



# Minnesota Journal

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A publication of the Citizens League

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## Look for your leaders here

by Dave Durenberger

A good definition of leadership I've observed in over three decades of public service is "identifying with our needs and defining our choices."

Fortunately people in *positions* of leadership today are much better at the first half of that definition than the last. That's one of the reasons I asked two respected journalists, David Broder and Haynes Johnson, to help inaugurate the new Health Policy Fellowship at the University of St. Thomas Graduate School of Business on Nov. 20. Later that same day, Broder and Johnson led a spirited discussion at the Citizens League's 44th annual meeting.

In their epic book, *The System*, Broder and Johnson observe that, to anxious Americans, "The government appears either indifferent or incompe-

nt in assisting n through the immense structural changes in the American economy."

To try to get at that perception, we structured the Nov. 20 "system" conference to involve leaders from health professions, journalism, community groups, business, and politics. But, at the conclusion, we found that we were asking a relatively uninformed cadre of leaders to give voice to public policy. We found that most people in leadership positions were not well enough informed about the "why" and "whether" of health system

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## Build support for leaders

by Mike Christenson

Rebuilding citizenship is much the rage these days. The Citizens League is paying attention—and not just because of our name. About citizenship, something is amiss, and everyone has his or her favorite diagnosis. But addressing citizenship without focusing on solutions is a swim in a swamp. The League board has emerged from the swamp after a series of discussions this fall. What has that journey been like and how we are

bringing the solutions into focus?

David Broder and Haynes Johnson came to town in November to talk about their book, *The System*, and to warn us that we Americans seem to have lost our ability to solve problems of public concern. All of our common institutions—government, businesses, nonprofits, even the so-called "private" institutions of family and church—are failing to find solutions to our most pressing problems.

## Citizens League: Resources for leadership

*This issue of the Minnesota Journal focuses on public leadership. The two lead stories were inspired by the League's annual meeting on November 20. At that meeting, and at a conference earlier in the day at the University of Saint Thomas, national political commentators David Broder and Haynes Johnson talked about the gridlock gripping our democracy. Despite the great challenges illustrated in their book, The System, they were surprisingly optimistic about the future. They said breaking the gridlock depends on reviving a culture of citizen involvement. Informed citizens, they said, must act as leaders and innovators in public affairs. Broder and Johnson held up the Citizens League as one reason for their optimism.*

*Former U. S. Senator Dave Durenberger's article expands on his comments at the end of the annual meeting. Citizens League President Mike Christenson's article offers the League's diagnosis of the crisis of public leadership and outlines a new Citizens League project that is the result of a series of discussions that began with Robert Putnam's appearance at the League's 1994 annual meeting. And my*

*"Viewpoint" (page 2) talks about how the League will respond organizationally to these challenges in the coming months.*

*Finally, we want to call your attention to the lead article in the Matters inserted between pages 4 and 5 in this issue. The Citizens League Board of Directors has recently established an endowment fund to help preserve the League's future and ensure that it continue its tradition of policy development, influence, ideas and, most important, citizen involvement in the Twin Cities metropolitan region.*

*If the League is to continue to play the very important role described by Broder and Johnson and Durenberger, it must have a stable base of resources over the long run. The endowment fund will help preserve the League's ability to teach and inspire public leaders and to take on the challenge of public leadership for decades to come.*

**Lyle D. Wray, Citizens League Executive Director**

People have lost faith in government as our major collective problem-solving mechanism. Government, many feel, isn't a good buy. It has become best at gauging public opinion, responding to organized pressure and resisting change.

When it comes to the big challenges, paralysis sets in. Even when government leaders are able to eke out a consensus on tough issues, the public is skeptical about whether the result-

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# Position the Citizens League to respond to new realities

The Citizens League typically studies an issue, produces recommendations, and works alone or with other groups to lobby for intelligent public policy changes at the state Legislature. As our society changes, however, this strategy becomes less promising. Polls show a collapse in public trust of government and many social institutions. This places a heavy burden on those working for "good government"—like the League. It has come to the point that "good government" is almost a point of derision.

