

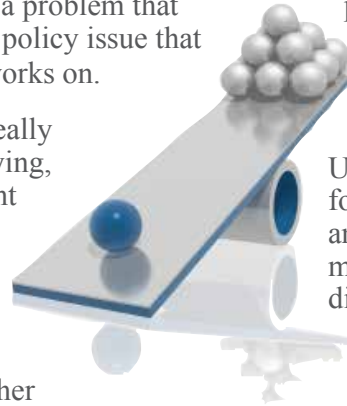
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A New Focus on Minnesota's Widening Economic Inequality

We put a premium on advancing economic justice, and it almost goes without saying that worsening economic inequality in Minnesota and the United States is a problem that impacts most every policy issue that Growth & Justice works on.

But this bad news really can't go without saying, and requires constant attention. The hard facts of inequality—between top and middle and bottom, and by race, gender, and other demographics—need repeated emphasis, especially at a time when modest economic growth can overshadow the inequality that threatens the future health of our state.



Our recent report, [*Widening Economic Inequality in Minnesota*](#), adds important state-specific detail to the basic facts of the gulf between the top 1 percent and the remaining 99 percent, and between other top-to-bottom segments. The report, authored by Growth & Justice policy fellows Jay Coggins and Thomas Legg, both University of Minnesota professors, focuses on the current state of national and state economic inequality, summarizes factors that have driven wider disparities, and makes the business case for reducing inequality.

The report documents a rising Gini coefficient, the classic formula used by economists for a century to measure overall income inequality.

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Workforce Equity Project: Sector Initiatives and the People's Stadium

A key ingredient in our *Workforce Equity for a Competitive Economy* project is explaining how "sector initiatives" around the country have been important in creating career pathways that offer good wages and opportunity for advancement in low-income communities of color.

A definition first: sector strategies are industry-specific training programs designed to prepare workers for skilled positions and connect them with employers seeking to fill such vacancies. Sector partnerships organize a number of stakeholders connected to an industry—multiple firms (and/or their trade association), unions, education and training providers, and local workforce and education system administrators—

to develop plans for growing (or saving) that industry. These partnerships develop new skilled workforce "pipelines" where shortages exist, and can offer high-wage employment opportunities to historically disadvantaged workers in high-demand industries.

Sector initiatives may be intentionally built to create avenues into the labor market for low-income communities and communities of color. The "green economy" for example, has been championed as a way to buoy distressed neighborhoods by providing well-paid, career track jobs that contribute directly to protecting or enhancing our environment and improving local energy conservation. Areas include energy

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Climate Change Paper Calls for "Action Without Regrets"

A recent front-page story in the Sunday Star Tribune documented the dramatic climate-related changes coming for our iconic northern forests, and serves as a reminder that Minnesota must be mindful of what we can do to mitigate these changes to the climate that would negatively impact our economy.

This month we published a report by Jack Ditmore, former chairman of the Minnesota Environmental Quality Board and Growth & Justice policy fellow, which combines the business practice of risk management with an eye on our changing climate to suggest a framework that can be used to take intelligent risks and make smart investments that yield positive returns, even in the face of uncertainty.

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From the President



Dane Smith

Our tenth full year as a voice for a broader prosperity in Minnesota has coincided with some of the biggest advances since the 1970s in practical progressive public policy for Minnesota.

Credit belongs to hundreds of thousands of smart and conscientious Minnesotans who in infinite ways created a demand for more and smarter public investment in human capital and physical infrastructure. Hundreds of groups were instrumental, from churches to unions to non-profits to business associations.

But Growth & Justice played an indispensable role, providing the all-important big-picture narrative of how economic justice really helps long-term economic growth, by issuing timely reports and keeping up a strong media presence, working closely with other groups and speaking directly to policymakers at legislative committee hearings, in small-group meetings, and in numerous presentations and conversations.

Here are just a few highlights of the many investments and policy changes that Growth & Justice has worked on in recent years which came to fruition in 2013:

- Major new investment in early childhood development, in the form of some \$40 million for means-tested scholarships to high-quality child care, put Min-

nesota on the map as a leader in the cradle-to-career strategy for economic growth. At the other end of the education pipeline, the Legislature removed a key obstacle to higher education for children of undocumented immigrants and flattened the tuition growth curve.

