



Minnesota Journal

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A publication of the Citizens League

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Volume 14, Number 8
August 19, 1997

Gubernatorial candidates begin shaping issues agenda

Imagine that sometime early in the 21st century Minnesota finally will see major reforms in its tax and public school systems and see the state hailed as a model education state, with a government that serves people efficiently and economically.

Imagine also: High-speed public transit that gives everyone access to jobs and destinations crisscrossing the Twin Cities area. A much-

improved state highway system. Plenty of affordable, attractive housing located close to employment. Many new, good-paying jobs, resulting from Minnesota's aggressive activity in a booming global market.

If candidates already running for governor agree on anything, it's

that the challenge for whoever will lead Minnesota into the year 2000 and beyond is to forge a consensus on how to reach these long-debated goals. Here are some of the ideas of the eight most active candidates with campaign committees registered with the state Ethical Practices Board, who are shaping the agenda for the 1998 election.

DFL candidates

Mark Dayton, 50, owner of Vermilion Investment Co. in Minneapolis and a former Minnesota state auditor, is a believer in "the importance of government of the people, by the people, for the people." But he sees ways to improve government services and make them more efficient.

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by Betty Wilson

Minnesota charters break new ground on facilities

by Jon Schroeder

Six years after passing the nation's first charter school law, Minnesota is again breaking new ground on one of the toughest challenges facing these results-oriented, more autonomous public schools. The latest breakthrough—a dedicated, state-financed revenue stream for charter facilities—has long-range implications for district public schools, as well.

The new Minnesota program is called "Building Lease Aid" and is modeled after an earlier program allowing school districts to levy extra property taxes to pay rent for programs located in privately owned buildings. Just under \$3

million was appropriated for charter lease aid for the next two years. That's enough to provide charters up to \$425 to \$550 per year for each student they enroll—depending on their grade level and the school's actual lease costs. (See box on page 5 for an explanation of how the aid is calculated.)

Minnesota's lease aid program is being closely watched around the country because—for the first time—charters can access a significant state revenue stream dedicated explicitly to facilities. Heretofore, charters have been expected to finance their facilities entirely out of private donations and public operating revenues diverted from

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Research universities must make course corrections

by Kenneth H. Keller

With its history of interest in and support for higher education, the Citizens League is well-positioned to carry out its new study of quality at the University of Minnesota. I expect that it will be a constructive contribution.

But this is clearly not the first such effort. Over the past 20 years, through three University administrations and a number of fiscal crunches and crises, the institution and the community have thought about, talked about and planned about the school's health and its future. Some have been structured, formal studies; some urgent and reactive. Some have been thought-

ful discussions; others have been little more than media events.

The innocent observer, and I am obviously not one, might naturally ask if there is something special about Minnesota—the state or the university—that makes this kind of public debate such a popular pastime. In a sense, of course, there is. This is a state that has always prided itself on its concern for education; it is also one whose citizens are active and have a healthy sense of ownership of its institutions.

The University has had a unique position—the only major research university in the state and, despite our relatively small population, one

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Let's make ideas the center of campaign for governor

We are now 15 months away from the election of the next governor of Minnesota—the governor who will lead us over the threshold into the next millennium. In this month's *Journal* cover story Betty Wilson reports on what eight declared gubernatorial candidates have on their minds—and their agendas—for the campaign. It's a provocative look at the broad field of candidates, at the point when the campaign debate is perhaps at its freshest and most constructive.

Observers of recent state and national campaigns had complaints aplenty that policy issues got short shrift. During the recent Citizens League interviews on the challenges of public leadership, one prominent Minnesota politician observed, ruefully, that "there is no market for the big ideas" in politics. The way to win in the current political marketplace—the way to sell your product—is to identify wedge issues and pound your opponents at their weakest spots, he said.

Let's expect better debate during the upcoming election. Candidates for governor have the opportunity—and the responsibility to do the high-leverage work of defining the issues for the state. Defining the issues and setting the agenda is the governor's most important job.

What issues should the gubernatorial hopefuls address? Betty's story highlights many of those must-answer questions. As the campaign shapes up, the candidates should focus their discussion ever more sharply on their vision of the core agenda for state government.

Viewpoint

by Lyle Wray

Here's my vote for questions citizens should insist on getting answers to:

What is your vision for the long-term economic future of the state—and how will you mobilize public and private sector investment to get there? The 1997 Legislature called for the creation of an economic strategy council, whose assignment will be to propose a strategy for public investment in the future of our economy. The task before them—and us—is to bring the core responsibilities of state and local government (mainly education, infrastructure, and tax policy) into alignment with the state's long-term growth goals. In addition, state leaders will have to ask: How can we reduce the nonproductive competition for development within Minnesota in order to position the state for the real competition with Seattle, Singapore, Santiago, and Sioux Falls?

The track record of other states and our own history give ample evidence that creating a commission and writing an economic strategy report aren't enough. The vision and leadership of the governor is what makes or breaks an economic strategy.

What is your vision for the University of Minnesota and the state's entire higher education system? In an evolving information-age economy, an increasing emphasis is being put on continued learning after K-12. How do all of

the pieces of the state's higher education system—the University of Minnesota, state universities, vocational and technical colleges, even private institutions—fit together to satisfy the many needs of Minnesota's expanding and diversifying economy, and contribute to other measures of our quality of life? What role does each play—and not play? A blueprint for the state's higher education system is a must for the new governor.

How must the state redesign K-12 education—our biggest single public program—to achieve excellence? How can the system promote real excellence—not just the highest graduation rate in the U.S., but the best-educated and best-prepared kids; not just good test scores among middle-class white kids, but among kids of color?

How will you lead the transformation to a rational tax system in Minnesota? The 1997 Legislature took the first steps toward improving the state's property-tax system, compressing class rates somewhat and lowering the burden on business and residential rental property. But future progress toward the goals the Legislature set will depend on strong leadership from the governor—and strong leadership will require a willingness to risk some political capital. Are you willing to take the risk?