At the same time, the challenges facing the state and region have been changing rapidly—in the economy, our society and our demographics. The Citizens League Board, during its 1996 fall planning retreat, came up with two basic thrusts in response to these new realities: encouraging greater public leadership and repositioning Citizens League activity in a changing political environment.

**Public management for a new era.** Our society needs strong public leadership as we go through major social and economic transitions. Strong public leadership does not necessarily imply stronger government. Public leadership should be viewed as leadership for the general public good and comes from all three key sectors: government, business and nonprofit sectors. Public leadership cannot be the province of any

one or two of these groups. Few challenges are so specialized that one sector alone can make a dent, much less address major issues. Yet each sector has its own preoccupations. Both government and civic sectors, for example, are preparing for the tidal wave of change in the wake of recent federal "welfare reform" legislation.

Each sector must contribute equally to identifying, framing and solving public problems, while overcoming common obstacles that interfere with the ability to lead publicly: short public attention spans on complex issues, corrosive media attention—and, sometimes, complacency when things are going well.

Yet, as a society, to quote from futurist Alvin Toffler, "we are nervous as hell" about our futures. To mobilize for new challenges, the public needs real leadership. Leadership is key since it is about expanding or accelerating our capacity to adapt and change in positive ways. To navigate tough transitions, public leadership—both formal and informal—must provide vision and "how-to" knowledge in order for society to meet tomorrow's challenges.

The challenge facing the Citizens

League in the coming months will be to identify the multiple steps necessary to build this capacity here in the Twin Cities region and Minnesota. The League will need to seek processes that make it easier for good public leaders from all three sectors—and for citizens—to engage effectively in important public issues. We will need to draw up a blueprint for strengthening public leadership in our region and state so "smart people with good hearts" can help us think and feel through the rough spots.

**The Citizens League process: Retooling for new times.** At the same time, the League must react to and take advantage of this changing political environment. To do so, the League is looking to retool its delivery processes. We must think about where we want to have our locus of impact. In the future, the League's desired impact could vary among the different levels of government. Not all efforts must focus on the state Capitol. County and school boards, local governments, watershed districts, the Metropolitan Council—these public bodies have leaders that must be brought into important discussions.

We must revisit issues of representation. More than ever, we must be

mindful of the types of representation involved in League activities and look to broaden participation among all groups and citizens. For example, we need to continue our current efforts to start up a Youth Citizens League in the inner city.

We must rethink the League's process. We can experiment with the tried and true traditional League process. We can explore efforts to use representative samples of citizens to help frame issues and sketch out solutions. We can try the "negotiated settlement" approach in cases where issues have already been researched and solutions are available, but where the consensus necessary for change just hasn't developed.

Finally, we must rethink the Citizens League's product mix. We can set a goal to put a good public policy product into the marketplace of ideas every 90 days. The core concept would be to get more mileage out of our activities and have a Citizens League "product" hit the street every 90 days.

We do not just walk into the future we can create it—both for the League and for our region and state. The public leadership initiative and rethinking the League's process should be important steps along that creative path. We welcome your ideas and help.

Lyle Wray is executive director of the Citizens League.

## Viewpoint

by Lyle Wray

# Another view: State education funding not adequate

The Minnesota Education Association stands firmly on its assertion that the state of Minnesota is not meeting its financial obligation under the Constitution to adequately fund public education. (See "Take Note," *Minnesota Journal*, Nov. 19.) Witness the trend in excess levies. Local school district voters approved \$27 million in local levies to shore up funding shortfalls from the state. By 1995-96 that number shot up to \$307 million. In just one more year, 1996-97, total local levies jumped to \$353 million. Voters across the state who approve local tax increases would not do so unless

they believe additional funding is needed.

A small portion of that money does come from the state and is used to supplement local taxes in districts that have lower property tax valuations. Recognizing that districts with low property tax values are disadvantaged, the state augments or "equalizes" local taxes in those districts, but only up to \$315 per student.

