

# MINNESOTA Journal

A PUBLIC POLICY MONTHLY FROM THE CITIZENS LEAGUE

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## Driving blind

### Minnesota needs a more transparent transportation policy

by Morrie Anderson

What do roads cost and who pays? What does transit cost and who pays? What other options do we have, what do they cost, and who should pay? What are the impacts of transportation that we can't quantify?

Funding for transportation in Minnesota has stagnated, and what funding there is hasn't kept pace with the demand for roads or transit, nor is the money being distributed in a way that addresses the state's most pressing congestion and safety problems. While there is a growing sense of urgency that we need more money for transportation, there is little agreement on how money should be raised and how it should be spent.

The Citizens League Transportation Study Committee was charged with creating a framework to help answer some of the questions above by establishing the "true cost" of transportation. What the committee discovered however, was that arriving at true cost of transportation is not a simple matter, and may not be possible. Instead, the committee decided that the best way to begin answering these questions would be to make current costs of transportation more visible, in a word, more *transparent*.

Why? Because even if all the citizens of Minnesota were transportation economists, we might not agree about who should pay for transportation facilities and services—even if we could establish the true costs.

But examining how different levels of government collect revenue and fund transportation facilities and services is like peering into a dense fog. The ways that we raise and spend money for transportation in Minnesota hides these costs from citizens and policymakers, and as a result,

distorts their choices.

#### Where the money comes from

For the last half century, Minnesota has raised money for transportation in the same basic way: the motor fuels tax (also called the gas tax) and vehicle registration fees are collected at the state level and are used to build and maintain freeways and highways and to provide state aid to counties and cities for road building and maintenance. Local governments also construct and maintain local roads using property tax revenues.

The state constitution stipulates that gas tax and vehicle license fees be dedicated exclusively to fund roads. This results in an ad-hoc approach to funding transit or any other transportation facility or service because funding must come from the state's general fund or from bonding.

Much of what state and local governments raise to pay for roads—property and sales taxes in particular—has little connection to road use, either in the way it is raised or in the way it is distributed. While the gas tax has a strong connection to road use in the way it is raised, the portion distributed to counties, for example, is allocated according to a formula based primarily on road miles. The result is that the resources are not available to respond to congestion.

Because it is embedded in the retail price of gasoline, the gas tax also does little to make the cost of roads transparent. At the pump, consumers don't know how much of the price of a tank of gas goes to build or repair roads, so the gas tax doesn't send users a strong price signal about the cost of road use.

Applying transparency to transportation funding and decision-making will send consumers

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# Chartering is succeeding, even as some charter schools fail

by Ted Kolderie

Chartering—Minnesota’s principal strategy for restructuring K-12 public education—is going well, heading into its 14th year.

Mostly when you hear about “charter schools” people are talking about the schools themselves, which are growing in number as parents and students select them. But charter schools also refers to the strategy of chartering, the state’s creation of an open sector in public education. This is less visible. But the opening up of K-12 may be more important than the schools.

The record of the schools is mixed: Some are innovative and thrive; some fail and close. But the strategy of chartering is succeeding, though not every school chartered is succeeding.

To see this we need to go back to the reasons why legislators and governors acted to open up the old public-utility arrangement of public education.

Here as elsewhere, state policy leadership had long been frustrated by the difficulty of getting change and improvement from organizations made inert by an arrangement that guaranteed the districts their students and their revenue.

So in a series of actions beginning in 1985 (Post-Secondary Enrollment Option, inter-district open enrollment and chartering) the state withdrew the local district’s exclusive franchise to offer public education, let other entities also offer public education and let students choose where they want to enroll, crossing geographic and institutional boundaries.

This opening-up of K-12 was a radical change. Letting others start and run schools within the framework of public education allowed public education to offer families the choices they previously had to leave public education to get.

It remains controversial. But efforts to improve existing schools within the traditional arrangement were neither so successful educationally nor so sustainable financially that the state could risk standing pat. Legislators needed some part of public education that would generate different schools that could serve especially those students never well served by traditional public schools.

It is taking some time for our thinking and our language to catch up with what

the state has done. People struggle to talk comfortably about “the public schools” as both the schools run by the local district and the chartered schools. Journalists are not the only ones struggling.