What should the state be doing to get the spending growth in the

four major budget areas—K-12, postsecondary education, health care and aid to local governments—under control, and to systematically prod for better value for spending? The economic forecasters and fiscal analysts are still cautioning that Minnesota's expenditure commitments will be rising faster than our revenue base in the coming years, largely because of demographic trends, such as the incipient surge in the elderly population.

What steps will be needed to make welfare reform succeed in Minnesota? We have tens of thousands of Minnesotans scheduled to leave the welfare rolls but the economy, robust though it is, offers little entree for people lacking work skills and experience. How should Minnesota restructure human services, education and job training, and community development to really get the job done?

The next governor will lead us into the millennium. Minnesotans need candidates for that high office who are willing to define issues and propose choices. Candidates should decide now—early in the campaign—to avoid the temptation to placate interest groups or exploit wedge issues.

Citizens should demand that ideas be at the core of the campaign. And we should contribute ideas—informed, well-considered ideas. As citizens, we share responsibility for the quality of the campaign debate.

Lyle Wray is executive director of the Citizens League.

Proposals seek accountability for higher ed investment

From Degrees of Excellence: Higher Education in Minnesota, Minnesota Planning, Aug. 1997.

Minnesota taxpayers are investing \$1.1 billion in higher education in 1997—12 percent of the state's budget. State appropriations grew 15 percent faster than inflation between 1982 and 1997, and the amount per student grew slightly faster because of a small drop in enrollment...

[S]everal policy proposals...have been put forward in Minnesota and elsewhere to improve performance and provide greater accountability for the state's investment in higher education:

- Funding students rather than institutions to promote competition and efficiency;
- Tying funding for colleges and universities to performance;

- Establishing a single governing entity for public higher education in Minnesota to help bring coherence to policies and use of resources;
- Discontinuing General College at the University of Minnesota Twin Cities campus to strengthen the university's character as a selective institution;
- Considering further campus consolidation or realignment to improve efficiency and enable each

system to better focus on its unique mission;

- Establishing standards for faculty teaching workloads;
- Using technology to create a virtual university to provide instruction and other services at times locations convenient for students;
- Creating tax and savings incentives to help families pay for college.

Legislators, not referendum, should decide on stadium

St. Paul Pioneer Press said (Aug. 6) holding a referendum on the stadium issue would "merely make this debate more political, more thoughtful." It said lawmakers have more information on the issue than average voters and "They must find the courage to use that information and lead." It said (Aug. 4) that if a choice must be made between major league football and baseball in the stadium debate, "baseball must come first." **Red Wing Republican Eagle** agreed (July 31). It said advisory votes put legislators in difficult positions, referenda are expensive, a referendum would set a poor precedent for decisions about other future projects and that it's not practical to vote on a financial package that can change by the week or day.

Rochester Post-Bulletin said (July 16), "It is time to end costly public subsidies for the owners of professional teams." It said (July 24) the task force of 16 legislators looking at the stadium issue should make "a decision based on what's best for the people of Minnesota, not on what's best for the owners and the small fraction of the business community that benefits from big-time sports. It said (July 29) there should not be a referendum on the stadium because "we have a representative government, and it is not practical to have a separate public vote on every major issue that arises...The responsibility for the decision

On Balance

"The game isn't over till it's over."—Y. Berra

should rest with the Legislature and the governor."

Republican Eagle said (July 28), "The most pressing stadium need in Minnesota is for the Twins. And we firmly believe that some state contribution is warranted. But legislators are going to have to say no to some requests, and sports teams must be ready to seek alternative means of financing." **Star Tribune** said (July 25) that the Vikings have not been overly convincing that the Metrodome can't "be modified to meet their needs or that the only way to solve their problem...was with a whole new football stadium. Now they have to show why settling for half of a new stadium would be good enough." **Worthington Globe** said (July 22) state officials should "design a stadium that best meets the needs of both teams for now and a long, long time into the future...[A] snowball might just be able to survive in July with the chill that would come from the idea of building two new publicly-funded stadiums." **Pioneer Press** said (July 23) a dual-purpose stadium would be "a blunder."

St. Cloud Times said (July 14) the current link between the governor's salary and other public officials "gives excessively high pay to the

governor, excessively low pay to highly skilled public officials." It said the link should be broken and professional salaries, but not the governor's salary, should be raised. **Fargo Forum**, reacting to the news that Moorhead's superintendent will receive a salary of \$108,782—the maximum allowed by state law, said (July 20) the pay system for superintendents "seems to be out of control." **Star Tribune** said (July 16), "State policymakers have played partisan political games with executive salaries too long. Their continued failure will erode the infrastructure needed to assure good government." It said (July 28) that eventually the Legislature should allow school boards to "have the salary flexibility needed to hire leaders best able to carry out those mandates."

Post-Bulletin said (July 25) small cities in rural areas need to make it easier for young people to stay in their home town or in the region and to know about the job opportunities that are available.

St. Cloud Times said (July 17) legislators should patch the loophole in the state's campaign finance laws so legal funds are treated the same as election campaign funds. And it said Senate

Majority Leader Roger Moe should insist that information on the donors to his legal defense fund be disclosed. **Post-Bulletin** agreed (July 17). **Star Tribune** called (July 23) the secrecy surrounding legal defense funds "a hole in Minnesota's fabric of laws governing money and politics."

Mankato Free Press said (Aug. 5) efforts to clean up the Minnesota River are off to a good start, thanks to the work of the Minnesota River Basin Joint Powers Board. It warned that the board must "stay focused on the goal of coordinating efforts and gathering solid information." **West Central Tribune (Willmar)** said (July 21) the way to resolve land drainage issues with the goal of gaining more control over the water is to offer land owners compensation for the use of their property in storing water. It called for a policy that allows farmers the option of receiving compensation for holding water on marginal lands subject to flooding during wet years. The temporary reservoirs could be created by downsizing culverts or raising the height of roads. It also said we should increase opportunities for longer-term water storage by including more acreage in the flood plain of the Minnesota and other rivers. "There is a balance that can be struck between the need for good drainage, flood control and environmental integrity."

