CITIZENS JURY® ON
STATE AND LOCAL FISCAL
MATTERS

CAN WE AFFORD THE FUTURE?

FINAL REPORT

September 9 through 13, 1996
Minnesota Extension Building, Dakota County
Farmington, Minnesota

The Jefferson Center
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Minneapolis, MN 55404

Phone: 612 333 5300
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The Jefferson Center would like to thank:

- The jurors for their time, thoughts, and for making this project a success
- All of the presenters and witnesses for their donation of time and knowledge
- Lee Munnich for initially bringing this project to the Jefferson Center and supporting it through-out its growth from idea to actuality
- Estelle Brouwer for coordinating and supporting the project from Minnesota Extension Service’s standpoint
- Tom Stinson for his aid in structuring the week’s information and his invaluable presentations
- Claudia Fariement for making economics approachable for us and for the jurors
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- Tom Todd of Minnesota House Research for supplying presenters
- Dana Frey for consultation on the state’s tax system
- Jo at Jo’s Cafe for home-cooked food
- Pat, Doug, Per, Matt, and Erika for putting up with us
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EXECUTIVE SUMMARY

The Dilemma: Minnesota faces a potentially significant shortfall in the state budget (general fund) in the year 2001. If expenditures for all currently funded programs were increased only by the amount of inflation and the projected caseload increases between now and then, state general fund expenditures would be $11.4 billion in 2001. Furthermore, Minnesota has adopted a new concept called “price of government” which analyzes state general fund revenue as a percentage of total personal income in the state. The goal for “price of government” currently in law sets as a target that the general fund should be 7.34% of total personal revenue by 2001. Using current projections of state revenue, this would yield to only $10.4 billion. In addition, cuts being considered at the federal level, both by President Clinton and by Congress, are expected to result in an additional loss of income to Minnesota of between $400 and $600 million. The dilemma, therefore, is how to deal with a difference of about $1.5 billion between expected expenditures and revenues.

The Partners: This Citizens Jury project was the result of a collaborative effort by the University of Minnesota’s Humphrey Institute of Public Affairs, the Minnesota Extension Service and the Jefferson Center. The project was initiated by the Humphrey Institute and Extension Service as part of a proposed multi-year effort to concentrate on developing a consensus through education regarding the difficult choices the state faces in a tightening fiscal situation. The Jefferson Center provided the major funding for the project while Minnesota Extension Service made significant contributions to the staff, site, and preparation expenses.

The Jurors: Over 4000 phone calls were made by a survey company contracted by the Jefferson Center to complete over 500 interviews with randomly selected residents of Minnesota. Of these interviews, a little over half of the respondents expressed an interest in being involved in the process. Of those, about 140 were placed into the final jury pool. Selected from four metro area counties, for reasons of limiting expenses, the jury otherwise reflected Minnesota’s demographic profile on the most recent data available for educational attainment and gender. Due to the future focus of this particular project, age and racial stratification was done for predicted Minnesota populations in 2005. The jury was also balanced on a political preference question using the percentages revealed in the initial phone survey. A list of the jurors can be found on page 16.

The Experts: University of Minnesota professors Tom Stinson and Claudia Parliament presented the basics of the state budget and aided the jurors in understanding baselines, caseload, inflation and other important pieces of the state’s fiscal picture. The Jury also used testimony from two sources: expert presenters who took neutral positions and experts who took advocacy stands. In the seven expenditure areas of the state budget they consulted state employees from House Research, the Department of Human Services and the Minnesota demographers office, Minnesota Planning. The jurors were presented the facts and asked to make their decisions from them, using the presenters as legislators do — as people to help them
get their numbers straight. In the tax and revenue areas the jurors met with four experts who argued for various pros and cons of Minnesota’s tax picture and property tax structure. A complete list of witnesses and presenters with brief biographical statements can be found on page 18.

The Hearings: The Citizens Jury met for five days in Farmington, Minnesota, to learn about the state budget and what might be done to remedy some of the possible problems. After the first day’s presentations from Tom Stinson and Claudia Parliment, they heard from a number of witnesses and presenters about state programs funded through the general fund, spending a whole day on Medical Assistance where the largest increase in spending is likely to occur. They also spent half a day on revenues and another hour learning about how much it would cost Minnesotans of different income levels if they were to raise their taxes.

The Recommendations: The jurors dealt with the likely gap between taxes and spending by recommending that the price of government be set higher than is current in state law. They recommended a level of 7.8596, which would raise $11.15 billion, based on projections for personal income in Minnesota in 2001. They then recommended that Medical Assistance spending be cut by $325 million from what it currently is projected to be and that K-12 education be reduced by $135 million from current projections. The only area in which they suggested an increase was in Family Support. They recommended that the reductions from baseline in Medical Assistance be dealt with by focusing on alternatives to nursing homes, by increasing the responsibility of relatives for nursing home costs, and by limiting spending on any one patient. They dealt with the possibility of cutbacks at the Federal level by alleviating half the loss with further cuts in K-12 education and Medical Assistance and the other half through a combination of a greater cigarette tax and a progressive income tax hike. The full recommendations of the jury can be found on page 5.

The Evaluations: With every Citizens Jury the Jefferson Center asks the jurors a series of evaluative questions to ensure a smooth and honest process. The most significant of these is how the jurors felt the staff performed relating to issues of bias. Twenty of the jurors were “very satisfied” and two were “satisfied” that the project was conducted in an unbiased manner. Two jurors were absent from the evaluations due to a medical emergency. Page 22 of this report begins the complete evaluation and also includes personal statements from the jurors. Juror Robert Errede’s comment “I was very impressed with all parts of the project. I thought all the people involved were excellent in their jobs. I have an altogether different outlook on the budget process since getting all the information we did” is pleasingly typical.

1One of the Jury’s recommendations was that the area commonly known as welfare be referred to as “human services.” We have chosen to use instead the term “family support” for this report which captures their recommendation without confusing readers who may be used to “human services” constituting a much broader category.