The open sector creates new dynamics. In Minneapolis, a significant shift in enrollment is under way from the district sector to the open sector. As new chartered public schools open in the inner-city neighborhoods, district public schools will likely close. Around the edges of the city, where parents and neighborhoods seem happier with the district program, its schools will logically remain open.

A few numbers profile the change.

▲ The 18 new schools which opened in September 2004 brought the number of chartered schools in Minnesota to 105. These enroll almost 18,000 students. Another 33 schools are scheduled to open in September 2005.

▲ Almost half (50) of those schools are in Minneapolis and Saint Paul. These enroll about 10,000 students. With the addition of perhaps another 10 schools next fall, the chartered sector will be serving about 15 percent of students, putting Minneapolis and Saint Paul on a par with several other large cities.

▲ The open sector—chartered schools plus the other options—are disproportionately serving students who are low-income and of color. The proportion of low-income is twice that in district schools statewide and even 10 percent above the proportion in Minneapolis and Saint Paul. The percentage of students of color is almost triple the state average.

So, how’s it coming?

That’s complicated with respect to the schools. Everyone’s impulse is to ask, “Are kids learning in charter schools?” But kids don’t learn anything from charters. A chartered school is not a curriculum or pedagogy; not a kind of learning program. A charter is an empty structure; as a building is an empty structure. What kids learn depends on what the organizers put into it.

What they put into it varies—which of course was part of the idea. Some use a proven model of learning; some try a new model. Some have teachers talking to kids in groups; some have kids working independently. Some are low-tech; some are high-tech. The culture varies. In some kids wear uniforms; in some they dress as they

please. Some have principals and employ teachers; some are run by professional partnerships of teachers. The open sector is a kind of R&D program. Some schools are not innovative, but some are: the state’s only Montessori high school and schools for the deaf where a student can live at home and play with her dog and go to school where she can talk to her friends in the language deaf kids use.

To evaluate a school we should first describe what goes on during the school day, then relate achievement levels to that. Unfortunately research so far has made little effort to describe the schools’ teaching and learning. Most of the discussion generalizes; tries to compare achievement in chartered schools with achievement in district schools. This is like comparing achievement in one-story buildings with achievement in two-story buildings; it does not really tell us what we want to know. The pro and con you hear about charter schools is basically the continuing political controversy about the state having, and expanding, an open sector.

The development of that open-sector, however, is coming along well. Here the question was whether it is possible to arrange K-12 education on different principles so it will better serve both its students and the state.

Traditionally K-12 was arranged as a public utility with its operating units set up as public bureaus; in the cities, almost on the model of the fire department. The institution built on these principles was having more and more difficulty in responding to change, in generating innovative methods of learning, in taking up new technologies, in motivating students, in securing professional effort from its teachers, and in containing its costs.

With its new strategy the state has been testing an arrangement in which education is under political control but individual schools are not; in which key decisions about teachers and learning are made in substantially autonomous schools; in which enrollment is choice-based, and in which accountability is real rather than rhetorical.

Even from its first 13 years in Minnesota we can see that chartering is feasible; that it can meet public objectives more successfully.

*Charter schools continued on page 7*

# Viewpoint

## Great expectations: begin higher education in high school

by Sean Kershaw

After hundreds of conversations following the release of our “Trouble on the Horizon” report on higher education, I’m convinced that the single most important first step in higher education reform has nothing to do with post-secondary education (higher education). We have to fix high school in order to fix higher education.



### The facts

Higher education is critical to sustaining Minnesota’s economic success and fantastic quality of life. But we are slipping. As one of our committee members said recently before the state Senate Higher Education Finance Committee, Minnesota is at risk of becoming *irrelevant* in the world economy if we don’t make significant improvements in higher education outcomes soon.

▲ Of 100 Minnesota ninth graders, only 53 will graduate high school on time and immediately enroll in higher education, and only 25 will graduate from college within six years. This is a miserable statistic. Who cares how we compare to Iowa or Wisconsin.

▲ More than 30 percent of Minnesota’s public high school graduates who enroll in higher education require some form of remediation. This imposes a tremendous financial burden on them and the state.

▲ The achievement gap in high school persists in higher education. Participation and completion rates by students of color in higher education are one-fifth to one-third the rate of white students.