Total combined state and local funding has increased from 1991-97 in real terms, but only by four percent. We're not going to reach

higher and more rigorous achievement standards, safe and orderly schools and the technology we need for education on an increased investment below one percent per year.

Perspective in the funding debate is critical. The number of students with special needs continues to increase. We'll never be able to maintain high achievement levels in Minnesota public education by attempting to perpetuate the myth that our schools are adequately funded.

Persons interested in reading my

Commentary, which did not appear in the *Minnesota Journal*, may receive a copy by calling 612-227-9541 or 800-652-9073.

Judy Schaubach, President  
Minnesota Education Association

# Motivate students; give them the baton, Mr. Holland

by Ed Coen

As drama, the movie *Mr. Holland's Opus* is a blockbuster. But pedagogically it may not be sending the right message. In the final scene, students and alumni of the school orchestra perform in the presence of enthusiastic parents. However, the conductor in that scene should have been not Mr. Holland, but a student.

Over a two-year period, I have, as an observer, sat in on a history class at a Minneapolis high school. The scope of what I have learned is limited. However, for 35 years I taught undergraduate courses in economics to college students and the intellectual gap between them and high school students is quite modest.

In 1947 at Hobart College, I enrolled in a course in American Constitutional Law. The instructor analyzed a number of landmark cases coming before the Supreme Court since its creation in 1789. His lectures were models of clarity and I was able to write up accurate classroom notes. The evening before each test I reviewed my notes for at least four or five hours. I received an "A" grade for every test.

The problem: If a month later you had questioned me about the issues in any of these cases, I would have been unable to earn a grade higher than a "D."

Why on each Monday did the

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instructor not give each of us a copy of the record for one of the cases, asking us to imagine ourselves as Supreme Court justices? Then on the following Monday we could bring to class a written judicial opinion, make an oral presentation to the other justices and negotiate to discover what opinion might command a majority of the nine votes. I will guarantee that a month, or even years, later, our memories would not have been empty.

This strategy requires you to "create" a solution to a problem, rather than memorize the solution of a teacher or textbook. But it comes with an ironclad constraint. Thinking requires far more time than memorizing. Therefore, in my imaginary Constitutional Law class, students would have been exposed to perhaps only one-third, or one-quarter, of the cases covered by the lecture method. And this trade-off will characterize every discipline without exception.

The implications of this constraint have, it would seem, not been widely recognized. Reports calling for education reform routinely demand that students do more *critical thinking* and *memorize more facts*. It is impossible to exaggerate the folly of this misconception.

One more example: The typical undergraduate course introducing students to Shakespeare requires them to read at least four or five of his plays, to record in their class notes the teacher's opinions and to answer in two hours the questions on the final exam.

Let me describe an alternative model. A few years ago, on an informal basis, I met weekly with five students majoring in English or theater. Each was to imagine that she had been invited to direct Shakespeare's *Hamlet*. At each meeting I distributed a short list of critical *problems*, for which a director would have to devise *solutions*, if she wanted this play "to work." A week later they presented their solutions. Since they rarely agreed, a lively discussion would ensue. The students' creativity and motivation were impressive. Their solutions might not have coincided with mine, but my obligation was to keep my mouth shut.

The students were accountable to their peers, rather than to me. This is *critical* to motivating them to perform at the limit of their capabilities. And this small group format is compatible with a high school class size of as many as 25 or 30 students. Each group of from five to seven students can locate in a different corner of the classroom, with the teacher cruising among them.

High school teachers can legitimately respond to the preceding litany by claiming that they abandoned the rigid lecture format many years ago. They did. But what many have substituted in its place is only marginally better. It is often a lecture where the teacher pauses at strategic moments to toss out a question, inviting a student's contribution. This surely constitutes a huge improvement in elementary grades and in junior high. But for high schoolers, after eight

or nine years of exposure, it may have become a boring routine. Few students volunteer to answer the teacher's questions and it is not feasible to discipline a student who, if a question is put to him or her personally, responds with a look of sheepish embarrassment.