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JEFFERSON CENTER COMMENTS

We were very pleased with this project. It is one of the best Citizens Jury projects the Center has conducted. For us, a few points stand out:

The jurors clearly were able to grasp the big picture of the problems which may face the state in 2001. The jurors came up with a package approach for dealing with the fiscal problems that was at once a responsible and thoughtful way of apportioning the burdens. That the jurors usually come up with fair and thoughtful recommendations is something difficult to demonstrate in a completely objective way, but is something with which most people who have watched the process concur.

The jurors were prepared to talk about things which are currently unpopular. This is not to say that it is good to choose unpopular courses of action. But if the jurors are interested in a course of action, it is helpful when they address it directly. Among the unpopular things they mentioned were tax increases, rationing of Medical Assistance and increasing (or, at least, not reducing) welfare spending. No package of proposals for honestly dealing with budget problems is going to be popular, but when tough choices need to be made they should be discussed openly.

It was also quite exciting to be working on this project with two partners, one new (Minnesota Extension Service) and one with whom we have worked before (State and Local Policy Program, Humphrey Institute). Both brought critical insights and support to the building of the project and the shaping of the agenda.

The Citizens Jury process alone will not be enough to bring these issues to public attention in a significant way. What will be needed is to expand the collaboration we have already started with other groups. There are many organizations which care about the long-term public interest and we must team up with them to bring the informed views of citizens to bear on the difficulties with our future budgets.

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MINNESOTA EXTENSION SERVICE and HUMPHREY INSTITUTE COMMENTS

Collaborating with the Jefferson Center on this Citizens Jury project has given the Humphrey Institute and the Minnesota Extension Service a unique opportunity to engage citizens in meaningful dialogue around a critical public policy issue facing our state. We very much appreciate that opportunity, for it falls within the mission of both of our organizations to encourage increased citizen involvement in the world of public policy.

As a Land Grant University, the University of Minnesota has a three-fold mission — teaching, research and outreach. Our outreach often involves engaging citizens in outside-the-classroom learning experiences that are designed to help improve their lives and their communities. As co-sponsors and observers of the Citizens Jury on State and Local Fiscal Matters, we believe it represents an important example of the power of learning to transform people’s ways of thinking, and thus to begin to reframe important public policy debates. One need look no further than the jurors’ comments on page 23 to see that the citizens who participated in this Citizens Jury learned immensely, and some changed their ways of thinking as a result of that learning. Their recommendations, we believe, directly reflect the learnings, insight and “ah-ha’s” that happened throughout the week.

Our challenge, at this juncture, is to create ways for more of Minnesota’s citizens to participate in Citizens Jury-like learning experiences around long term state and local budget issues. With more and more fiscal responsibility devolving to the states, the aging of the enormous baby boom generation, and a general sense on the part of the public that taxes are too high already, we know that our state (and others as well) will face tough fiscal times into the next century. With the help of the Jefferson Center and a number of other future-oriented organizations, we hope to find ways to help our citizens move into the next century prepared to participate actively with their elected officials in creating solutions and ensuring that, for the sake of our children and grandchildren, we CAN afford the future.

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JURORS SPECIFIC FINDINGS AND RECOMMENDATIONS

Introduction: We, the jurors of the Citizens Jury® on State and Local Fiscal Matters - Can We Afford the Future? project on the state budget, worked for five days to consider what should be done with Minnesota's general fund expenditures and revenues in 2001.

We created baselines for 2001 and divided general fund expenditures into nine areas. We learned what it meant to project 2001 spending from 1996 data and from estimates about caseload and inflation which were supplied to us. We arrived at baseline general fund expenditures in the year 2001 of $11.19 billion.

On the revenue side, we made projections based upon the concept of "price of government." This concept sets revenues as a percent of total personal income in Minnesota. In 1996 the revenues have been set at 7.51% of personal income. If this level were continued, the amount which it is projected to raise in 2001 is $10.7 billion, which is $680 million less than the expenditures we foresee. In order to meet expenditures we recommended increasing revenues to 7.85% of personal income in 2001. This still left a gap of roughly $210 million dollars.

To close the gap, we split the cuts between Medical Assistance and to K-12 education, for further cuts in those areas of $105 million dollars each.

We would like to see the increase in the price of government figure be covered with a redefined tax table that would add a permanent progressive tax, meaning that as your income increases, so does the additional rate of tax.

We also considered what to do if strong pressures existed to make expenditures rise more than the $11.15 billion we recommend. The strongest pressure will occur from federal cut-backs. We believe it is possible that by 2001 Minnesota will face an increase of $400 million to $600 million in Medical Assistance costs due to federal cut-backs.

Specific Recommendations: We spent much of our time learning about expenditures in the nine different expenditure areas of the general fund. Our recommendations for these areas are as follows:

K-12 Education: We recommend keeping growth in K12 Education by 2001 to $3.495 billion. This is less than the baseline we created initially by giving 100% of inflation and 100% of caseload as we placed some of our shortfall from the projected revenue here.

Medical Assistance: We recommend keeping growth in Medical Assistance by 2001 to $3.075 billion. This is less than the baseline we created initially by giving 80% of inflation and 90% of caseload as we placed some of our shortfall from the projected revenue here. This should be accomplished by:

1. Focusing on alternatives to nursing homes through
A. Shared living including group homes
B. Pilot programs to get long-term patients into managed care.
C. Home health care assistance

2. We urge consideration of rationing of health care
   A. In particular, we recommend that the amount of spending for one patient be limited.

3. Decreasing eligibility by making relatives of the patient responsible for a portion of the bill. This should be means tested.

4. We support the legislative initiative to increase from 36 months to 72 months the period governing the transfer of assets (re: long-term and nursing home care).²

Property Tax Aids and Credits: We recommend keeping growth in Property Tax Aids and Credits to $1.4 billion. This is the same as the baseline we created initially by giving 100% of inflation and 100% of caseload

1. We would like to see the state give cities and counties alternative ways to raise money (sales tax, income tax, commuter tax and location tax)
2. However, currently 60% of school aids come from the state. This should be increased to 70% and property tax reduced accordingly.