▲ If current trends continue, the number of Minnesota college graduates will *decline* by 11.5 percent over the next 15 years, while the number of jobs requiring some form of higher education will increase by 21 percent. Our demand for graduates will exceed our supply by 13,000 *per year* by 2017.

We are losing the vast majority of our potential higher education students before they even reach higher education. Imagine that you are a manufacturer where more than half of your raw materials aren’t ready. Could you succeed?

There are many critical issues in higher education: increasing support for research and ensuring access and affordability, to name two. Each is worthy of a vigorous public debate and new solutions. But I suggest that we start somewhere where even small improvements would have a significant impact: reforming our expectations and outcomes for high school.

### Solution strategies

The problem isn’t that we are failing as much as we really aren’t trying. A high school diploma was never specifically intended to guarantee readiness for higher education. But the world’s economic expectations have changed. Our expectations and outcomes need to catch up.

If we are serious about improving the number of students ready for higher education, we must take a number of basic steps outlined in our report.

1) Expect *at least* two years of post-secondary education (K-14), and align high school and junior high curricula and testing with two-year technical or community college entrance requirements. And expect *all* students to achieve at this level.

Yes. All of them. For all the blood shed over No Child Left Behind, Profiles in Learning, and other standards fights, our curricula expectations and testing still aren’t where most people agree they should be—aligned with higher education.

2) The transition from high school to higher education must become seamless. For those students who are ready for advanced or technical training, expand Post Secondary Education Options. Rethink the senior year. Expand Advance Placement and remediation programs options.

3) Create both financial incentives and measurable goals for schools to achieve these new standards. Recent work by the Center for School Change shows that even small financial incentives, when attached to measurable outcomes, create real improvements in high school achievement.

4) Don’t delegate this task only to the Legislature and elected officials. This is an achievable goal, but it will clearly take a great deal of hard work from parents, businesses, teachers and the whole community.

### An early success

This strategy has three advantages. By focusing on reforming time, testing, and curricula in high school, it acknowledges our fiscal realities. (These changes don’t all cost more money.) And where more money is clearly required, voters are more likely to support these additional resources for K-12 than for higher education. Finally, when only 50 percent of ninth graders will be enrolled in higher education in four years, even small improvements in readiness for higher education will have a tremendous impact—not just on these students’ lives, but on our future quality of life and economic success as Minnesotans. **MJ**

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and citizens clearer price signals. Those signals will help citizens better understand the cost of their transportation choices, and help policymakers make better, more informed decisions. Once we know what we're deciding, Minnesota has an ample supply of quality transportation professionals to implement those decisions.

**Transportation costs**

The most widely accepted way to look at costs is through the lens of the economist. The most directly applicable work available is the study, "The Full Cost of Transportation in the Twin Cities Region," which was published as part of the University of Minnesota's Transportation and Regional Growth Study in 2000. This study uses an economic definition of the Twin Cities region that encompasses 19 counties (including three in Wisconsin).

For our purposes, there are three basic categories to look at:

▲ **Governmental costs** (costs borne by any level of government) including roads, subsidies for public parking and transit; law enforcement and safety; environmental regulation or protection; and energy security costs.

▲ **Internal costs** (costs borne by the person who causes them) including private vehicle costs; fares for transit and taxis; home garages and driveways; free parking lots, driveways, and roads; pain and suffering from crashes; and personal time costs (travel time without congestion, time spent maintaining vehicle, time costs of driver education).

▲ **External costs** (costs not borne by the person who causes them) including congestion; crashes; pollution; and petroleum consumption.

For the purposes of public policy we are most concerned with governmental costs and external costs. Internal costs are more dependent on the purchasing choices of the individual.

For the purposes of our study, what we generally think of as "transit" is contained in the term "transportation services." This can be thought of in the broadest terms as any kind of incentive, subsidy or service that turns drivers into riders or eliminates the need to use the transportation system (i.e. communication services).