- Policies with new incentives and requirements (carrots and sticks) that push all school districts in Minnesota to address race and income gaps in educational achievement and attainment were implemented.
- Health care coverage at a more affordable cost will be extended to tens of thousands of previously uninsured or underinsured Minnesotans, through the new MNSure program and through preservation and improvement of MinnesotaCare.
- Tax fairness and budgetary responsibility saw big advances. Recovering from more than a decade of “no new taxes,” a cuts-only approach to budget-balancing, and unsustainable tax cuts for top incomes in the late 1990s, Minnesota restored previous tax rates on the highest marginal incomes and moved toward a less regressive overall tax obligation for our state.

We are busy now examining priorities for a 2014 policy agenda, working with many other allies and advocates, analyzing some important issues with an eye on what’s achievable in an election year. Here are some likely priorities:

- More than a dozen specific recommendations from our *Workforce Equity for a Competitive Economy* project can be implemented, from eliminating racial bias in employment screening to granting more credits for prior learning.
- Powerful new community coalitions pushing for cradle-to-career gap closing, exemplified by northern Minnesota’s Itasca Area Initiative for Student Success,

and the Twin Cities’ Generation Next initiative (soon to be led by outgoing Minneapolis Mayor R.T. Rybak), can be aided and abetted through changes in both state and local government policies.

- Our recent report, *Widening Economic Inequality in Minnesota*, shows that most Minnesotans really do need a raise, and we support an increase in the minimum wage to \$9.50, catching Minnesota up to other states (though still below the consensus livable wage.) There may be other ways we can support a strengthening of the economic security safety net that is so vital for sustaining aggregate demand for products and services in our economy.
- Transportation and transit and other vital infrastructure investments, through transportation packages and traditional public works bonding bills, will be high priorities in 2014 and on into the coming years. Growth & Justice has joined the Move MN coalition, which will be mounting a strong push for an all-purpose transportation package.

We’ll have a full plate again in 2014, and we’re eager to keep working to identify, study, and advance the policies and investments that will improve Minnesota’s economy and provide greater economic opportunity and outcomes for all Minnesotans. Your support has made a difference in what was accomplished in 2013, and I hope you’ll stick with us as we head into 2014.

Growth & Justice Board of Directors News

Please join us in sharing a warm welcome with the four newest members of the Growth & Justice Board of Directors:

Fawn Bernhardt-Norvell

Fawn is a recognized leader in the Twin Cities nonprofit community who currently serves as the Director of Development at the Hennepin Theatre Trust. Previously she filled that same role at the Jeremiah Program, and worked in development at the Center for Victims of Torture. Fawn was instrumental in building Wellstone Action into one of the nation's leading organizations in political action training, leading their development and operations for almost ten years. In 2007, the Minneapolis-St. Paul Business Journal named Fawn to its annual "40 Under Forty" list, an award for up-and-coming young community leaders.

Tane Danger

We know firsthand that Tane will help bring fresh energy, creativity and innovative ideas to the way we communicate and advocate public policy. As co-founder, host and director of The Theater of Public Policy,

Tane helped Growth & Justice put on an entertaining musical fundraiser last year, "Songs & Substance." His improvisational troupe has put on shows in partnership with the Citizens League, Center of the American Experiment, and the Minneapolis Institute of Arts, and they have had an impressive roster of politics- and policy-oriented guests on their show, including Mark Ritchie, Lori Sturdevant, Tom Horner, and R. T. Rybak. Tane also has experience in nonprofit communications, marketing, development, and as a nonprofit board member and volunteer.

Nekima Levy-Pounds

Nekima is a law professor and director of the Community Justice Project at the University of St. Thomas, and she has become one of the most prominent and authoritative voices in Minnesota for racial justice and equity. She is the author of numerous articles and studies on restorative justice, the school-to-prison pipeline, and workforce equity, and her commentary recently appeared in MinnPost. Nekima is an inspirational speaker, and she also serves on the board of directors for the Minneapolis Foundation and Catholic Charities.