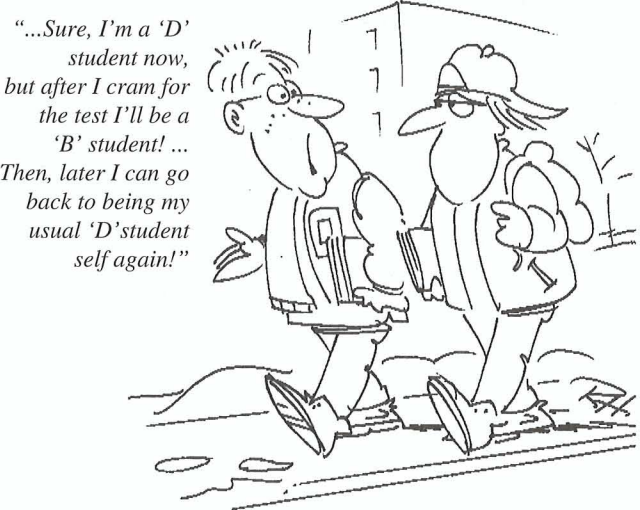
These "seat warmers" are not lacking in intelligence. They may be shy or bored or lazy. But give them a major task that sparks their imagination and makes them accountable to their peers in a small group setting, where each member is expected to make a respectable oral presentation, and they will soon get the message.

In the social sciences, at least, the only way to achieve clarity of thought is to put it into writing and then review and revise that first draft. Many students today feel they can submit a rough-and-ready first draft and stop there. They have to acquire the habit of evaluating and improving their own writing.

Given that reading plus thinking plus writing is so time consuming, is it realistic to assume that a student, burdened with significant homework obligations in each of several courses, can fulfill these obligations in the hours available at home? At the same time, a grossly excessive proportion of classroom time is often allocated to talk by the instructor and passive listening by the students, rather than to reading and writing.

If this is true for at least the social sciences and literature, the following model may be better. For example, the assignments for one week in an American History class, starting on Friday, could be as follows: Read the first 150 pages in *The Adventures of Huckleberry Finn* and write an essay explaining what you learned about life in the United States around the year 1850. On Tuesday check in your first draft with your teacher and make an oral presentation to your small group. On Friday turn in your revised draft. Both get graded, but more weight attaches to the final product.

This is a lot of work and I would suggest that at least one, and probably two, or even three, classroom





# Editors divided on merging 'U' with MnSCU system

**St. Cloud Times** said (Nov. 24) the recommendation by the Governor's Roundtable on Economic Development and Higher Education to merge the University of Minnesota and the state colleges and universities systems is, "at best, premature." "It is too much to try to meld a major work in progress—one that is just starting—with the gigantic University of Minnesota and its own system of branches." **Duluth News-Tribune** said (Nov. 20) a single policy-making board for public higher education in Minnesota "makes sense and public officials should head that way...A single board would speak with one voice...and could better use the finite amount of state money for public higher education." **Pioneer Press** called (Nov. 20) the proposed merger "a powerful vision," but said "such a sweeping transformation of governance at the university...might make the U's recent ordeal over modifying tenure look about as controversial as planning an office Christmas party."

**Star Tribune** said (Nov. 13) University of Minnesota regents should play a major role in choosing the next University president. **Duluth News-Tribune** called for (Nov. 15) the University to drop its football program, not hire a new football coach, "because the values of big-time college football are lousy."

**St. Cloud Times** said (Dec. 1) counties must realize that the most efficient approach to locating new facilities is to locate services on the

## On Balance

"He who enters a university walks on hallowed ground."—J.B. Conant

basis of population centers. "Traditional county seats are not always the best locations for the most efficient delivery of county government services."

**Duluth News-Tribune** said (Nov. 23) a statewide, not a regional, viewpoint on growth is advisable "because the best way to control metro growth is to have most of it happen outstate...State efforts through tax incentives, planning and zoning laws and other public policy should stress growth outside the metro area."