Higher Education: We recommend keeping growth in Higher Education to $1.2 billion. This is the same as the baseline we created initially by giving 100% of inflation and 100% of caseload.

1. Furthermore, we recommend that the Legislature not cut Higher Education funding.

Family Support: We recommend keeping growth in Family Support to $0.6 billion. This is more than the baseline we initially created by giving 100% of inflation and 50% of caseload. We increased Family Support spending because we wanted to account for more of the rise in caseload.

1. We would like to see the state maintain the funding level of Aid to Families with Dependent Children but increase spending in MinnesotaCare and child care because the net effect will save money
2. We should provide funding for public education for general information on Family Support.
3. We should expand the Minnesota Family Investment Program, a program of welfare reform.

²Points 3 and 4 were originally listed under heading 2 but have been rearranged for clarity.
4. We should enforce tighter screening and follow-up on fraud.
5. We recommend public service work for recipients where they cannot find work.

Criminal Justice: We recommend keeping growth in Criminal Justice to $0.64 billion. This is more than the baseline we initially created by giving 100% of inflation and 100% of caseload. The reason for this increase is that we received the accurate figures after the initial baseline exercise.
1. We recommend the reinstatement of work crews for non-violent inmates.
2. We should invest more in preventing youth from entering the Criminal Justice system starting in elementary school.
3. The Legislature should concentrate on community alternatives to prison (work release, electronic monitoring, intensive community supervision).
4. There should be more stringent screening of guards prior to employment to prevent prison drug sales.
5. We should institute a mandatory education program in the prisons.

Environment/Natural Resources: We recommend keeping the growth in Environmental spending to $0.21 billion. This is the same as the initial baseline we created by giving 100% of inflation and none of caseload. We hope to not see a great decrease by 2001 but hope to add revenues and cut costs.
1. Increase spending on the environment through fees and not the state’s general fund.
2. Increase the purchase cost of fishing, hunting, and boating licenses.
3. The environment should receive more than the current 40% of net proceeds from the lottery. (The current net is $0.04 on one dollar.)

Economic Development & Other: We recommend keeping the growth in economic development to $0.21 billion. This is the same as the initial baseline we created by giving 100% of inflation and 100% of caseload. We recommend keeping the growth in Other areas of spending to $0.38 billion. This is the same as the initial baseline we created by giving 100% of inflation and none of caseload.
1. Do not use state funds or tax subsidies to support professional sports facilities
2. Farmers and construction firms now get a 100% rebate on off-road gas tax. This should be reduced to 50% with that coming from farmers going to local government for roads.
3. Use existing gas tax for increased spending on other means of transportation (including mass transit) not to exceed 4% of gas tax revenues. We understand that a Constitutional amendment is necessary to do this.
Federal Cutbacks:  If federal budget cuts occur, and Minnesota’s share of federal dollars decreases between $400 and $600 million, we recommend the following course of action:

1. Half of the cuts should be dealt with by reducing eligibility and optional services in Medical Assistance.

2. Half of the cuts should be split between an increase in income tax and an increase in the cigarette tax, the proportion between the two to be left up to the Legislature and the people.

   A. The income tax should be a progressive and permanent tax that should have a progressive structure, meaning that as your income grows, so does the additional rate of tax.

The Jury will present a report to the Governor and the Legislature on the feasibility and desirability of the recommendations made under the heading of Federal Cutbacks.
CHARGE

The jury will be asked to look at Minnesota’s financial future as affected by cutbacks at the federal level and through the pressures raised by a changing demographic profile. The jury will
- Recommend possible solutions for the state’s fiscal problems
- Identify areas which they found especially difficult
- Suggest topics for future Citizens Jury projects

AGENDA

September 9: Day One: Introduction: Process and Background Information
8:30 Introduction: Process, Charge, Agenda, Jurors, Staff
9:15 TOM STINSON and CLAUDIA PARLIAMENT will present for most of Day One. It will be an introduction to much of the state’s fiscal picture and associated language.

September 10: Day Two: Medical Assistance
8:30 Health Care financing in general - NANETTE SCHROEDER
9:15 Medical Assistance - The facts, the figures and some possible solutions - GEORGE HOFFMAN
11:15 General discussion and review
11:45 LUNCH
12:55 Values Review Exercise
1:55 The tough questions and possible approaches to solutions - ELAINE TIMMER
2:45 Deliberations and Discussion
4:45 ADJOURN

September 11: Day Three: Revenues and the first half of Expenditures
8:30 Brief introduction to Revenues - TOM STINSON
9:15 Divide into halves and split up. Group 1 will be looking at Property Tax Aids and Credits from a state-budget only perspective. Group 2 will be looking at Other Taxes and other sources of revenue for the state.
Group 1: DAN SALOMONE
          GARY CARLSON
Group 2: WAYNE COX
          BILL BLAZAR
10:45 Each group in deliberations to find an approach to that revenue area
11:45 LUNCH
12:45 Each group presents to the whole their conclusions for the morning
1:15 BREAK
1:25 The jury switches gears and redivides into thirds to begin looking at expenditure areas.
   Group A: Environmental Spending, PEGGY ADELLEMAN
   Group B: Higher Education Spending, KERRY FINE
   Group C: K12 Education, TIM STROM