Louis Porter II

Louis is the director of the McNair Scholars Program at the University of Wisconsin River Falls, which encourages underrepresented, low-income, and first generation college students to pursue doctoral study leading to careers in research. He holds a doctorate from the University of St. Thomas in organizational development with an emphasis on racial/cultural relations, and he also teaches courses in communications, diversity and equity at the University of Minnesota. Previously, Louis has been a development officer and communications specialist for the Mayo Clinic and was a reporter for the St. Paul Pioneer Press in the 1990s.

Thank You

Growth & Justice would like to extend a special thank you to this year's retiring board members:

Ron DeHarpporte, Arlen Erdahl, Lew Freeman, Joel Kramer, Michael O'Keefe, and Betsey Whitbeck.

This is a particularly meaningful group, as all six departing board members were founding members of the Growth & Justice board more than ten years ago. Joel Kramer, of course, was the founding executive director as well. While we are sad to see this group retire from board service, we are grateful that the organization they are leaving is strong, healthy and well-respected, thanks to their wisdom, insight, commitment and years of service in support of our mission.

Growth & Justice

Growth & Justice is a research and advocacy organization that develops innovative public policy proposals based on independent research and civic engagement. We believe when Minnesota makes **smart investments** in **practical solutions** it leads to **broader prosperity** for all.

GROWTH & JUSTICE
970 Raymond Avenue
Suite 105
Saint Paul, MN 55114
phone: 651-917-6037
info@growthandjustice.org
www.growthandjustice.org

Newsletter design & layout by
Mark Tundel

Striving for Education Success

Growth & Justice President Dane Smith was among a group of Minnesotans in attendance at the national Strive Together convening in Dallas earlier this fall. Strive networks organize a total community effort around closing educational opportunity gaps and improving performance from cradle-to-career, increasing both postsecondary attainment and workforce readiness. The Minnesota contingent for the convening in Dallas represented efforts from the Twin Cities area as well as smaller communities, from Itasca County to Austin to Red Wing.

The host city mayor, Mike Rawlings, may have been rather brash about his city's emergence as the fourth largest metropolitan area and one of the strongest economic growth powerhouses in the nation, but he was humble about how the long-term health of his city is directly threatened by the opportunity gap for students of color and from low-income families, who make up about 80 percent of the county's public school enrollment.

He's leading the comprehensive cradle-to-career strategy aimed at the many school districts in Dallas County, working to improve many indicators of learning, toward a goal of much improved postsecondary completion rates. The collaborative student success organization that Rawlings helps lead is Commit! (to Dallas), and its mission and modus operandi are common to the burgeoning national Strive Together network of similar groups. The strivers who met in Dallas are committed to closing gaps and improving student outcomes by engaging every sector and stakeholder, from low-income parents to CEOs, setting measureable goals along the pathway from birth through career launch, and then achieving goals through action networks.

The Twin Cities has its own ambitious effort underway, Generation Next—but this is most definitely not

just a big-city movement. Rural and small-town communities were well represented at the Dallas conference, from Las Cruces, N.M to Kalamazoo, Michigan. Northern Minnesota's Itasca County is out front in Minnesota with a Strive-like model and "roadmap" in place, under the banner of the Itasca Area Initiative for Student Success (IAISS). Nancy Zimpher, a founder of the Strive model and now Chancellor of the State University of New York, opened the Dallas conference with the observation that attendance and representation had grown exponentially over the last four years from about 75 attendees to 450. She suggested that the comprehensive cradle-to-career strategy and the collective impact model has become "a bit of a movement."

Strive-like models (like Generation Next and the IAISS) fit very nicely with our own recommended strategy at Growth & Justice for comprehensive, evidence-tested investments that dramatically reduce the racial and income gaps and ultimately boost postsecondary attainment and workforce readiness. We've been sounding this note for several years and we're excited to help keep moving research-based recommendations into action.

