effort to determine the effectiveness and quality of the education students receive, Texas is grading its public colleges and universities on a variety of issues. In the past, universities have published their graduation rates, class sizes and various other factors, but this is the first time the information has been organized and gathered in one place. The report cards grade colleges in five categories: participation, success, excellence, research, and institutional efficiencies and effectiveness. The new Texas Accountability System provides data online for 35 public universities, nine health-related institutions, the state's four technical colleges and three two-year Lamar State Colleges. Institutions are only compared with similar institutions. www.theccb.state.tx.us

What can Occupational Employment Statistics (OES) do for you? A lot, as it turns out. The modern OES program conducts semiannual surveys to capture employment and wage information for more than

800 occupations in all 50 states and seven U.S. territories. The results paint a favorable picture for Minnesota. The state performs well when compared to the United States as a whole and ranks high among individual states: Minnesota has the 10th highest median wage in the country. Because the cost of living in Minnesota is less than in other high-wage states—including the District of Columbia, California and New York—Minnesota's wages are worth more in real terms. Rochester is the state's highest paying Metropolitan Statistical Area (MSA), and the 15th highest paying MSA in the country, with a median hourly wage of \$16.69. Rochester's high wages are explained by the region's unique concentration of health care industries. Of the top 10 highest paying occupations statewide, all but one are in the medical field: chief executive is the sixth highest paying occupation in the state. www.deed.state.mn.us/lmi/tools/oes

International aid officials speculate that money and awareness raised by relief efforts for victims of the Indian Ocean tsunami will generate greater support for other causes as well. Aid officials hope they can translate the charitable interest generated by the tsunami disaster into broader concerns for other emergencies, like the crisis in the eastern Congo—currently the world's deadliest—and the ethnic conflict in the western Sudanese region of Darfur. Even other U.S. charities are seeing a huge spike in donations. Some studies suggest that after such a spike, donations fall back to a steady level that is higher than before, suggesting the process of donating is both an emotional and a rational response. www.csmonitor.com

Are Twin Cities residents going condo crazy? Forty percent of the housing units built in Minneapolis-St. Paul in the last year were multi-family. People looking for an easier commute, more interesting nightlife, and diverse neighbors are trading their quarter-acre suburban lots for the squeezed-in city life. There's a strong and growing market for condos in the Twin Cities, and experts say the condo craze is just beginning.

"Demographic indicators suggest that the condo market has 'legs' over the long term," one Minneapolis real estate analyst wrote recently. The trend exists in other metropolitan areas as well. Condo construction in Detroit rose nearly 18 percent last year. And families in San Francisco believe new housing ought to be located in existing urban areas rather than sprawling suburbs, even if it means sacrificing a backyard. www.governing.com

Des Moines might join Moab, Utah and a few other cities and eliminate local property taxes. City Manager Eric Anderson has proposed replacing property taxes with special fees that residents, businesses, and nonprofit groups would pay for police and fire protection and a range of other municipal services. Nonprofit organizations, which do not currently pay property taxes, are resisting the fees-for-services plan. City leaders claim that exempt properties, such as churches and hospitals, are among the most frequent users of police and firefighter services. Nonprofit leaders, however, are quick to point out that nonprofits provide key services that would otherwise create additional burdens for taxpayers. www.desmoinesregister.com **MJ**

Take Note compiled by Citizens League staff and members.