3:55 BREAK
4:05 Three groups report back to each other
4:50 ADJOURN

September 12: Day Four: Continuing with Expenditures, Preliminary deliberations
8:30 The jury divides into three groups of eight to continue examining expenditure areas.
   Group A will be looking at Welfare Spending, Group B at Criminal Justice, and Group C at other areas (transportation and economic development).
8:30-11:00
   Group A: DEB HUSKINS, MARCIE JEFFREYS
   Group B: DAN STORKAMP
   Group C: JOHN WILLIAMS, KATHY NOVAK
10:00 Jurors then discuss what should be done and vote on their conclusions about what cuts should be considered and why.
11:00 Three groups report back to each other.
12:00 LUNCH
12:45 Tax Raising Exercise - Help to get the jurors to raise taxes, if they should need or want to
1:45 BREAK
1:55 Preliminary deliberations
3:15 BREAK
3:30 Preliminary deliberations and lay-out an agenda for Day Five
4:30 ADJOURN

September 13: Day Five: Deliberations
Deliberations and recommendations

In the afternoon of the fifth day, the jurors talked directly with the audience who were assembled into a panel. Topics covered ranged from why are you here (to both jurors and audience) to what have you learned and why have you made these recommendations.
EXPLANATORY DEFINITIONS AND CHARTS

The Citizens Jury used the following definitions and classifications for the state's general fund expenditures. Definitions were provided by Tom Stinson, Minnesota State Economist.

K-12 Education: Education finance is the largest single expenditure in the state's budget accounting for about 34 percent of state spending in fiscal year 1997. About 75 percent of the money goes to provide general aid to school districts on a per pupil basis. The remainder goes for transportation costs, special education for the handicapped, community and family education including adult education, and other programs. Fiscal Year 1996 - $2,948 million

Medical Assistance: Medical Assistance is the fastest growing area of the state budget. In fiscal year 1997 this category is expected to account for about 23 percent of the state budget. The two largest areas of expenditures are for health care for the poor and long-term, nursing home care for the elderly. About 90 percent of the state's spending for health care go for those two objectives. About 75 percent of expenditures in this area are classified as Medicaid, and partially subsidized by the federal government. This portion of the budget also includes the state's residential treatment centers, the community health centers, and the veterans homes, as well as the state's health protection activities. Fiscal Year 1996 - $1,899 million

Property Tax Aids and Credits: About 13 percent of all state general fund spending goes directly or indirectly to provide property tax relief. About half of the payments go in the form of Homestead and Agricultural Credit Aid (HACA), and another one third as Local Government Aid (LGA). Property tax refunds and renters credits - the Circuit Breaker Program - compromise most of the remaining expenditures in this area. Fiscal Year 1996 - $1,211 million

Higher Education: Minnesota spends about 12 percent of its budget for higher education. About one half goes to the University of Minnesota. The other half goes to support the state colleges, community colleges, and the technical schools. Fiscal Year 1996 - $1,093 million

Family Support: Family support services which include Aid to Families with Dependent Children (AFDC) and general assistance, as well as programs designed to enhance economic self-sufficiency and provide social services to families with children are expected to account for about 5 percent on Minnesota's fiscal year 1997 general fund spending. AFDC payments are expected to total about $133 million, or about 30 percent of the total. Other direct assistance programs total about $100 million, and the administration of Minnesota's assistance programs totals about $45 million. The remainder of the funding in this area goes for programs benefitting children and educational programs for disadvantaged adults. Fiscal Year 1996 - $446 million

Criminal Justice: Criminal Justice is a small but growing part of the state budget. In Fiscal Year 1997 about 5 percent of state spending is expected to be devoted to this area. This is only part of the amount spent on providing protection for Minnesotans, however. City and county expenditures for police and sheriffs and local jails are not included. About two-thirds of spending in this area goes for corrections. The remainder goes to support the court system. Fiscal Year 1996 - $442 million

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**Enviroment/Natural Resources:** Spending to protect Minnesota's environment and manage the state's parks and natural resources accounts for about 2 percent of the fiscal year 1997 general fund budget. A roughly equal amount of funding comes from revenues specifically dedicated to this area, including a portion on the lottery proceeds. The Department of Natural Resources receives about one half the funds devoted to this area. The Department of Agriculture, the Pollution Control Agency and the Office of Environmental Assistance also receive their funding from this appropriation, as do the Minnesota Zoo and a number of smaller boards and commissions. Fiscal Year 1996 - $188 million

**Economic Development:** About 2 percent of the state budget goes to support economic development in Minnesota. Nearly 60 percent of the funding goes to support three agencies - the Department of Economic Security, the Department of Trade and Economic Development, and the Housing Finance Agency. The remainder goes to support the Department of Commerce, the Department of Labor and Industry, and a number of smaller agencies, boards, commissions and councils. Fiscal Year 1996 - $198 million

**Other:** Other expenditures accounted for about 4 percent of the state budget in fiscal 1997. About one fifth of the spending in this area went for transportation related services, largely to the Metropolitan Transit Council to support bus service. The remainder went to fund the Governor's Office ($3.5 million), the Legislature ($50 million), the state's constitutional office ($30 million) and the Departments of Administration, Employee Relations, and Finance. The Department of Revenue receives about 40 percent of all spending in this area to administer the state's tax system. Fiscal Year 1996 - $341 million

**Price of Government:** Identifying how much money will be available for future spending is a key part of the budgeting process. One way of making such a forecast is to decide what percentage of income in Minnesota should go to state government to pay for the services provided by the state. Future revenues can then be found by multiplying that percentage by the expected income level for the year in question. Personal income - the sum of wages and salaries, proprietors' incomes, rental income, dividends, interest, social security, pensions, and government transfer payments are all included in this measure of income. Capital gains and contributions to social security and medicare are excluded. In 1997 Minnesota personal income is expected to be about $118 billion. Price of government for Fiscal Year 1996 - 7.75 percent. Price of government for fiscal year 1997 - 7.51 percent.

On the next page:

**Table One:**
Table One tracks the jurors' progress throughout the week. The first bar, reading from left to right, indicates the total expenditures out of the general fund for 1996. The second, labelled "2001, Base., Real" is the total projected expenditures for the fiscal year 2001 as projected by the State Economist's office, accounting for all of inflation pegged at 2.2929 percent and all of caseload increases, for currently funded programs. The middle bar is the jurors' baseline for 2001 based on the decisions they made on the first day regarding inflation and caseload in the major expenditure areas. The fourth bar, "2001, Begin. Delibs." indicates the amount of money they spent on expenditure areas through the beginning of deliberations. The last bar is their final expenditure recommendations. They then raised their taxes to meet that point as it was above their projected price of government revenue figure for 2001. The possibility of federal cutbacks was dealt with separately.