Work this important and complex will never be easy, but it's encouraging to see this philosophy flourish and become a national movement. At Growth & Justice we're doing everything we can to build this movement from border to border in the North Star State.

Minnesota's Purple Caucus

Building bridges between competing ideologies is a founding goal for Growth & Justice. Among our many paths toward that goal, we collaborate annually with a disparate group of local policy organizations—Citizens League, Caux Round Table, and Center of the American Experiment—on the John Brandl Forum for Common Ground.

Growth & Justice was pleased to be the lead organizer for this year's event, which highlighted the creation of the "Purple Caucus" by State Senators Roger Reinert (DFL-Duluth) and Jeremy Miller (R-Winona).

The caucus, launched halfway through the 2013 legislative session, provides a place and time for the red (Republicans and conservatives) and the blue (DFLers and progressives) to mix and talk about the things they agree on, or even to just to talk to each other in good faith as fellow Minnesotans.



Climate change

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The report strikes a reasonable tone in the sometimes contentious public debate about climate change. While there is a growing realization that some degree of climate change is inevitable, there is no consensus on precisely how fast change will occur and precisely how much change there will be. In short, the gap between what policymakers are hearing from the scientists and what they are hearing from the public introduces uncertainty into the calculus that drives action.

Regardless of the extent of human impact, Minnesota must take “action without regrets” to prepare for climate change, and make smart investments that will have immediate benefits. Focusing on “no regret” options is a strategy that will encourage

decision-makers to take action today because the investments they will make will provide positive returns regardless of the precise nature of climate change in the future. It will also allow decision-makers to agree on actions that produce “win-win” situations—options that reduce the impacts of climate change and have other environmental, social, or economic benefits. Placing decisions in the context of risk management may be the most effective way of bridging the gap in thinking about decisions that need to be made.

These are among the report’s policy recommendations for Minnesota: restoring wetlands, planting urban trees, helping the aged and disadvantaged with extreme-heat response plans, incorporating climate change in local water management plans,

maintaining plant diversity, encouraging active transportation and walkable communities, and promoting local food production.

That the climate of Minnesota and the world is changing is clear. While it also is true that there is no consensus on precisely how fast change will occur and precisely how much change there will be, decision-makers must recognize that to be prudent risk managers they must take intelligent risks today. Seizing an opportunity where the potential gain outweighs the harm that could occur if the opportunity is not explored is not a radical idea. Embracing the concepts of risk management provides a way of making the required decisions. And identifying smart investments in a card of Minnesota’s future.

In an intriguing conversation in the Cowles Auditorium at the University of Minnesota’s Humphrey School of Public Affairs on Oct. 25, Reinert and Miller described the origins of their idea and the happy result that attendance grew stronger at every meeting they held during the 2013 session. The caucus is informal and lacks official status, and gatherings are more social than formal or procedural. But attendance was about equal between Republicans and Democrats, with many attendees coming from nonpartisan backgrounds.

While both legislators have endured some criticism from interest groups and more partisan and ideological members of their caucuses, there has been a generally positive response from other voices, such as the Winona Daily News editorial page.

The newspaper noted that Minnesota’s Legislature was elected without party designation on the ballot through from 1913 to 1974. The editors added a cogent analysis that sounds very much like our thematic emphasis at Growth & Justice:

“Minnesota’s purple tradition served us well. There was little disagreement that Minnesota schools and colleges should equip our children and young people for satisfying, productive lives and careers; that our parks, institutions and infrastructure should be second to none and that Minnesotans should always be justified in making smug jokes about Iowa highways. There was little disagreement that assuring the good life in Minnesota was a shared responsibility and that everyone was obligated to contribute their fair share; recognizing that the taxes we paid were all that kept our state from turning into an arctic Arkansas.”

Miller and Reinert say they are committed to keeping the Purple Caucus functioning in the 2014 session, and Growth & Justice will do our part to encourage that kind of constructive, across-the-aisle cooperation.

One Millennial's Case for MNSure and Obamacare

By Alfred Eze

The people who are dumping on MNSure and threatening to de-fund the Affordable Care Act really need to listen to us struggling Millennials.