Universities

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of the largest universities in the country. Its teaching, research and service cover a wider range of disciplines than any other university. So it affects the lives of more people in more walks of life than any similar institution.

And it has had more than its share of problems—not central to the institution and its mission, but painful, distracting and draining.

Nevertheless, I believe that, in most respects, the University's problems and challenges are similar to those of all major American research universities. All face the

pressure of rising tuition, diminished research support, decaying infrastructure, the enormous costs of staying current in technology, the rapidly rising administrative expense of legalistic and bureaucratic accountability and the reality of constrained state and federal budgets. All face the challenge of setting priorities, of altering some of the culture and patterns of 150 years of history, of rethinking organizational structure.

Not easy tasks, either for those inside or outside the university. Minnesota was one of the first to undertake the challenge, with no models from which to learn. But most major institutions are now involved in similar efforts. None, I think it fair to say, has yet declared victory.

Why has all this come about in what seems to be, at least in the context of a century and a half of American higher education, a relatively sudden way? The explanation lies in the very proud history of the enterprise; in reality, the issues now surfacing have been building for some time.

Successful history, current tensions

The history of the American research university, with its origins in German and English traditions and its subsequent development with a uniquely American flavor, has been a story of enormous success. By expanding access to higher education, playing a leading role in advancing knowledge, recognizing and exploiting the synergies of

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The Minnesota Journal

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The Minnesota Journal (ISSN 0741-9449) is a publication of the Citizens League, a nonprofit nonpartisan Twin Cities public affairs organization, 708 S. Third St., Suite 500, Minneapolis, MN 55415, Mike Christenson, president. Articles and commentary are drawn from a broad range of perspectives and do not necessarily reflect League positions on policy questions. The Journal is published once a month. Periodicals postage paid at Minneapolis, MN.

Annual subscription rate for nonmembers is \$40 for 12 issues. Orders may be placed at 612/338-1251 or by mail at the above address.

Postmaster: Send address changes to The Minnesota Journal, 708 S. Third St., Suite 500, Minneapolis, MN 55415

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teaching and research and providing direct services to the communities in which they are located, research universities have emerged as institutions that are central to American life.

However, their very success, combined with gradually, but inexorably, changing circumstances, has led to a series of problems. The problems are often cast in terms of funding shortfalls, but that does little to explain their origin or to guide institutions in the course corrections necessary to deal with them.

In the late 19th and early 20th century, research universities were a large fraction of a relatively small enterprise, serving only about 140,000 students in total. But in the 1990s, America's 100 research universities constitute less than three percent of the 3,700 postsecondary institutions that together serve 14.4 million students, at a cost of \$213 billion, or about three percent of the GNP. With the high cost and the huge number of students involved in higher education, it has been subject to a new level of public scrutiny and demands for accountability; demands that sometimes come into jarring conflict with the traditions of autonomy that have always been important to the effective functioning of universities.

The conflict is not entirely new, but the circumstances of the past few decades make it appear to be so. In the post-Sputnik era, American higher education was expanding so rapidly that choices between programs or justifications of new programs were all but unnecessary. Furthermore, in the atmosphere of the Cold War, education and research could be viewed (and justified) as serving the needs of national defense.

When the growing and inevitable tension between accountability and autonomy was made both clearer

and more immediate by the end of the Cold War, it was exacerbated by the fact that neither the principles of accountability nor the limits of autonomy had been well defined. Legislatures and the public have confused their legitimate role in setting expectations and goals for institutions with inappropriate attempts to control how those expectations are met; university communities have interpreted academic freedom as equivalent to institutional ownership.

Most unfortunately, the terms of the debate thus far have shed little light on the substantive issues that presently confront the system. As successful as research universities have been and as important as it is to preserve the essential characteristics that have made them so, the new environment in which they find themselves requires some adjustments. Indeed, a strong argument can be made that these course corrections are particularly important, if the essence of the research university is to be preserved.

What are the questions that need to be addressed? Certainly, they would include the following:

How should research universities redefine their undergraduate teaching roles now that they comprise only a small fraction of the higher education system? At an earlier time, when research universities provided most undergraduate education, it was a noble mission to serve as many students as possible in every field, a commitment to access for all. Today, however, with a wide and diverse group of institutions, each committed to teaching undergraduates, that same goal has a ring of arrogance and a hint of self-serving marketing.

The new diversity in American higher education is a positive development, but only if institutions focus on their particular strengths, so the system as a whole can offer a range of opportunities to prospective students. Research universities are usually not in a posi-

tion to offer the nurturing environments of small liberal arts or community colleges. They are unlikely to have a comparative advantage in those fields that do not draw significantly on special areas of knowledge. What they can—and should—offer is an undergraduate education that takes advantage of the research environment—in the courses offered, the research opportunities extended, the access to active scholars.

What modifications are needed to increase the flexibility of the research/teaching model? Generally, the value of the teaching/research model has been described as substantive in one direction and financially and administratively convenient in the other. It is often noted that classroom instruction is enriched when the instructor is a scholar actively engaged in his or her field. Teaching, on the other hand, merely justifies the financial investment in the researcher. The model leads to two kinds of rigidity: the number of scholars that can be hired is tightly linked to student demand and scholars expect to teach only in their discipline (or subdiscipline).

It would be useful to experiment with ways of uncoupling these two activities—that is, engaging faculty in teaching outside their disciplines. Administratively, this would make it easier to respond to the changing demands of research, which often occur more rapidly than the evolution in student demand; academically, it would call for more creative teaching that would help scholars develop a new perspective on their research.