Making transportation spending more transparent	
Less Transparent	More Transparent
Dedicated gas tax	Mileage tax
Sales taxes	Tolls
Property taxes	Transportation utility fees
Municipal consent/local veto authority	Unified governance structure
Current registration fee	Fee with weight & HP component

**Minnesota at a crossroads**

We have reached a pivotal point in Minnesota. We must decide how the entire gamut of transportation-related facilities and services should best serve our efforts for continued economic growth (economic prosperity) and high quality of life (access).

The mission of the transportation system must be two-fold: to provide access and economic prosperity. Access is the most fundamental mission of transportation. The transportation system must provide broad access to goods and services that have a high public value. These include opportunities for employment, education, health care, food, and other necessities. For these goods and services with high public value, the mission of the transportation system must strive to supply fair and equitable access. The well-being of our society is dependent on the ability of all people to have this primary level of access.

Even though primary access is not necessarily assured for all, many Minnesotans have come to expect a secondary level of access that supports a chosen lifestyle. More and more people want access to rural areas and small towns, *and* access to urban amenities. The mission of the transportation system, therefore, also must address the management of access to lifestyle choices and cultural amenities as they are reflected in land use and development patterns.

Economic prosperity is the other main goal of the transportation system. To support economic prosperity the transportation system must provide for efficient and safe movement of goods, services and information. There is no established method for quantifying the impacts of congestion or safety on the regional or state economy.

There is a tension between these two central goals that the state must transform into a balance that supports both.

Because of a lack of transparency about what the government raises and spends on transportation-related facilities and ser-

vices, and a 50-year-old policy entwined with our constitutional dedication of the gas tax, the only current policy questions that citizens have before them seem to be:

▲ Do we need to raise more money through gas taxes to build and maintain roads under the current formula?

▲ Should we be involved in each piecemeal struggle at the Legislature or in the community to build or not build light rail transit (LRT), bus rapid transit (BRT) or commuter rail?

▲ Will we have an opportunity to change any of this?

We currently lack the public mechanism to make good decisions on what transportation facilities and services are needed and their comparative value in providing access, contributing to economic prosperity, reducing congestion, or improving safety. A much more dynamic approach is required to meet the mission of the transportation system in the near future. This mechanism must be designed to make the costs and benefits transparent and ensure that we're getting the most from our public investment.

**Transparency will lead to better choices**

When we talk about transparency, we are really asking the following question: Are the beneficiaries of a public investment paying for the benefit they are receiving and are they paying through a mechanism that reveals the cost to them?

One mechanism that reveals costs to citizens is a price signal. For example, paying a toll to drive on a road sends users a clear price signal about the cost of building and maintaining that road.

Our current transportation funding mechanisms don't send clear price signals. Paying for transportation costs through general taxes such as property and sales taxes does not have any direct or obvious connection to the use of transportation. Seventy percent of governmental funding for roads comes from fixed or hidden sources

*Transportation continued on page 5*

that do not send significant price signals to taxpayers, users or policymakers, according to "Road Finance Alternatives: An Analysis of Metro-Area Road Taxes."

Economic theory also cannot quantify every cost. The economic analysis does not include subsidies associated with inefficient land use, such as the use of tax increment financing (TIF) to develop undeveloped areas. It does not, for example, include the cost of water pollution from road runoff or improper disposal of motor vehicle products, which is difficult to quantify.

Establishing the true costs of transportation, therefore, cannot be arrived at through further calculations of economic costs. Some of transportation's true cost comes down to what we value as citizens and how much we are willing to pay.

The best way for government to assess the true cost of transportation, then, is to provide cost transparency by sending direct price signals to consumers about the impact of their transportation choices.

In order to achieve some measure of transparency, we must connect the dots between governmental spending on transportation, funding sources and the citizens and entities that benefit. This is the only way to begin to offer citizens more understanding and choice in transportation.

### **New mechanism needed**

As stated earlier, we currently have no mechanism to make good public decisions on what transportation facilities and services are needed, and what options have a reasonable chance of improving our transportation system. Transit and other alternatives are never going to serve all of our current development patterns. As the cost of driving vehicles increases and a market is created for more services, we need a better way to judge what citizens want, what they will use, and how much we should subsidize alternatives to driving.