As a new intern for Growth & Justice, I am also a member of that “Millennial Generation” entering the workforce at a particularly trying time. For the first time ever nationally, student loan debt has hit the \$1 trillion mark, meaning more students hold more student loan debt than ever before. Though the country has enjoyed 42 months straight of private sector job growth, the vestigial effects of the Great Recession have created a sinkhole for many young professionals trying to start their career. With the national unemployment rate still above 7%, many employers are able to hire highly experienced candidates for less, which constrains upward mobility for recent college graduates who are seeking experience.

My story fits this demographic stereotype rather well. After graduating from the University of Minnesota, I decided to seek some professional experience and gain financial stability before bearing the albatross of additional student loan debt for graduate studies. I was hired by the human resources department of a public university, where I was a programs specialist. I had good benefits and was making more money than I ever had before, which helped defray the monthly student loan payments, among other bills. But a little over a year after being hired, our department underwent some structural re-organization to accommodate recession-induced budget tightening, and my position was eliminated.

Although Obamacare added a year to eligibility for people my age to remain on their parents' plans, I'm

now past that age. I have asthma, requiring regular prescriptions, so when I attempted to find health insurance on the private market, I quickly realized that I simply could not afford the plans. Even the COBRA Continuation coverage offered by my ex-employer had premiums far outside of my affordability due to my pre-existing condition.

Imagine my delight when MNSure recently released their projected premium rates for state health plans offered through the Affordable Care Act exchanges. MNSure is offering health care plans as low as \$91/month before subsidies. On the private market, I was looking at premiums closer to \$600/month for an individual plan.

This will be a godsend for me. In addition to ensuring better care of my health, access to affordable care also gives me greater liberty in how I approach my future. Where before, my financial calculus necessitated working full time to pay down loan debt and retain health insurance, I will now be able to work part-time while I finish my graduate studies, or start a business, or intern at my favorite think tank, with less fear of being bankrupted if I happen to break my arm on a bike ride. As a student of public policy, I am confident that Obamacare is a step in the right direction for our nation and our state and I am also confident that Minnesota's MNSure exchange will help make health insurance more transparent and affordable for all Minnesotans. I am also personally grateful for national health care reform and Minnesota's extraordinary adaptation of it through MNSure; more than anything I'm thankful for the flexibility these reforms give me in charting my future.

About the Author

Alfred Eze is a Communications Intern at Growth & Justice. A Midwesterner and proud graduate from the University of Minnesota, Alfred understood at a young age that certain inequities existed in the world. “It meant that I may have to work a bit harder to achieve in life,” Eze says. “I once interpreted my parent's advice cynically; that I must become successful to ‘prove society wrong for doubting a young black man.’ But I now rightly interpret my parent's advice as an invitation not to achieve for prestige's sake, but to achieve in hopes of reversing the structural and economic inequities that mute society's ultimate potential.”

Alfred is thrilled and humbled to be working with Growth & Justice to advance the vision of a more prosperous and equitable Minnesota for all. He notes, “Fredrick Douglass once wrote, ‘If there is no struggle, there is no progress,’ a quote that continues to remind me of my parent's advice and coincides with my belief that progress means nothing unless we all make it together.”

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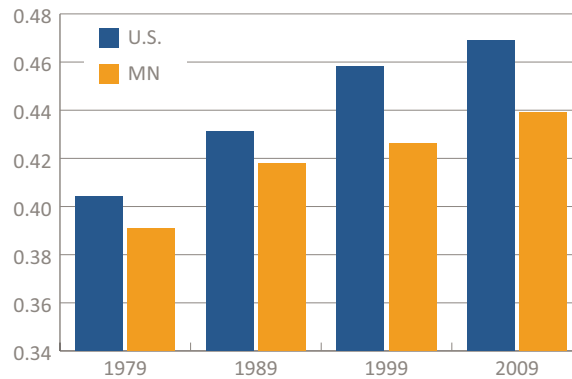
Economic inequality

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The authors show how inequality has been defined by extraordinary growth for those near the very top of the income and wealth charts, declining median incomes for middle-income families, and rising poverty rates during the two recent recessions. The paper also calls for policymakers to estimate the impact on inequality from proposed laws and policies, through an Economic Inequality Impact Assessment.