**St. Cloud Times** warned (Nov. 21) that time is running out for local governments to control comprehensive planning in the St. Cloud area. It said Metropolitan Council Chair Curt Johnson wants legislation requiring adjacent counties to coordinate planning with the Twin Cities. "Maintaining local control requires the area jurisdictions to join in a cooperative planning effort. Without that, there is a growing potential that solutions will come from St. Paul, not Central Minnesota." It praised (Nov. 23) the Area Planning Organization for voting to establish a "metro/regional planning structure" and to ask the Legislature for money to hire a consultant to help shape it.

**Star Tribune** said (Nov. 18) merg-

er of small cities "could enable many local governments—particularly in the governmentally crowded Twin Cities—to operate more efficiently and provide better service to their citizens."

**Mankato Free Press** said (Nov. 19) the Minnesota News Council process "has served the public and the media well" and should be tried again on a national level. It said such a council could "help restore public trust in the media."

**West Central Tribune (Willmar)** said (Nov. 14) the Legislature should use a majority of the surplus for a property tax cut, after restoring \$200 million to \$300 million in education funding. It said the surplus should not be used for a stadium. **Duluth News-Tribune** said (Nov. 15) legislators should not adopt a modest one-time tax rebate in 1997. It said (Nov. 29) that state officials should not spend the surplus until officials can be sure that the Brandl-Weber report warnings of major budget problems no longer apply. **Pioneer Press** said (Nov. 27) the projected surplus "represents a golden opportunity for Carlson and the 1997 Legislature to leave a lasting mark—reform of the state's arcane, unfair and inefficient property tax system." It said (Nov. 29) the state should increase its reserve from the

current level of \$270 million to \$550 million and use part of the surplus to cushion a major restructuring of the tax and spending items. **Free Press** said (Nov. 30) Gov. Carlson's plan for using a third of the projected surplus of \$793 million that will be available at the end of the current fiscal year next June for a one-time income-tax rebate, a third for the budget reserve and a third for education "makes sense." "(T)he state's taxpayers...should be the first beneficiaries of such money."

**Princeton Union-Eagle** said (Nov. 14) state Supreme Court justices should not stand for election. It said it would be in the public interest for Supreme Court justices to be appointed for life with retirement at full pay, just like members of the federal judiciary. It suggested that lower state court judges should be removed for "the political election turmoil: by having an approval or disapproval vote at the end of their terms. If disapproved, a sitting judge would be replaced by the appointment process. **St. Cloud Times** said (Nov. 10) suggested making judicial elections similar recall. If a majority of people vote that a particular judge should not continue in office, then the governor and selection committee would appoint a new judge. "The Minnesota Legislature should change the state's judicial election laws to protect the credibility of the state's courts. Judicial elections are becoming a crapshoot and a joke."

Moreover, if teachers are left no option but to teach to external tests, how will we be able to recruit imaginative and dedicated teachers? As it is, they are not rewarded financially in proportion to their responsibilities. So why would any considerable number of potential teachers—with brains, imagination and multiple career opportunities—volunteer to devote their lives to walking the treadmill of external testing?

*Ed Coen is emeritus professor of economics at the University of Minnesota.*

# Phase development to area's capital facilities program

*Edited excerpts of remarks by Robert H. Freilich, senior partner, Freilich, Leitner & Carlisle, Kansas City, Missouri, and editor, Urban Lawyer, to the Citizens League on Nov. 4.*

We know that our central cities and our first-ring suburbs are losing population and they have tremendous backlogs in infrastructure deficiencies. One of the reasons this is so is that we have always used the general fund to finance new growth and particularly new growth on the fringe.

If the older areas are going to pay for the newer areas, it constantly becomes a war between built-up areas and areas to be built up in terms of the equity in how these things are done. The 1990 Census, for the first time, showed that first- and second-ring suburbs are losing population faster percentage-wise than the central cities. This is not a problem of just central cities. This is a massive problem of relocation of resources and people further and further out.

You have to take into account the primacy of what people want in terms of movement. But you can do something in terms of why do we incentivise and why do we subsidize that movement. Why don't we play the fair game and even

incentivise the growth back to closer-in areas and to areas which already have infrastructure and facilities, because our costs are so much less for extending facilities?