For example, creating transparent price signals for transportation costs would likely effect the housing market. Without a clear price signal, the market for land is driven largely by preferences for larger, less expensive lots for rural residential housing and by horizontal manufacturing and retail that is dependent on truck distribution. Market research suggests that if the hidden cost of roads were borne by the users it would send a strong signal to homebuyers, which

would lead developers to abandon projects that added more than \$5,000 in annual commuter costs to the homeowner, according to "Market Choices and Fair Prices," from the University of Minnesota's Transportation and Regional Growth Study.

In making decisions about our transportation systems, we must examine all the options, not just those related to roads and cars and for people who can afford to make

choices. We must also consider transportation for those with low incomes and those who are unable to drive.

Current forms of transit (i.e. bus, light rail) require some level of subsidy above the level of subsidy for driving. This may always be true. Transparency requires that we are able to identify the level of subsidy

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## **Initial steps toward a more transparent transportation system**

### **Citizens League Transportation Committee recommendations**

- ▲ Apply tolling (initially in the form of congestion pricing) as often as possible throughout the arterial highway system whenever there is new capacity or a major reconfiguration/rebuild. Toll revenue should be available for roads and transportation service options to alleviate congestion and support access for all users.
- ▲ Annual vehicle registration fees, auto and truck, should be based upon a weight and horsepower formula which reflects individual vehicle wear and tear on road surfaces.
- ▲ Any "new" revenues—increases in motor vehicle fuel taxes, tolling, and fees based on impact (weight & horsepower), etc.—should be dedicated to all transportation services so that government can respond more effectively to the emerging transportation market. For the necessary flexibility in decision-making, the gas tax, or at the very least, any increases in the gas tax should not be subject to the current dedication and formula. Either action would require approval from the voters in 2006.
- ▲ When the public invests in major transportation projects that spur appreciable increases in land value, the state should arrive at the true cost—the expenditures less the value of the benefits received—and capture part of the revenue increases attributable to the investment to fund the improvement in one of two ways: State tax increment financing (TIF) where the amount of property tax revenue attributable to the public transportation investment is captured to pay for the road, rail or fixed guideway, or at the point of sale of a benefited piece of land, the state should tax a portion of the capital gain from that sale to pay for the transportation improvement that provided the benefit.
- ▲ Make small amounts of funding available in public/private partnerships to make strategic investments in pilot projects, to have public discussion, and to test demand. This will provide a better picture of how much bang for the buck we can expect out of alternatives such as: incentives for businesses to test economic benefits of applying telecommuting; providing tax incentives to groups of employers to coordinate transportation services for their employees; opportunities throughout Minnesota for communications technology to replace travel; and circulator functions to support suburban job densities that are not well-accessed by traditional transit because of land use that makes walking difficult.
- ▲ Where tax increment financing (TIF) subsidizes development on previously undeveloped land, the TIF district should be required to include costs associated with arterial road development in the area.
- ▲ Where there remains fundamental disagreement about transportation costs (particularly government subsidies), and where there are significant process questions (particularly the impact of municipal consent), we recommend that a "baseline" of the sources and uses of transportation funding and the associated processes be established by a well-respected and non-partisan source, the Office of the Legislative Auditor. The work should focus on better definition of comparative levels of government costs (subsidies) related to auto use (roads and parking) and other transportation options.

# OnBalance

Views From Around the State

*Health care funding, drug importation and highway congestion are the talk of town in greater Minnesota*

Minnesotans should be allowed to continue importing prescription drugs from Canada, argues the **Bemidji Pioneer** (12/22/04). In January 2004, Gov. Tim Pawlenty established MinnesotaRX-Connect, a website that connects Minnesotans with online Canadian pharmacies that sell prescription drugs at a much lower price than traditional U.S. pharmacies. Only pharmacies inspected by Minnesota health officials are eligible, but President Bush seems to be on the verge of outlawing the program, claiming Canada drug imports are not safe. "How safe are Canadian drugs?" demands the *Pioneer*. "Are they as safe as Vioxx? Or Celebrex? Or Aleve? All are or were drugs sold in the United States which only now the Food and Drug Administration has labeled as causing heart problems. So how safe are the drugs we buy here? ... As Gov. Pawlenty said, 'show me the dead Canadians.' All options to control the high price of prescription drugs must be considered ... including ways to remove the barriers for safe reimportation of drugs—not by putting up more barriers."