We earned [extensive news media coverage](#) across the Upper Midwest for *Widening Economic Inequality in Minnesota*, including newspapers in three states, and broadcast and online media. The report, with special focus on declining median income, was the top story on the Labor Day [evening newscast](#) by WCCO-TV

Gini Coefficients, U.S. and Minnesota



Source: U.S. Census Bureau

Our work in this area was included at the 29th Annual Conference on Policy Analysis at the University of Minnesota last month. Growth & Justice had a hand in shaping the program for this year's conference, the theme of which was economic inequality. The opening breakout

session featured Coggins and Legg, the authors of [Widening Economic Inequality in Minnesota](#).

There's more to be done on this vexing challenge, and we're still working on it.

Coggins and Legg are writing a sequel, showing in greater detail how inequality has widened within Minnesota between regions, how economic segregation prevents legislators and policymakers from recognizing and addressing inequality, and how we can move forward with specific state and local responses. Some of the goals are to build assets and income for Minnesotans in the middle and lower reaches of our economic system, while ensuring that those at the very top pay a fair share for the public investments in human capital and infrastructure that benefit them.

Workforce development

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efficient building construction and retrofits, renewable electric power, energy efficient vehicles, biofuels and manufacturing that produces sustainable products and uses sustainable processes and materials.

The experience of creating a sector initiative also builds a far deeper and interdependent relationship between employers, workers, and intermediaries than typically happens in the transactional space of training workers and then helping those workers find employment. A promising example of a sector initiative focused on workforce equity is happening in the Twin Cities right now with the new partnership announced for the construction of the Vikings stadium. The Minnesota Sports Facility Authority (MSFA) recently announced that Summit Academy OIC, in partnership with a variety of nonprofits and educational institutions, will be used as the Employment Assistance Firm (EAF) on the new stadium. Summit

Academy OIC is an education and training organization that works to meet local needs by preparing low-income and unemployed community residents for high-wage career opportunities. Roughly 70% of Summit's trainees are African American, and Summit placed almost 200 trainees in jobs in 2012 with annual starting salaries averaging more than \$28,000.

The MSFA is investing \$700,000 in workforce development to ensure that it can meet the state-mandated goals of hiring a workforce that is 32% minorities and 6% women. "MCTC and Saint Paul College are pleased to be the lead higher education partners for this project," said Mike Christenson, Associate Vice President of Workforce Development at Minneapolis Community and Technical College, and who also serves as Growth & Justice policy fellow and adviser to our project. "This is an unprecedented agreement that will create clear construction pathways for students of color."

This initiative aligns training and education institutions with a construction industry in Minnesota that will have significant job openings for women and minority workers in the very near future. And the demand for workers will not disappear after the stadium is built. Waiting in the wings are the Mall of America expansion, the Rochester Destination Medical Center, and hopefully many more infrastructure projects for the state of Minnesota.

Add in the impending "silver tsunami" retirement of baby boomers, and it is doubly imperative that starting today to enlarge the pipeline of workers, especially from diverse backgrounds, is just the kind of smart investment that Minnesota needs to make in workforce equity for a competitive economy.

Staff

Dane Smith
President

Maureen Ramirez
Director of Policy & Research

Jennifer Weddell
Director of Finance,
Operations & Publications

Mark Tundel
Communications Manager



GROWTH & JUSTICE
970 Raymond Avenue
Suite 105
Saint Paul, MN 55114

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Fellows

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Senior Policy Fellow on Economics

Chuck Brown
Senior Policy Fellow on Rural Issues

Mike Christenson
Policy Fellow

Jay Coggins
Policy Fellow

Jack Ditmore
Senior Policy Fellow

Amy Lange
Policy Fellow on Health Care

Thomas Legg
Policy Fellow

Michael O'Keefe
Senior Policy Fellow

Don Ostrom
Senior Policy Fellow

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Suite 105
Saint Paul, MN 55114



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