**Table Two:**
Table Two provides the numbers for the Jury and Table One.
Table One:

Expenditures in millions
Citizens Jury on State and Local Fiscal Matters, September 1996

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Table Two:

(Numbers in Millions)

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WHAT SHOULD THE NEXT CITIZENS JURY BE ON?

The Jefferson Center, in conjunction with the University of Minnesota, the Minnesota Extension Service and the Humphrey Institute, is planning at least one Citizens Jury project as a follow-up to the current project. The jurors made 11 suggestions for follow-up projects and then voted on them.

21 votes How should we provide, fund and deliver human services (family support and medical assistance) to make it more efficient, cost effective and personal?

21 votes How can health care delivery be reformed in Minnesota? Look not only at medical assistance but also the way health care is provided and funded for the majority of Minnesotans not covered by any state program.

16 votes Examine fraud in state government programs.

15 votes What are the administrative costs of state government? This should examine not only the costs at the top level (legislature, governor's office, etc.) but also the administrative costs within each department and agency.

13 votes Looking at the year 2050, what should we be doing now for our children? What investments should be made now to save money over the long run and promote well-being in the future?

10 votes Where are funds spent in K-12 education? What can be done to make the delivery of K-12 education more cost-effective?

9 votes Examine the state lottery and other gambling in Minnesota.

7 votes Do the same thing as was done this week, but with a younger group of participants and concentrate on a more distant time, such as 2012, when there will be another baby boom.

6 votes Examine the changing relationship between property tax and revenues, regarding state funding for K-12 education, with a concentration on equity issues.

5 votes Examine the issue of whether or not English should be the primary language.

1 vote Examine a better way for citizens to be able to invest their Social Security funds.
What did you find the most difficult or confusing about this Citizens Jury?

- Other taxes. It was hard to keep straight what was in the general fund and what was not.
- Property taxes. The presenters were great, but the topic was very confusing.
- The overview of the budget was clear, but how the money was being spent within the various spending areas was not.
- It was difficult to sort out the federal and state contributions to state programs and where responsibilities lie.
- The discussion of setting a baseline was difficult to understand.

Suggestions for improvement

- It would have been helpful if we had had an agenda in advance of the hearings.
- It would have been helpful to have a glossary of terms in advance of the hearings.
- It would have been helpful to receive background information before the hearings (there was some disagreement among the jurors on this point).
- The handouts given to small groups should have been handed out to all jurors.
<table>
<thead>
<tr>
<th>NAME</th>
<th>OCCUPATION</th>
<th>AGE</th>
<th>HOMETOWN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheryl Ader</td>
<td>House Cleaner</td>
<td>43</td>
<td>Oakdale</td>
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<tr>
<td>Kathy Bjorklund</td>
<td>Homemaker</td>
<td>36</td>
<td>Welch</td>
</tr>
<tr>
<td>Charlotte Dodge</td>
<td>Deputy Clerk</td>
<td>64</td>
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<td>Terry Dunham Jr.</td>
<td>Account Executive</td>
<td>38</td>
<td>Eagan</td>
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<td>Robert Erredge</td>
<td>Retired, Dairy Farmer</td>
<td>69</td>
<td>Zumbrota</td>
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<tr>
<td>Evergreen Evans</td>
<td>Retired, Adult Education</td>
<td>68</td>
<td>St. Paul</td>
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<td>James Jackson</td>
<td>Retired, Animation Artist</td>
<td>71</td>
<td>Eagan</td>
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<td>Vincent Kumerow</td>
<td>Reverend</td>
<td>77</td>
<td>Roseville</td>
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<td>Tanya Larkin</td>
<td>Homemaker</td>
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<td>Marie LaRock</td>
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<td>Hastings</td>
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<td>Duane Liddle</td>
<td>Machinist</td>
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<td>Lineman, US West</td>
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<td>Becky McCarty</td>
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<td>Newport</td>
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<td>Kathy Monson</td>
<td>Travel Agent</td>
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<td>Burnsville</td>
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<td>Farmer</td>
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<td>Walt Raschke</td>
<td>Retired, Carpenter</td>
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<td>Vadnias Heights</td>
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<td>Thomas Ryan</td>
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<td>Red Wing</td>
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<td>Josh Sasse</td>
<td>Student</td>
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<td>Rebecca Shelton</td>
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<td>Cheryl Shern</td>
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<td>44</td>
<td>Marine</td>
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<tr>
<td>Amar Subramanian</td>
<td>Physician</td>
<td>31</td>
<td>St. Paul</td>
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<tr>
<td>Paul Tix</td>
<td>Retired, Coop. Manager</td>
<td>75</td>
<td>Hampton</td>
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<tr>
<td>Ken Volness</td>
<td>Consultant</td>
<td>50</td>
<td>Dennison</td>
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<tr>
<td>Anna Werrbach</td>
<td>Homemaker</td>
<td>46</td>
<td>Cottage Grove</td>
</tr>
</tbody>
</table>
STAFF

Project Director
Bruce Manning, Jefferson Center

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Ned Crosby, Jefferson Center
Elizabeth Templin, Minnesota Extension Service, Washington County

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Warren Sifferath, Minnesota Extension Service, Dakota County

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Sandra Matisone, Jefferson Center
Kristi Papenfuss, Humphrey Institute
Jen Romslo, Jefferson Center
Lynette Uetz, Jefferson Center

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Bruce Manning, Jefferson Center

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Humphrey Institute
Estelle Brouwer
Program Director for Outreach and Extension, Humphrey Institute
WITNESSES AND PRESENTERS
AND BIOGRAPHICAL INFORMATION