How should institutions deal with the constraints on both teaching and research imposed by a discipline-based organizational structure? Historically, the disciplinary structure of research universities has been a necessary and effective means of advancing knowledge. On the other hand, its influence on the structure of the undergraduate curriculum, where synthesis and integration of knowledge are so important, has been more questionable.

In recent years, the disciplinary boundaries have also retarded progress in research, as technological development has occurred more rapidly and less linearly, as the traditional separation of technical

fields has all but disappeared and as the overlap of technical, social and political issues has increased. The challenge today is to find ways to encourage multidisciplinary activities in both teaching and research. But we don't want to create new bureaucracies or eliminate the disciplinary base that helps monitor quality and provide the "discipline" in "multidiscipline." The answer may be to find constructive ways of creating, in disciplinary departments, a sense of ownership of multidisciplinary activities.

How can the national universities coordinate their activities, set their priorities jointly and demonstrate to an increasingly skeptical public that they continue to deserve their special status? This is perhaps the largest challenge of all. The sad truth is that an unrelated series of serious, though not major, problems—ranging from excesses in intercollegiate athletics to research fraud to "pork barrel" appropriations—coupled with the mismatch between institutions' financial needs and the public's capacity to support them, has diminished the American public's confidence in its research universities.

As the financial strains have mounted, they have drawn attention to practices within our institutions that are more historical and traditional than rational. And our inability to either explain or change them has only aggravated the situation.

By addressing these issues of planning, priority setting and choice within our institutions, as well as between them, we can gain in three ways. We can develop a system with as much promise for success in the next 150 years as it has enjoyed over the past 150. We can ease some of the financial pressures we face. And we can increase the likelihood that a more confident public will recognize our value to society and the soundness of maintaining and even increasing its investment in our efforts.

Kenneth H. Keller is professor of science and technology policy at the University of Minnesota's Humphrey Institute and former president of the University. This article is adapted from his key address last March to the U.S.-German Conference on Universities in Transition at the University of California, Berkeley.

Facilities

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the classroom.

This expectation has had varying impacts on Minnesota charters—now housed in former district and private school buildings, store fronts, industrial or office buildings and at least one city park and recreation center. Rents range from little or nothing to well over \$100,000 per year. Some charters even pay property taxes passed through by commercial landlords—raising an important public policy issue still needing attention by state officials.

Implications for district schools The new charter lease aid program also has policy implications for district public schools—as the state further expands school choices and offers new opportunities to trade accountability on student performance for greater control of school operations and funding at each site.

These trends run head-long into the tradition of financing public school facilities with property taxes authorized by voters in a districtwide referendum. That tradition made sense when all public schools were directly controlled by districts with their own taxing authority and attended only by students who live in the same geographic area as the voters who authorize—and are paying off—the bonds.

But charters are created outside the framework of districts—with neither an explicit group of voters to go to for approval nor a defined geographic area to tax. Clearly, inventing some new way of financing charter school facilities was an inevitable necessity.

That need doesn't just follow the advent of this new type of public school, though.

Increasingly, students are crossing district lines to attend public schools that were built and paid for by others. Some districts are responding by closing enrollment to outsiders, to avoid expanding facilities to accommodate students who live outside the districts' taxing authority.

And, down the road, more district schools will resemble charters—if they and their school boards take advantage of the expanded site-based funding and management opportunities also included in this year's K-12 education bill.

Those schools will eventually need new, expanded, or remodeled buildings. But, what group of voters should authorize the sale of bonds? And, what group of property owners should be taxed to pay them off?

Expanded state role All these trends—toward public schools that do not have their own direct taxing authority and that serve students from different taxing

jurisdictions—argue for a larger, more explicit role for the state in financing facilities.

The state is already involved, of course, in helping equalize property tax levies for school facilities and requiring the Department of Children, Families, and Learning to review and comment on building proposals before voters are asked to authorize bonds.

But, just as we're now doing for charters, some type of capitated, explicit state aid for facilities may also be inevitable for what we now know as district public schools.

Such an approach—perhaps based on average per student expenditures for facilities—raises both new issues and new opportunities. Experience and discussion now going on among charter operators may be helpful as these issues gain relevance among districts with open enrollment pressures or site-managed and funded schools. At least six important issues or opportunities are already becoming evident as these discussions begin to take place:

Accountability: Except in Minneapolis and St. Paul—where district boards may authorize the sale of construction bonds—new or significantly expanded school buildings have traditionally required voter approval. That's been considered a check on whether they were appropriate, affordable, and really needed. Are we prepared to replace this traditional accountability mechanism with a guaranteed, state-funded per-student revenue stream for facilities? What if that amount were inadequate to meet a school's definition of its need? Is it OK if public schools begin to pursue private fundraising, partnerships and other nontraditional means of raising revenue for facilities?

Collateral/risk: School districts are able to use existing assets, future operating revenues, and their own taxing authority as collateral in accessing tax-exempt bond financing for new and remodeled facilities. But, individual charters don't have the assets, taxing authority or track record to satisfy traditional lenders. Options for filling these gaps include state-backed bonds for charters or loan guarantees offered by the state, sponsor-

ing school districts, cities or private foundations.

Economies of scale: Efficiencies and economies of scale have been two traditional factors arguing for larger, centrally managed school facilities. At the same time, a growing body of research is making the case for smaller, more personalized teaching and learning environments. Most charter schools are responding to that research—backed up by the experience and preferences of their parents and teachers—by limiting their size and needing less space. Will that trend be feasible to finance—especially as charters mature and move beyond their initial, often temporary locations? What are its implications for smaller-scale district schools that are site-funded and managed?