**St. Cloud Times** (12/27/04) praises the governor's efforts to address the growing health care crisis, both MinnesotaRXConnect and the Health Care Cabinet established last year to explore cost control options. "America's health care mess was years, even decades, in the making. It's going to take a lot longer than 365 days to clean it up," writes the paper. "The good news, though, is that this year at least there were some solutions starting to be applied, especially at the state level. ... So is the much-touted Cabinet making progress? Keep visiting its Web site [www.MaximumStrengthHealthCare.com](http://www.MaximumStrengthHealthCare.com) to find out. Or for real proof, check your health care costs at year's end."

More critical of the governor's health care agenda, the **Mankato Free Press** (12/19/04) argues that cuts to MinnesotaCare have backfired. "In the first year of the new austerity, the number of Minnesotans on the state's successful MinnesotaCare health plan dropped by

12,000, about 7.5 percent. ... During the same time period, enrollment for medical assistance, the last resort on health care for many poor families with children, grew by 40,000 people, or about 10 percent," the paper points out. "The situation created by reducing availability of MinnesotaCare doesn't appear to have saved much money. In all likelihood, some of those previously on MinnesotaCare ended up on Medical Assistance. They cut a program that cost the state \$1,638 per person and caused many people to use the last resort and more expensive plan at \$5,188 per person. ... We shouldn't discourage people from using the less-expensive plan. ... Skimping on health care ends up costing more in the long run."

"The Twin Cities are the United States' eighth-most congested city, a ranking far out of proportion to the area's size and population," notes the **Fergus Falls Daily Journal** (12/16/04). "The early success of the Hiawatha light rail line gives reason to think that Minnesota should funnel more of its transportation resources into further light rail projects rather than metro-area highway expansion. ... The significance of light rail's early success is that a similar line is on the drawing board to connect the fast-developing St. Cloud area to the downtown metro areas. ... As the metro area continues to sprawl, the day when it makes sense for every worker to drive his or her own car begins to fade. Building more highways only encourages pollution and congestion; redirecting those dollars to light rail ultimately solves a problem and leaves highways free for less routine traffic."

"There is no doubt Minnesota's transportation system—from moving commuters in the Twin Cities to crumbling rural roads—needs help," writes the **Bemidji Pioneer** (12/30/04). "Gov. Tim Pawlenty last week laid his proposal on the table for a 10-year, \$715 billion transportation plan. We are glad that the Republican governor has joined the push in making transportation policy a priority, but believe his plan falls

short of what's needed and puts Minnesota on a precarious course which can only further exacerbate state budget woes." The paper criticizes Pawlenty for sticking to his no-new-taxes pledge and his proposal for a constitutional amendment to dedicate 100 percent of the sales tax on vehicles to transportation spending, revenue that now goes to the general fund. "The governor fails to provide a replacement in the general fund for the transfer—presumably leaving it to lawmakers to make \$2.65 billion in cuts to education, health care, corrections or any other program."

"For starters, transportation officials say the state needs \$38.1 billion for road construction and maintenance of existing roads between 2008 and 2030," notes the **Duluth News Tribune** (12/8/04). "Yet under existing formulas, the state probably will receive just \$14.5 billion. ... something needs to be done to increase transportation funding in Minnesota. And that something always focuses on the gas tax. ... If Pawlenty has a plan for maintaining and improving Minnesota's transportation system without raising the gas tax, let him outline it, giving specifics for lawmakers as well as Minnesotans who are growing increasingly frustrated with lack of progress in such areas. Minnesota can't simply remain static while some of its leaders, influenced by powerful anti-tax interests, live up to old pledges." **MJ**

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## Correction

In the December issue of the *Minnesota Journal*, the rate of change from 2003 to 2004 for the city of Victoria was incorrectly reported in Table 2. The correct numbers are:

—on a \$195,000 home: - 4.6%

—on an average value home: 6.4%

## Charter schools *from page 2*

It produces smaller schools, often with a far healthier culture. It can produce schools that are innovative, both in their learning methods and in their governance, and that perform well. It produces some schools that do motivate students better. It does adopt new technologies quickly and use them effectively. It does secure greater professional effort from the teachers. It does reasonably contain its costs. In short: It is, as state leadership had hoped, much more a “self-improving” system.