One of the things that is very interesting is that as you spread out, communities start to go to three-acre zoning, five-acre zoning, 10-acre zoning, 20-acre zoning with the thought that they're going to keep the developer away—he'll come back some other day. The reality is that the greater the lot sizes, the greater the sprawl, the more devastating is the cost of laying infrastructure and even more to service it. Then, of course, what it means to have all this infrastructure in place in existing communities that are underutilized is tragic.

The older areas in the first- and second-ring suburbs are losing growth and the third- and fourth-ring suburbs are gaining growth. In net effect you're not gaining economic value, but you're forced to shift everything from one area to the other at extraordinary cost. When I worked on the Development Framework here in Minneapolis-St. Paul in 1972-77, the first million people in Minneapolis-St. Paul occupied 180 square miles of land. The second million occupied 560 square miles of land.

## Sprawl accelerating despite recognition of its costs

*Edited excerpts of remarks by Gene Bunnell, assistant professor and Extension specialist at the University of Wisconsin-Madison, to the Citizens League on Nov. 15.*

In the 1990s there is more and more evidence that development of a lot of different kinds is not fiscally beneficial when looked at in isolation at the community level.

Is this fiscal awareness leading to more efficient, less costly, less wasteful development? Absolutely not. It's an ironic thing. As we have become more obsessed with cost as the criteria, sprawl has accelerated. Development is being less and less dense. New houses are on bigger lots than they've ever been before. Large estates, so-called

hobby farms of five acres or more are commonplace. People are happy to buy 35 acres and put a house right in the middle of it. Out West they're called "cappuccino cowboys."

There's incontrovertible evidence that low-density development and sprawl is the most expensive way to go. Has the availability of data on this changed people's attitudes, has it changed their behavior? Not at all, which is a very odd thing.

It's much easier to document the cost of things than the value of things. We can document the cost of education. Our fiscal impact studies seem to suggest that it has no value. What is the value of a mind that comes alive and is given ideas and skills? How do we mea-

In 1976 we were looking at the third million and it was going to come by 1996 and, sure enough, you hit right on the button. This time it was predicted that with the zoning of the seven counties that that growth would consume 1,600 additional square miles of land, or almost 10 times as much land per capita as the original million. And that's why the Development Framework came into being.

The Development Framework laid out an area equal to 560 square miles; in other words, the third million should be accommodated on what the second million used, instead of going out to 1,600 square miles. A lot of people might criticize what the Growth Development Framework did and they say that it was poorly administered in some respects. I can assure you that one thing it has done: it has channeled some growth back to existing built-up areas into the downtowns. It has helped to control what would have been much worse sprawl, compared to other cities. It has allowed you to save between \$1 billion and \$2 billion every 10 years just on energy.

What you're really interested in doing is to make sure you have facilities available concurrent with development and that you time and phase development to that capital

sure that value? We don't really put that into those calculations.

We need to encourage more comprehensive analyses of the impacts of development. We need to expand the circle beyond just local government costs and revenues to consider the full tier of public costs and also think about social and environmental costs. We need to think about the social consequences, the distributional consequences.

In Oregon I think there has been a synthesis which is somewhat unique. They have been aware of fiscal impacts. They have recognized that there are costs to sprawl. But they have also recognized that managing growth is good for their regional economy, that it frees up resources, that it provides for

improvement program. You can use the closer-in cities, contiguity, nodes and corridors, so you can get mixed-use development, affordable housing, economic development and vested rights. Why a positive fiscal impact? Every residential house in the United States up to \$250,000 pays 60 percent of the cost of the capital facilities and services necessary to service that house over the life of the house. Sixty percent.

So if you think by annexing residential property that you're gaining economic value, you're not. You have to offset it by commercial, industrial, office, nonresidential development, which pays an average of about 150 percent of its costs. And agriculture, which pays over 200 percent of its costs, is a much better investment, because there are few services needed for land that's held in several hundred acres and being used for agricultural purposes.