Ownership versus leasing: Schools have historically been located in buildings owned and managed by districts. Most educators, however, would rather not be in the property management business. Many charter operators have stated an outright preference for leasing their facility and focusing entirely on their instructional program—perhaps even enjoying the flexibility to move and expand elsewhere. Being a tenant can have down sides and risks, however, including nonrenewed leases, rising rent and other operating fees and even passed-through property taxes.

Partnerships: Often because they are small, charter schools are quickly learning that partnerships with other organizations and even sharing space with other tenants can be a necessity. Cities, community development agencies, other nonprofits, housing or commercial developers and other for-profit businesses are all partnering with charters around the country. Beyond making facilities feasible, these partnerships can also add value to a school's instructional program—through on-site internship and service-learning opportunities, more comprehensive services for students and their families and a ready reserve of adjunct teaching resources. Partnerships with other agencies can also be used to avoid or share the burden of financing some of the most expensive parts of a school—like a

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"I guess you could call me a traditionalist. I hate accountability!"



Facilities

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gymnasium, cafeteria, or library/technology center.



"It's a whole new facilities world out there, boss. We might have to learn some new tricks...maybe from charter schools!"

Flexible-use facilities: School buildings have traditionally been designed with no other purpose in mind for their useable lifetimes. Charter schools have a fixed term, however, that may or may not be renewed. The entire premise of

charter schools is that—fully exposed to the marketplace—some will fail. Others will start small, gradually adding grades or curriculum offerings, and will need expandable space. That's why locating and designing schools for multiple uses and easy expansion or conversion to other uses are among the strategies now being used in the emerging world of charter school facilities. They may have application in the changing world of district schools, as well.

There's not enough experience yet with charter schools to know whether Minnesota's new lease aid program could also be a model for increasingly autonomous district schools. It's not even certain if the new program will fully meet

the facilities financing needs of charters.

It is certain, however, that more student choices and more responsibility for operations and finances of the school site will continue to change the role of districts—as administrative units, as landlords and as governing and taxing authorities for public schools. These changes produce both challenges and opportunities. And, because they are out front in facing many of these issues, charter schools could help show the way.

Jon Schroeder is director of Charter Friends National Network, a project of the Center for Policy Studies, in cooperation with Hamline University.

Candidates

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For starters, he'd replace the term "government employee" with "public servant." He'd transform some state agencies and abolish the Public Utilities Commission, which he says "too often acts like the public utilities' commission." He'd replace it with a strong Public Utilities Regulatory Commission "which will act like the public's commission."

A former teacher, Dayton wants more funding for smaller class sizes, teacher training, mentoring, after-school activities, computers in every classroom connected to the Internet, school renovation, additional staff. He'd have K-12 school operating costs paid by some means other than property taxes, but hasn't said yet how he'd do that.

Saying he'd work with business, labor and civic leaders and greatly step up state economic development efforts, he cites his experience as Commissioner of Economic Development under the late former Gov. Rudy Perpich: "Like him, I will go anywhere and do anything to save jobs or add jobs for Minnesotans." He'd revamp the 30-year-old governor-appointed Metropolitan Council and have Council members replaced by metro-area

legislators elected by other legislators or appointed by the governor.

Mike Freeman, 49, Hennepin County Attorney and a former state senator from Richfield, calls himself a progressive-economic-labor Democrat. As governor, Freeman says, he'd refocus on neglected metropolitan issues.

The failure to deal with urban issues has been costly, he says, with most new high-quality jobs in recent years created outside the Interstate 494 beltline and unavailable to the unemployed in the inner cities. Freeman is a strong advocate for a greater investment in transit, including light rail, to get people to new jobs in the outer suburbs; he'd consider a gas tax increase with the money to go to both highways and transit. At the same time, he'd be aggressive in bringing people together to help businesses expand and keep jobs in the inner cities and he'd stop the unhealthy competition among local units of government that results in subsidy offers to lure business from one another.

Freeman would invest more in students in areas of concentrated poverty. He'd expand learning readiness and early childhood programs, require a longer school day and school year, provide more English-as-a-second-language instruction, and transportation funds to enable a child whose fami-

ly frequently moves to remain at the same school for an entire academic year.

Hubert H. (Skip) Humphrey III, 55, of New Hope, Minnesota's Attorney General, says the state needs a strategic investment and industrial development plan that enhances the environment and creates good jobs. As governor, Humphrey says, he'd be a "deal-maker," bringing together the public and private sectors, business and labor, with their resources and talents, to carry out that plan. "You've got to be a policy leader; you have to step up and bring everyone in to bear on these kinds of things," Humphrey says.

Keys to carrying out a state development plan, he says, are stopping violence, through prevention, as well as enforcement of laws, and building a good education system. Earlier this year Humphrey proposed an education plan that would start children in public school at age three, expand Head Start and reduce class sizes for poor and "at-risk" children and stress lifelong education.

Humphrey, Freeman and other law enforcement officials joined in the 1997 legislative session to push proposals to crack down on violent gangs and juveniles and on criminals who use guns and to put more police on the streets. They called

for more crime prevention programs, especially in troubled neighborhoods, such as a "Learn and Earn" program to provide incentives for students to stay in school. The Legislature passed bills that contained at least the concepts of those education and anti-crime proposals and similar initiatives by the governor and legislative leaders.

Ted Mondale, 39, is a "new" Democrat, an advocate of making government smaller and more efficient. Opportunity is going to come largely through the private sector, says Mondale, a lawyer with expertise in health care; government's role is to enable citizens to access that opportunity, he says.

Building the state's education system is fundamental to the state's thriving in a competitive global economy and to a high quality of life, he says. "If we do that, the rest will fall into place. The good jobs of the future, the good companies, the 3Ms, the Microsofts, are more apt to follow where the skilled workers reside." He'd invest more in early childhood programs and provide teachers in every day care center with more than five children; set higher standards for K-12 and require all students to leave school with job skills; provide college scholarships to every high school graduate with a B average and

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scholarships for others with pass-grades to technical or community colleges.