The new arrangement is challenging old ideas: the notion of ever-larger schools; the notion that schools must be units managed by a large and politically-governed entity; the notion that teachers cannot be trusted to be responsible as professionals for learning, so must be employees directed by principals. Chartering is challenging the notion that money is the only variable; that education can do more or do less but cannot do different.

The chartered sector is showing the

potential for reallocation of resources, challenging the notion that students learn mostly by listening to teachers talk, by showing that students can instead be directly in contact with the world of information that search engines make accessible on the Web. It is stimulating districts themselves to think increasingly about how to make chartering work for them, stimulating boards of education to realize they have choices too.

The task next is to ensure that more and more of the new schools fulfill this potential—this best practice—and to develop ways to maximize the proportion of the new schools that succeed academically and financially, and that survive.

So in 2005 a major effort to improve the open sector will focus on sponsors. The decision to charter a new school is a joint decision between the state and some entity designated in law: a district, a college or university, a large non-profit or foundation. The sponsor must be sure the

school is ready to start and to succeed, and must oversee well both the school’s academics and finances.

State Education Commissioner Alice Seagren will now require sponsor training. Bob Wedl, a former commissioner, is heading an effort to organize technical support for sponsors. And the Legislature this year will again consider opening the way for a few single-purpose sponsors, whose only job will be to generate new, quality public schools. **MJ**

*Editor’s note: Ted Kolderie is a senior associate with the policy group Education/Evolving. To see an Education/Evolving report by Jon Schroeder on the chartering program currently in Minnesota (on which much of the factual information in this article is based) go to [www.EducationEvolving.org](http://www.EducationEvolving.org). To see his report for the Progressive Policy Institute covering the full history of chartering in Minnesota, go to [www.ppionline.org](http://www.ppionline.org).*

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## Transportation *from page 5*

for different transportation options in relation to one another. Currently we have no mechanism to achieve transparency, due in part to our continued reliance on the motor fuels tax and the constitutional mandate which created it.

Legislators have not been able to agree enough to put any measure on the ballot for voters to consider, nor have they been eager to look at new ways to fund transportation.

### Transparency in decision-making

There is a somewhat vicious cycle inherent in viewing transportation as a consumer market. For consumers to have choice there must be choices available, and due in part to more recent development patterns in Minnesota, reasonable choices are not very available for many consumers.

It is difficult for government to allocate money to make more transportation choices available when the vast majority of consumers do not have a sense of the real cost of their current choices.

It is not enough to have more transparent funding. We also need to establish a

transparent governance process that assesses the costs and impacts of growth and land use on transportation, particularly for the greater metropolitan area—the seven metro counties and the nine “collar” counties surrounding it.

When the state seeks to expand the current highway system to upgrade infrastructure or accommodate growth, local governments and land developers do all they can to leverage money from the state for as many associated improvements as possible. If these improvements were paid for in part by those who benefit (users of the system, local governments, and land developers), that dynamic would change. In today’s environment, when competing for state dollars, there can also be significant differences from county to county on how roadway “needs” are assessed.

In addition, we need to re-examine local consent for transportation projects and local veto authority over toll roads, taking into account those who bear the cost of those choices and the state’s objective of managing congestion and access. There is a cost when projects are delayed by local demands, and there are additional costs to

meet those demands that go beyond improving the flow of the arterial road system. Citizens must get a better idea of costs and be ready to pay more directly before they can make better decisions.

The fundamental question we will need to answer to form a more transparent process is: how do we create an entity that has distance from the forces that drive the process today, yet can be citizen-governed?