Peggy Adelmann,
Director, Fiscal Services, Minnesota Pollution Control Agency

Bill Blazar,
Senior Vice President, Minnesota Chamber of Commerce

Gary Carlson,
Director of Intergovernmental Relations, League of Minnesota Cities

Wayne Cox,
Executive Director, Minnesota Citizens for Tax Justice

Kerry Fine,
Legislative Analyst, House Research Minnesota House of Representatives

Deb Huskins,
Assistant Commissioner for Economic and Community Support Strategies, Minnesota Department of Human Services

George Hoffman,
Director, Reports and Forecasts, Department of Human Services

Marcie Jefferys,
Fiscal Policy Director, Minnesota Children’s Defense Fund

Kathy Novak,
Legislative Analyst, House Research Minnesota House of Representatives

Claudia Parliament,
Professor, Department of Applied Economics, University of Minnesota, Minnesota Extension Service Economist

Dan Salomone,
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Nanette Schroeder,
Interim Executive Director- Health Care Commission

Tom Stinson,
Assistant Professor, Department of Applied Economics, University of Minnesota, Minnesota Extension Service Economist

Dan Storkamp,
Criminal Justice Team, Minnesota Planning

Tim Strom,
Legislative Analyst, House Research Minnesota House of Representatives

Elaine Timmer
Assistant Commissioner for Health and Continuing Care Strategies, Minnesota Department of Human Services

John Williams,
Legislative Analyst, House Research Minnesota House of Representatives

Citizens Jury® on State and Local Fiscal Matters
Can We Afford the Future
Final Report - 18
Peggy Adelmann is the Chief Financial Officer for the Minnesota Pollution Control Agency. Previously, she has served as the Budget Director for the Water Quality Division of the same agency. From 1991-94 she was the Fiscal Analyst for the Minnesota Senate on environment and natural resource issues.

Bill Blazar is the Senior Vice President for the Minnesota Chamber of Commerce. Blazar is the chief lobbyist for the Chamber at the Minnesota Legislature and leads the Chamber's efforts on tax and spending policies. He has done tax policy work for the Citizens' League, the Minnesota Business Partnership, the Minnesota Legislature, the cities of Minneapolis and St. Paul and the Minnesota Tax Study Commission.

Gary Carlson is the Director of Intergovernmental Relations for the League of Minnesota Cities where he works to represent the League and its member cities before the state legislature and other levels of government. Previously he has held the positions of Senior Intergovernmental Relations Representative and Government Finance Analyst with the League.

Wayne Cox is the Executive Director of Minnesota Citizens for Tax Justice, a non-partisan tax and budget research organization which analyzes the impacts of federal and state proposals on the state’s ability to maintain essential services, including those aimed at the state’s low income population. He has been named “Public Citizen of the Year” by the Minnesota Public Research Interest Group and serves on the national board of directors for Citizens for Tax Justice and the Institute on Taxation and Economic Policy, both in Washington D.C.

Kerry Fine, Kathy Novak, Tim Strom, and John Williams are all Legislative Analysts with the House Research Department for the Minnesota House of Representatives. The Research Department of the Minnesota House of Representatives is a non-partisan professional research office serving the entire membership of the House and its committees. The department assists in developing, analyzing and amending legislation. The department also conducts in-depth research studies and collects, analyzes, and publishes information regarding legislative issues for use by all House Members. Kerry Fine works in the area of Higher Education and has been with House Research since 1982. Kathy Novak works in K-12 Education and Economic Development and has been with House Research since 1990. Tim Strom works in K-12 Education and has been with House Research since 1984. John Williams works in Transportation, Gambling, and Liquor and has been with House Research since 1969. John Williams also testified before the 1995 Citizens Jury on Congestion Pricing.
Deb Huskins is the Assistant Commissioner of Economic and Community Support Strategies, Department of Human Services and has served in that position since February 1994. Prior to that she was a MinnesotaCare attorney in the Attorney General’s office where she worked on Health Care Reform. She has also worked as an attorney in the Human Services division of that office and been a counsel in the Office of Senate Counsel.

George Hoffman has worked as the Director of Reports and Forecasts in the Department of Human Services since 1982. He has worked for the Department since 1978, with an involvement in AFDC and Medical Assistance.

Marcie Jeffreys is the Fiscal Policy Director at Minnesota Children’s Defense Fund. Previously she has served as the Director of the Fiscal Analysis Department at the Minnesota House of Representatives and as a Fiscal Analyst for the Human Services Finance Committee in the Minnesota House of Representatives.

Claudia Parliament is a Professor and Extension Economist in the Department of Applied Economics at the University of Minnesota. She also serves as the Executive Director of the Minnesota Council on Economic Education.

Dan Salomone joined the Minnesota Taxpayers Association as the Executive Director in 1991. Prior to this, he served as a nonpartisan research director for the Minnesota Department of Revenue and the Minnesota Senate. He is also an adjunct faculty member at Hamline University where he teaches a course in Public Fiscal Management.

Nanette Schroeder is the Interim Executive Director of the Health Care Commission. She has been with the Health department since March of 1991 and held a variety of management positions, mostly focusing on the areas of health care delivery regulation and health reform policy development. She has been instrumental in the development of all of the MinnesotaCare legislation and played an integral role in the program’s ultimate implementation.

Tom Stinson is an Assistant Professor in the Department of Applied Economics at the University of Minnesota and a Minnesota Extension Service Economist. He has previously worked as a consultant with the Jefferson Center on the America’s Tough Choices 1993 Federal Budget Jury in Washington, D.C.

Dan Storkamp has been the Director of Minnesota’s Criminal Justice Center at Minnesota Planning for over six years. He has designed, coordinated and conducted several criminal justice research projects covering law enforcement, courts, corrections, victims and treatment. In addition, he has presented to
national conferences, to the legislature and numerous task forces, groups and organizations on criminal and juvenile justice trends.