He's open to indexing the state gas tax so that it increases with inflation, if part of the increased taxes go for transit. An improved, high-speed, bus backbone system is a good first step, Mondale says, to fix what he says is a poor quality Twin Cities transit system, but he's dubious about the feasibility of light-rail transit. Moreover, he says, a transit system won't work unless development is transit-oriented. As a former state senator, Mondale was a sponsor of the bipartisan Livable Communities Act, which provided incentives for suburbs to build transit-linked, affordable housing. He cosponsored a bill to make the Metropolitan Council an elected body.

Republicans

Lt. Gov. Joanne Benson, 54, an across-the-board conservative, talks about her close partnership with Gov. Arne Carlson and says she'd continue their course of fiscal prudence. Benson, who is on leave from her position as an assistant professor of education at St. Cloud State University, favors more power for parents, teachers and students to run their schools at the local level.

She'd have schools set goals and develop a plan to achieve those goals. A school would be given a financial incentive for reaching that goal, but lose the reward and be subject to restructuring by the state if it failed. She favored a voucher system for state aid for students attending private schools and would like to see more charter schools and more teaching laboratory schools, where new ideas and curriculum are tested. It's time, too, she says, to do a survey of school buildings and equipment around the state and have the state provide matching funds for needed renovation and replacement.

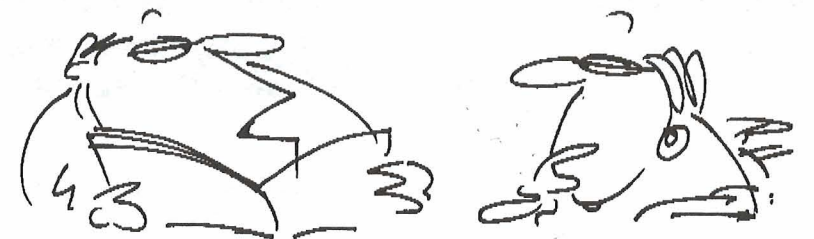
Benson, who has led trade missions abroad, would expand Minnesota's presence and develop trade relations in foreign trade centers, where she says the state is

lagging in tapping new markets, particularly with medical products and technology. She'd work closely with Minnesota businesses already abroad and get those successful businesses to help other state entrepreneurs make international contacts. She'd like to see rail transit connecting St. Cloud and Rochester with the Twin Cities.

Tim Pawlenty, 36, a lawyer and a third-term state representative from Eagan, is proud of his blue-collar, working-class family background. He sees himself as a different kind of conservative, bringing new, even unconventional, ideas to the forefront. He's pushing to cross economic and partisan lines to broaden the party ranks and thinking from that of the stereotypical religious right or the Rockefeller-Ripon Republican, who have been perceived as elitists. He'd reduce the scope of government but do it "with compassion."

It's time to prune what he calls the state's overgrown higher education system, Pawlenty says; he sponsored a bill to establish a commission to recommend campus closings. His openness to new ideas was reflected in his cosponsoring this year, with DFL Rep. Myron Orfield of Minneapolis, of an unsuccessful bill to make the 30-year-old, governor-appointed Metropolitan Council an elected body. Pawlenty first opposed an elected Council, but changed his mind and joined Orfield, an unlikely ally whose ideas generally run counter to conservative lawmakers. Pawlenty says electing the Council is the only way to bring accountability to the body and rein in its growing powers to tax and take away people's property.

Allen Quist, 52, a St. Peter farmer, former state legislator and the 1994 Republican-endorsed candidate for governor, says he's a populist and a conservative whose views are in step with Republican Party platforms. Taxes in Minnesota are too high, and the state's growing revenue surplus is proof of that, Quist says. He'd slow down the growth of government by turning over to private busi-



"I wonder if these candidates for governor wear an 'S' on their chest?...cause that's what we need...a caped crusader!"

nesses any service now operated by government, unless there is a compelling case against doing so.

He'd upgrade the Twin Cities metropolitan transit system and favors a light-rail system. The economic growth and quality of life of both the Twin Cities area and Greater Minnesota will suffer unless the state moves forward on mass transit, says Quist.

He believes state policies should be examined in terms of whether or not they help strengthen and stabilize the family; often tax and other laws work to its detriment, Quist says. For example he'd eliminate the so-called "marriage tax," the higher income tax imposed on a married couple filing jointly compared with an unmarried couple filing separate returns. He'd like all proposed legislation to include a family impact statement, an idea he says came out of a White House Conference on the Family he attended as a delegate during former President Jimmy Carter's administration.

Roy Terwilliger, 60, is a moderate Republican who believes his fiscal conservatism also appeals to a broad spectrum of voters. He praises Gov. Arne Carlson's efforts to hold down the cost and growth of government and promises he'd continue to put the brakes on spending and taxing. "We've taxed too much...We have to work harder and smarter to do more with less," says Terwilliger, an Edina banker and third-term state senator.

He favors privatization of some government services, such as prisons, saying it would promote competition and better services. He was chief author of an unsuccessful proposal requiring a 60 percent supermajority vote in the Legisla-

ture for tax increases. While his Senate Republican caucus has called for using part of an estimated \$302 million revenue surplus in fiscal 1997 for a half-cent sales tax reduction, he'd prefer to cut individual income taxes. He sponsored an unsuccessful bill in the last legislative session to lower the tax rate from six percent to four percent for lower income taxpayers and move the different tax rate brackets up to reduce income taxes for higher-income taxpayers.

His less-government philosophy is reflected in his opposition to an elected Metropolitan Council, which he says should be a planning, not an operating, agency. Terwilliger supports building a high-speed transit line from downtown Minneapolis to the airport. He'd increase the state gas tax to provide more funding for state highways and open up those highway-dedicated funds to mass transit.