Although the Transportation Study Committee did not study different possibilities for new governance structures, there was strong agreement that there must be a process for evaluating transportation options that is based on transparent evaluation of costs and the application of pricing mechanisms that reflect these costs to the users of the system. (See recommendations on page 5). **MJ**

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# TakeNote

## Policy Tidbits

**To help kick their gambling habits, Iowans can now ban themselves** for life from the state's 13 casinos by signing a form, according to *Governing* magazine. If banned gamblers are caught in the casinos, they can be arrested for trespassing and their winnings forfeit to the state's gambling treatment program. The program is aimed at the roughly 20,000 Iowans who show signs of gambling pathologies. Frank Biagioli, the head of Iowa's gambling treatment program, said the program may help addicts who are already committed to a course of recovery. Even though some of the state's casinos have developed their own self-exclusion programs, this year the legislature required casino operators to apply the program statewide. In Missouri, more than 7,500 people are on a similar "disassociated persons" list, and people are signing up at a rate of about three per day. Several other states, including New Jersey, Illinois, and Indiana have similar programs. [www.governing.com](http://www.governing.com)

**Mercury released from Chinese power plants** is finding its way to Minnesota's lakes and rivers, according to the *Wall Street Journal* (Dec. 17, 2004). While it was previously believed that mercury settled to the ground shortly after release into the air, new technology has allowed scientists to track air pollutants worldwide. Some suggest that 30 percent of the mercury that settles into U.S. soil and water comes from other countries. China is the largest source of non-natural emissions of mercury, spewing 600 tons of the poison into the air each year—and that output is growing as the Chinese economy accelerates.

**Wondering if you're paid enough?** The Minnesota Department of Employment and Economic Development (DEED) recently published a comprehensive salary survey, including information on wages and employment by occupation for the state, sub-state regions and the nation, on its website. The highest-paying occupational groups statewide continue to be those in the management, legal, and computer professional fields where most jobs pay more than \$30 per hour. Food preparation and serving occupations, followed by personal care and service (e.g. hairdressers, child care workers, and home care

aides) remain the lowest paid, with median wages under \$10 per hour. The statewide median wage was \$15.25 per hour during the third quarter of 2004, ranking Minnesota as the 10th highest paying state nationwide. In fact, 77 percent of Minnesota's occupational groups paid better than the nation as a whole. For more information, go to [www.deed.state.mn.us](http://www.deed.state.mn.us).

**The U.S. economy is rebounding, at least in Florida**, according to the Milken Institute's 2004 Best Performing Cities Index. The index ranks U.S. metros based on their ability to create and sustain jobs. Led by the Fort Myers-Cape Coral metro area, a burgeoning retirement and tourist destination on the state's southwest coast, seven of Florida's metros were among the top 20 on this year's list. These top-ranked cities have low costs, growing populations and reliable and stable sectors such as health care and government. They all ranked much higher than Minneapolis/St. Paul which is number 82 on this year's index, up from 99 last year. To read more, visit [www.milkeninstitute.org](http://www.milkeninstitute.org)

**The number of fires in the United States declined by nearly half** from 1980 to 2003, according to the National Fire Protection Association, dropping from 3 million to 1.6 million annually. People are safer but firefighters are in danger of losing their jobs. Thanks to sprinkler systems, smoke detectors, changes in building codes and the widespread use of cell phones, people are able to contain small fires before they grow into damaging ones without the help of firefighters. Firefighters are taking notice of how much their job has changed, "When I was a rookie, I responded to four or five fires a day,

and we were dog-tired when we went home. Now we get one or two good fires a month," said one long-time member of Washington D.C.'s fire department. Some cities have responded to the decline by closing stations. But there's a limit to how much you can shrink a fire department and still protect a city, so firefighters are taking on other tasks. Increasingly, firefighters are trained as paramedics and administer emergency first aid to accident victims before an ambulance arrives. [www.governing.com](http://www.governing.com)

**Tennessee recently joined 22 other states in taxing illegal drugs.** Its law is modeled after one in North Carolina, which has collected \$83 million in the 14 years it has been on the books. The new tax is collected in two ways: a voluntary program allows drug dealers to pay the tax without being reported to police and through police drug busts. In the voluntary program, drug dealers can go to any of the state revenue offices within 48 hours of coming into possession of unauthorized substances, pay the tax and get a "stamp" to put on the drugs. They are not required to give any identifying information and state tax collectors are constrained by taxpayer privacy laws from reporting them to police. Voluntary payment is rare; only 79 of the 72,000 people who paid the North Carolina drug tax voluntarily bought stamps. North Carolina has created a 10-person tax agency at a cost of \$1.2 million to assess and collect the tax. The annual cost of enforcement will be \$800,000, said a spokeswoman for the state Revenue Department. **MJ**

*Take Note compiled by Citizens League staff and members.*