One of the things that's really important is if you say that residential development pays its fair share of the cost of economic facilities, not service, just the facilities, you'll get that 60 percent up to about 75. That's major. By doing that, you'll have the schools, you'll have the roads, you'll have the parks, you'll have the facilities.

development, which is essential for the creation of wealth, that there are social benefits, that there is less dispersion and social isolation, less disassociation.

It was expected that increasing the price would serve as a constraint to development going further out. But then developers and people said, Yeah, but that's where I want to go and I'm willing to pay. It affects environmental quality.

It has social impacts. It affects the community and the cohesiveness that we feel, the degree of our social integration and the degree of our disassociation.

And I think it impacts on our economic well-being, as well.

## Schools

Continued from page 3

meetings per week should be preserved for student work on the project, in addition to the time they are expected to devote to it at home. The teacher would be available in class to assist students who have specific questions and, without the burden of preparing lectures, would have more energy to devote to designing challenging weekly projects.

Unfortunately, this opportunity for more creative work by both students and teachers is confronted by an impassable roadblock: the cur-

rent demands for national or statewide testing, designed to hold teachers accountable for the performance of their students. But the consequences could be disastrous. Such tests inevitably exert overwhelming pressure on teachers to *teach to the test*. And there is no way to design an external examination system that can be compatible with problem-based learning, except at elementary levels of reading, writing and mathematics.

For example, suppose the external test relates to American history. If committee members responsible for the questions do not stick with familiar issues, namely those emphasized by the more popular

high school texts, they will be run out of town on a rail. And the teacher who refuses to teach to the test will suffer the same fate.

Textbooks are usually necessary. They provide a skeletal overview. But they kill thought. They do not raise issues; they bury them. The meat of a stimulating course is found elsewhere. External testing turns priorities upside down. The textbook is in charge and thinking takes a back seat. The textbook exposes students to a wide range of facts, but they soon forget most of them. Problem-based learning exposes students to more specialized facts, but they remember more of them.



# Durenberger

Continued from page 1

change to provide leadership.

We discovered that elected public officials were so committed to identifying with people's needs that they'd lost the capacity to define their choices in terms people could understand... and trust.

This condition of leadership exists in an American policymaking system that is unique. It is incredibly open and has a vast number and variety of players and actors. The role of government in our system is also oblique. And policymaking is from time to time strongly influenced by private economic policy.

All of these factors affect the timeliness of response, the coherence of strategy, and the clarity of accountability.

Again, in their book, *The System*, Broder and Johnson help explain why all this is so important:

"The Founders of our system made it difficult for major changes to occur. But, they surely did not foresee the self-destructiveness and distrust that now hobble American government and politics, nor has the cumulative assault on the idea of responsible government been so destructive of the very faith in the democratic system as now."

In today's world, the relationship quality of a representative system of governance also demands trust, reliability and some predictability. But during the eight dialogues that took place during our November 20 conference, it became clear that few, if any, of these assets are present in how we interpret health system

change or develop health policy.

Instead, we struggle with varying definitions of "health," competing views of the role of government, fear of managed care, and abhorrence of profit in what we've come to presume must be a nonprofit world. Our nation's—and community's—health system is in the throes of change and its traditional value systems are challenged in ways too few of us understand.

We are challenged to understand all this, not by our lack of intelligence, compassion and civic virtue, but by some important realities we all face:

- We all have different sets of experiences. What one sees depends on where one stands.

- The complexity of the subject affects how we think, decide to act, and who we select to speak for us.

- We depend on political action. But, who speaks for the health experts today? Political parties? Trade associations? Political action committees?

- Our understanding of issues is affected by the pace and variety of change. All health care is local and change is part cultural. So we see different paces in different places.

- And there is never any time to think...or to consider the problems created by income and values disparity, generational inequity, and what might fairly be called "attention span disorder."

- Today's journalism is really "media," adding heat, rather than light, to this already complex process. Few rewards are offered for serious public policy reporting. Much more attention is given to

characterizing political differences and motives.

- And, finally, we are living in an era of entrepreneurial legislators. The old apprenticeship systems are gone from our state houses and Congress. Everyone is an "expert" on the day he or she takes office.