With the Nov. 3, 1998, election more than a year away, others are eyeing the race, including, many believe, St. Paul mayor Norman Coleman and state Sen. Dean Johnson of Willmar, former Republican minority leader. But Republican/former DFLer Coleman says he's only running for reelection as mayor. Johnson says he's "leaning yes" on running but had not registered a campaign committee when this edition of the *Journal* went to press. Their entry into the race could change the political landscape considerably.

Betty Wilson is a free-lance writer and former political reporter for the Star Tribune.

Districts, schools must reallocate compensatory aid

As much as anything, it was the pressure from the late president of the Minneapolis Urban League, Gary Sudduth, ("Show us the money!") that caused the Legislature this year to order that the compensatory aid meant for low-income students *must now be allocated to the school those students attend*, with the school's parents and community getting to help decide how it's used. Next the job is to implement that change.

- Districts, which up to now have had control over the compensatory money, will have to revise their budgets. The existing compensatory money, first voted in 1971, is built into the 1997-98 budget somewhere else. It must now be reallocated to the school. All of it. In St. Paul, for example, all \$36 million; not just the \$7 million added this year.

- Schools will have to decide how they want to use the additional money. (There will be up to \$1 million more for schools with large concentrations of low-income students.) This means a district should simply create the "team" it would create if it were going fully into a site-decision-making agreement.

- Superintendents and boards have been insisting for years they're doing school-based management. But principals, parents and community groups would be well advised to start asking about implementation now.—*Ted Kolderie*.

Speaking of school-based decision-making...For some years the Legislature has been appropriating money to Shared Decisions Minnesota (SDM); a group set up by the big education organizations to help districts "get ready" for the change to school-based decision-making.

One of the things SDM was not doing, it develops, was training business offices how to budget by school. Now suddenly districts have to know how to budget by school, since they now have to allocate compensatory revenue to schools. (See note above.)

So SDM is organizing a workshop on budgeting by school. This, even though the Legislature cut off its appropriation to SDM this year. (The organization is considering

becoming an "enterprise," earning its revenue by selling services to districts.)

So: Where the Legislature used to spend tax money and not get the training done, now it will get the training and not spend the tax money—because it created a need for districts to buy the training with their own money. Is there maybe a general lesson here for the state about how to get things done?—*T.K.*

Depends on the yardstick: The recent leadership hand-off from Nils Hasselmo to Mark Yudof as new president of the University of Minnesota has energized thoughts on how to bolster what some view as a sagging flagship. Indeed, the Citizens League itself is in the midst of a study committee on how to improve graduate education and research at the University.

In fact, by some measures the University is doing quite well, thank you. It has never been stronger in pulling down external funding for research, training and public service. In 1996, for example, the Twin Cities campus received \$465 million in total external funding, including \$340 million for research.

This growing pile of money has consistently put the University of Minnesota among the top 10 nationally in total research and development activity, and in the top 15 universities in total federal funding. Further, University of Minnesota faculty ranked in the top 10 nationally in patents issued from 1990 to 1995.—*Ron Wirtz*.

While the financial impact of the proposed \$368 billion national settlement on the tobacco industry has been called monumental by settlement supporters and financially infeasible by opponents, it looks to be neither when considered in a global context.

Minnesota currently taxes cigarettes at a rate of 48 cents per pack. MIT health economist Jeffrey Harris estimates that the payments required under the proposed settle-

ment will increase the price of cigarettes by at most another 62 cents per pack. Thus, the current tax and the settlement payments will add \$1.10 per pack. While that's a significant sum, 24 industrialized nations currently impose higher taxes and fees, according to the Smoking and Health Action Foundation.—*Joe Loveland*.

With the globalization of the economy and the burgeoning of electronic commerce, capital is becoming increasingly footloose—and people are, too. *The Economist* (May 31) reports that the trend will have some disturbing implications for tax collectors and taxpayers.

As it gets easier for companies and people to flee countries (or states) where taxes are high, or avoid taxes by doing business on the Internet, governments' room to set tax rates is becoming constrained. For proof, take a look at the U.S. corporate income tax: Before World War II, the corporate tax accounted for one-third of total federal tax revenues. Corporate taxes now yield only 12 percent of the total.

According to *The Economist*, there has been a worldwide shift from taxing capital—including profits and savings—towards taxing less mobile factors of production, such as labor. Personal income taxes have grown significantly since 1965 as a share of total tax revenues among the Organization for Economic Cooperation and Development (OECD) countries. The trend is likely to continue.

The disturbing implication, as *The Economist* pointed out, is that "in a world of mobile capital, labour is likely to bear a growing share of the tax burden—especially unskilled workers who are the least mobile."—*Janet Dudrow*.

By some measures, the Twin Cities is doing well in the fight against drugs. For example, the rate of cocaine- and heroin-related emergency department admissions here is the lowest of any 21 major cities reporting on the Drug Abuse Warning Network.

But by other measures, the Twin Cities has yet to see the peak of its drug infiltration. According to a recent report by the state Department of Human Services, monthly use of marijuana by area ninth graders increased dramatically, from four percent in 1992 to almost 15 percent last year; among high school seniors it went from 10 percent to almost 19 percent.

Hospital admissions for crack and cocaine abuse increased 3.3 percent in 1996 and cocaine-related deaths hit an all-time high of 64, compared with 46 in 1995 and 35 in 1994. Cocaine seizures by police increased significantly in 1996; one law-enforcement agency in Hennepin County reported a one-year increase of 80 percent.

"Take Note" contributors include Minnesota Journal and Citizens League staff members and Joe Loveland, public affairs account group director at Shandwick in Minneapolis and former communications director for Attorney General Hubert Humphrey III.

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Citizens League Matters

August 19, 1997

News for Citizens League Members

Welcome New and Returning Members

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Patrick Irvine
Mary Lou Irvine
Laura K. Lazar
Judith Schwartz
Kathy Tunheim

Thank you recruiters:
Dave Hutcheson,
Ellen Brown

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Minneapolis, MN 55415
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citizen@epx.cis.umn.edu

Please visit our web site at:
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The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption.