Elaine Timmer is the Assistant Commissioner for Health and Continuing Care Strategies at the Minnesota Department of Human Services and has served in that role since July 1995. Prior to that she served as Assistant Commissioner for Community Mental Health and State Operated Services and assumed her current position as a result of departmental reorganization. She has directed local government agencies in public health, home health, and community mental health at local and regional levels in Minnesota, for the State of Oregon, and the Department of Health and Human Services in Washington D.C.

Partner Coordinators

Lee Munnich has been a Senior Fellow and Director, State and Local Policy Program, at the Humphrey Institute of Public Affairs since 1991. Munnich has worked with the Jefferson Center before, most extensively on the 1995 Jury on Congestion Pricing.

Estelle Brouwer is Program Director for Outreach and Extension, Humphrey Institute of Public Affairs. A primary goal of her work is to build bridges between the work of the faculty, fellows and students of the Humphrey Institute, the work of the Minnesota Extension Service, and the public affairs education needs of the broader community. She has served as Assistant to the Commissioner of the Minnesota Department of Health and as a fiscal analyst with the Minnesota House of Representatives Appropriations Committee.
JUROR EVALUATION*

1. In general, how do you feel about your experience with the Citizens Jury on State and Local Fiscal Matters - Can We Afford the Future?

<table>
<thead>
<tr>
<th></th>
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<th>Satisfied</th>
<th>Neutral</th>
<th>Dissatisfied</th>
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2. How do you feel about the different parts of the project (how useful were they to you)?

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<th></th>
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<th>Satisfied</th>
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<th>Very Dissatisfied</th>
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<td>Presentations by Advocates</td>
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<td>Presentations by Presenters</td>
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<td>Small group discussions</td>
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<td>Values Review</td>
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<td>8</td>
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<td>Deliberations</td>
<td>10</td>
<td>10</td>
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</tr>
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</table>

3. One of our aims is to have the staff and volunteers of the Jefferson Center conduct the project in an unbiased way. How satisfied are you with their performance in this regard?

<table>
<thead>
<tr>
<th></th>
<th>Very Satisfied</th>
<th>Satisfied</th>
<th>Neutral</th>
<th>Dissatisfied</th>
<th>Very Dissatisfied</th>
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</tbody>
</table>

* Two jurors were absent in the last hour of the hearings due to a medical condition.
JUROR PERSONAL COMMENTS

Jurors were given the opportunity through an optional exercise of adding any personal comments they wished. These comments are always included in their entirety in the Jefferson Center’s reports.

I appreciate the opportunity to be a part of this Citizens Jury. It was a GREAT experience! The staff did a very good job at being unbiased. I feel I learned a lot of information about how our money is spent. - Cheryl A. Ader

I’m grateful for this experience. The education and information was really appreciated. Hopefully, this will make me a better citizen. Also, I can understand, now, why the legislators are very important. It is important to vote and to study what is going on. - Charlotte “Muriel” Dodge

The public, for the most part, has formed opinions which, if given factual information, would change their opinion. I know this is true of my opinions. The witnesses were exceptional in providing information in a way we could understand and interpret. The staff did a great job of staying focused, neutral, and giving everyone the opportunity to be heard with their concerns or opinions. Thanks for giving me the chance to participate and become a more and better informed citizen of the state of Minnesota. - Terry Dunham, Jr.

I was very impressed with all parts of the project. I thought all the people involved were excellent in their jobs. I have an altogether different outlook on the budget process since getting all the information we did. - Robert Erredge

The staff of the Citizens Jury was very outstanding. I felt, on the first day, that I was appreciated and somebody that was special and appreciated. Thank you for inviting me. - Evergreen Evans

It was a learning experience, I will have more respect for my state government. - James W. Jackson

The Citizens Jury has opened a window for understanding the cost of the state budget. The pie chart letting me see where all of the state government spending estimates were at was helpful. I am very thankful of being asked to participate in this jury and have learned a lot. I’m leaving more aware of the baselines, expenditures and revenues. Thank you! - Marie LaRoch

I would like to thank the Jefferson Center for giving me the opportunity of being on the Citizens Jury. It has been a very eye-opening and rewarding experience. If given the chance to do it again not only would I jump at the chance to do it for less or no money. (Like the government I’d also take more, ha ha.) The only difficulty I had with this process was that the issues were so huge we didn’t have enough time to find out exactly where (i.e. salaries and services) or how the money was spent. Thanks again to all the wonderful people - I will never forget any of you! - Becky McCarty

Quite informative. Raised more questions than answered as one got involved in subjects. Future Citizens Juries should focus on narrower subjects. - Gene Matter

I feel that I was very fortunate to be chosen to participate in this Citizens Jury. It was a terrific educational experience. We so often talk with family and friends about taxes as though they are a ‘dirty’ word. The reason many of us live in Minnesota is because of how our tax dollars are spent - our quality

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of life! We never talk about how we have a wonderful state because of our taxes. We seem to mostly complain about tax monies. Also, it usually is when we are with family, friends and coworkers. This week we could hear from people with various social and economic backgrounds. We heard different viewpoints. We learned from the witnesses and presenters where our money is going and how much goes to each program. Most of us feel we never had that information. It was quite an eye-opener for me. I feel it is harder to say “lower taxes” when we know who this is going to impact. The project was very well run! - Kathy Monson

I feel that this was a wonderful way to get to understand our state and local government. When I came into this program on Monday I didn’t know much about the system. I didn’t know where and how all my money was being spent. Now, leaving on Friday afternoon, there are a lot of things that I don’t know, but at least I understand and know a lot more than when I started. I understand the concepts better. Thanks for the opportunity! - Pauline Morgan

I have been enlightened on many subjects. I have learned about many aspects of Minnesota’s taxes and spending. I enjoyed every minute of the Jury. - Walt Raschke