Suggested dues for membership are \$50 for individuals and \$75 for families. For more information, please contact the office at the numbers and location listed above.

Thank you! Contributions to the League's year-end drive have been excellent so far. But we still need your help. Make your gift by August 31.

First stage of Public Leadership Initiative completed

For the last several months, Citizens League board members and staff have interviewed a diverse collection of "public" leaders from around the Twin Cities region.

These leaders were asked what they viewed as significant public challenges, what gaps they saw in public leadership in response to these challenges, and their view of barriers to public leadership. In addition, each interviewee was asked how the Citizens League might respond to the public leadership environment through a study committee or other action.

The League Board will review the results of these interviews — and consider everything from study topics to special forums to possible strategic alliances — at its annual transitional meeting scheduled for Monday, August 25 at Pam Neary's house in Afton.

Board members who participated in the interviews included: Mike Christenson, John Adams, Mary Anderson, Duane Benson, Cal Clark, Jim Dorsey, Sally Evert, Linda Ewen, Peter Gove, Marie Grimm, Peggy Gunn, Jean Harris, Peter Hutchinson, Sean Kershaw, Shef Lang, Gene Merriam, Herman Milligan, Pam Neary, Randy Peterson, Christine Roberts, Robert Vanasek, Jane Vanderpoel and Steve Young.

The Twin Cities is blessed with an abundance of public leaders. In its interviews the League tried to cast a wide net that captured a great variety of perspectives. While we no doubt missed many who could have been interviewed we nonetheless had an impressive array of people who agreed to be interviewed. The League is very grateful to the following for their time and thoughtfulness in the interview process:

Sharon Roe Anderson	William Finney	Tim Pawlenty
David Beal	Brian Herron	Tim Penny
Stacy Becker	Karen Himle	Orville Pung
Peter Benner	Peter Hutchinson	Al Quie
John Brandl	Ron James	Shelly Regan
Richard Braun	Curt Johnson	James Rickabaugh
Dick Broeker	Lani Kawamura	Dan Salomone
Larry Buegler	A.M. (Sandy) Keith	Lyall Schwarzkopf
Gerald Christenson	Kenneth Keller	James Solem
Dan Cornejo	Reatha Clark King	Tom Swain
Kenneth Dayton	Joel Kramer	Imogene Treichel
Charles Denny	Rick Krueger	Kathryn Tunheim
Gail Dorfman	George Latimer	Bruce Vandal
Steven Dornfeld	Larry Laukka	Winston Wallin
David Doth	Dan McElroy	Laura Wittstock
Dave Durenberger	David Morris	DeDe Wolfson
Judith Eaton	Ted Mondale	Lee Pao Xiong
Jon Elam	Rafael Ortega	
Joe Errigo	Chris Park	

Boomer Bonanza: Upcoming forums on Watergate and Social Security

The League is a local co-sponsor of the Washington-based Public Forum Institute summit on retirement security.

Chaired by Sen. Rod Grams, the Retirement Security Summit: Strengthening America for Today and

Tomorrow will be held on Thursday, August 28, 1997 from 7:30 a.m. to 5:00 p.m. at the Hyatt Regency in Minneapolis. The morning session will provide an

overview of the current system, followed by a question and answer period. After lunch, small groups will participate in an exercise in hard choices managed by the Committee for a Responsible Federal Budget.

Archibald Cox is the guest speaker at the Common Cause annual dinner. Details on the other side.

Cost for the day, which includes breakfast and lunch, is \$22. Please call the League at 338-0791

if you are interested in registering or for more information.

Common Cause Minnesota, along with our cosponsors:

The Citizens League, Minnesota Journal of Law and Politics, Minnesota Public Radio,
Minnesota League of Women Voters, and the University of Minnesota School of Law,
presents:

Archibald Cox

Former Watergate Special Prosecutor
speaking on

25 Years after Watergate: What Has Changed?

Saturday, October 4, 1997

5:30 - 9:00 PM

Radisson South Hotel, Bloomington, Minnesota,
Interstate 494 at Highway 100, exit on Normandale Boulevard.

1997 marks the 25th anniversary of the Watergate break-in and the 1972 election. Come for dinner and hear Archibald Cox discuss how Watergate has influenced our country in the ensuing 25 years and how our political system has changed for the better or worse in that time.

Tickets: \$ 40 Common Cause Members, \$ 50 Non-Members

Call Common Cause at 644-1844 to: ~ make special arrangements to reserve an entire table.
~ obtain advertising space in the evening's program.
~ pay by credit card. ~ become a member of Common Cause.

Social Hour: 5:30 - 6:30 pm

Dinner: 6:30 - 7:30 pm

Speech: 7:30 - 8:30 pm

Book-signing: 8:30 - 9:00 pm

Advanced Reservations are required.

There is limited seating and
tickets are selling fast already so
ORDER YOUR TICKETS TODAY.

Archibald Cox is a former Watergate special prosecutor fired by President Nixon in the famous Saturday Night Massacre. He is currently a Professor at Harvard Law School and the author of numerous books and articles. Professor Cox is also a long-time board member and past Chairman of Common Cause and has served as the United States Solicitor General.

To buy tickets detach here and mail this form along with your check to:

Common Cause Minnesota, 1010 University Ave. W., St. Paul, MN 55104.

Name _____ Phone _____
Address _____ City _____ State _____ Zip _____

Tickets: _____ ticket(s) at \$50 as non-members of Common Cause totaling \$ _____
_____ ticket(s) at \$40 as members of Common Cause totaling \$ _____

Membership: _____ New Membership(s) at \$20 per individual totaling \$ _____
_____ New Membership(s) at \$30 per family totaling \$ _____

TOTAL \$ _____