The process used by the Jefferson Center is very well thought out. It allows normal everyday citizens to have some sort of access to information which normally they would not even consider. The Citizens Jury process not only allows people to voice their opinion, but I believe it also an educational experience for the jurors on specific issues and how the budget pieces together. More of these types of gatherings would not only let lawmakers know how the public feels but it would also aid in dispelling some of the incorrect “theories” floating around the public. - Josh Sasse

I really didn’t think people realize the time bomb that will occur early in the next century. I didn’t realize that the state will probably be more affected than the federal government. I hope that through processes similar to this, the public can become better informed. I’m impressed with the knowledge of this group regarding budgeting issues. There is plenty of ignorance which this process goes a long way toward dispelling. Nevertheless, I fear that for many people the week given is insufficient to become adequately knowledgeable to weigh all the choices. - Amar Subramanian
JURY DEMOGRAPHICS

One of the key ingredients of any Citizens Jury is its demographic balance. The group is selected to be representative of the community as a whole. We therefore first assess the demographics of the community and balance the jury on up to six preselected demographic variables. We used the standard Jefferson Center variables: age, gender, educational attainment, race, and geographic location. We also selected an attitudinal question related to political party self-identification.

For the first four criteria, the jury was balanced to census projections for the year 2005 to underscore the forward-looking scope of the project; a jury that looked like Minnesota's demographic future debated Minnesota's fiscal future. This had the affect of racial diversification and of making the group as a whole somewhat older. For geographic location we were, because of cost constraints, unable to do a state wide jury. Selecting from four different metro-area counties, we hoped for a somewhat diverse perspective. The attitudinal question was balanced to percentages revealed in the initial phone survey.

One alternate juror was selected to fill a first day absence and this threw the age and the geographic location stratifications.

<table>
<thead>
<tr>
<th>Age (of eligible jurors) 2005</th>
<th>Population</th>
<th>Percent</th>
<th>Target Jury</th>
<th>Actual Jury</th>
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<tbody>
<tr>
<td>18-40</td>
<td>1,430,290</td>
<td>39</td>
<td>9</td>
<td>8</td>
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<tr>
<td>40 and over</td>
<td>2,230,010</td>
<td>61</td>
<td>15</td>
<td>16</td>
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</tbody>
</table>

| Gender | | | | |
|--------| | | | |
| Male   | | | | |
| Female | | | | |

<table>
<thead>
<tr>
<th>Educational Attainment (persons 25 years and older)</th>
<th>Population</th>
<th>Percent</th>
<th>Target Jury</th>
<th>Actual Jury</th>
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<tbody>
<tr>
<td>Persons 25 and older</td>
<td>2,700,000</td>
<td>63.3</td>
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<tr>
<td>High School or less</td>
<td>50.6</td>
<td>12</td>
<td>11</td>
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<tr>
<td>Some college</td>
<td>27.6</td>
<td>7</td>
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<tr>
<td>College or more</td>
<td>21.9</td>
<td>5</td>
<td>6</td>
<td></td>
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</tbody>
</table>
Race
Total, State, 2005 4,757,070
White 4,312,660 90.6 20 20
Black 185,610 3.9 1 3
Asian/P.I. 147,760 3.1 1 1
American Indian 71,040 1.5
Other races 39,990 .8
non-white (total) 444,400 9.3 (4) 4
Hispanic 96,150 2.0 (1) 0

Attitudinal Question
“Do you identify yourself as a Republican, a Democrat, an Independent, or Other?”
Data collected from the 501 respondents to the question

Republican 114 22.8 6 6
Democrat 167 33.3 8 6
Independent 169 33.7 10 12
Other\(^3\) 34 6.8

\(^3\)On the first day of the telephone survey the answer “Independent” was not offered to respondents. When we learned that the majority of the people who selected “Other” on the first day then identified as “Independent” we added that as an answer choice. The majority of respondents who chose “Other” did so on the first day of calling, hence the reason we chose to go with a larger number of “Independents” than the data might indicate was warranted.
APPENDIX
A SELECTION OF INFORMATION DISTRIBUTED TO THE JURORS

STATE GOVERNMENT SPENDING
F.Y. 1997 ESTIMATES

FY 1997 State and Local Revenue

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount ($ millions)</th>
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<tbody>
<tr>
<td>Personal Income Tax</td>
<td>4,097</td>
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<tr>
<td>Sales Tax</td>
<td>3,055</td>
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<tr>
<td>Corporate Income Tax</td>
<td>645</td>
</tr>
<tr>
<td>Other State Taxes</td>
<td>2,304</td>
</tr>
<tr>
<td>State Non-Tax Revenue</td>
<td>1,592</td>
</tr>
<tr>
<td>Property Tax</td>
<td>4,544</td>
</tr>
<tr>
<td>Local Non-Tax Revenue</td>
<td>4,199</td>
</tr>
<tr>
<td>Total</td>
<td>20,436</td>
</tr>
</tbody>
</table>
Demand for New Resources: FY 98-99 Biennium
Current Low Forecast

$739 Health and Human Services

Source: Minnesota Health Care G

Growth of Health Expenditures & State Revenues

Distribution of health coverage in MN 1994

Source: Minnesota Health Care Commission
Tuition Revenue as a % of Instructional Cost

Source: Minnesota House Research

Welfare Grants Compared to the Poverty Line

<table>
<thead>
<tr>
<th>Program</th>
<th>Cash Grant</th>
<th>Food Stamps</th>
<th>Total</th>
<th>Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA (1 person)</td>
<td>$203</td>
<td>$115</td>
<td>$318</td>
<td>$645</td>
</tr>
<tr>
<td>AFDC (2 persons)</td>
<td>$437</td>
<td>$221</td>
<td>$658</td>
<td>$863</td>
</tr>
<tr>
<td>AFDC (3 persons)</td>
<td>$532</td>
<td>$279</td>
<td>$811</td>
<td>$1,082</td>
</tr>
</tbody>
</table>

Sources: MN Dept. of Human Services and the Federal Register, 1996

Source: Minnesota House Research