Overall, the sad reality is that, just when we need them most, our political, health, civic, and journalistic leaders are either confused or otherwise occupied.

Despite this challenging overall picture, David Broder concluded our Nov. 20 health-care conference with some hopeful observations about what he had experienced in his day with a wide variety of Minnesotans. "I don't think we could have a dialogue or conversation like this in very many places in this country," he said, "and that's what makes Minnesota and the Twin Cities special."

On the question of the role of leaders, Broder said he feels political leaders, at all levels from the President on down, have a responsibility for agenda-setting. "Political leaders have to help their constituencies find the questions that are most compelling," he said. "They have to create a sense of urgency about dealing with these problems. That's the only way you get the stakeholders to the table."

Broder said political leaders have a special responsibility to be agenda setters because they have—or are seeking—a direct mandate from the voters. "The press can't do that," he said. "The bureaucracy can't do it. Neither can the interest groups."

In assuming this extra responsibility, Broder said the biggest challenge policymakers face is defining the problem. "Those of you who are in this kind of elite policy work have to take on that responsibility," the Pulitzer Prize winning journalist said, "because you cannot expect those of us who are average citizens to come up with those definitions ourselves...or to have thought seriously enough about the problem to recognize which options are realistic and have a potential of working."

Broder said he and his colleagues in the media are also challenged if they try to engage the broader pub-

lic in understanding complex problems and reaching a consensus that allows the political system to move forward. "We cannot cop out of that responsibility by saying that 'that ain't what gets the ratings' he said. "Explanatory journalism may be the least glamorous part of the business, but it is increasingly the most essential part of our business to help people understand what it is that's being debated in the legislative halls, in the city councils, in the Congress, and in the White House."

"But this is not a job journalists can do alone," Broder said. "Politicians and public officials have their own responsibilities as educators of their constituencies. Politicians can blame the press fairly for some of our inadequacies...but only if they are doing their own job as educators of their own constituencies."

At the end of our six-hour conference, Broder's challenge to us was: "Don't always look for leadership in places where people are in positions of leadership. Go to your community, your neighborhood, and look for your leaders there. Unless we really get down to that level of the community, the question of trust, the public's cynicism may overwhelm us and block the kind of action that clearly is going to be needed to deal with the health care challenge and all the other challenges that are there for this country."

For 44 years that's been the mission and definition of the Citizens League. The League taught me everything I've learned about public service—from stalwarts like Ray Black to Verne Johnson to Ted Kolderie and Dave Graven and a whole long line of others over the years.

But all the challenges cited by David Broder make this the time for the League to do even better than it has always done...to help set the agenda, to define the problem, to ask the right questions...and, to paraphrase Broder one more time, to find our leaders in places we don't often enough go.

*Dave Durenberger is a former U.S. Senator from Minnesota; a partner in Durenberger-Foote, a Washington, D.C.-based strategic consulting firm; and the senior health policy fellow at the University of St. Thomas.*

# Leaders

Continued from page 1

ing policies will make any differ-

Citizens are skeptical—sometimes downright hostile. And they have checked out of the "citizenship thing" in huge numbers. At the League's 1994 annual meeting, Harvard sociologist and political scientist Robert Putnam outlined his findings on the decline of civic life and the depletion of "social capital." His "bowling alone" diagnosis has become familiar: It's not just the decline in political participation as measured by voter turnout that's worrisome, Putnam says. Membership in everything from PTAs to unions has plummeted. Even leisure activities have become more private.

Most of us have heard all this by now. We know something has changed.

And we know that the depletion of social capital hurts our quality of life. A recent League report on global competitiveness found that Twin Cities' tradition of good government and civic involvement has been a competitive advantage for the metropolitan area. The region's quality of life and future prosperity are threatened if our "mediating institutions"—where people develop the skills of public life and where bonds of trust and common commitment are forged—are allowed to disappear.

This task of reinvigorating citizenship is a difficult one. There are some notable efforts underway, both at the national and the local level. As the "Citizens" League, it would seem natural for us to take on this mission with zeal. Indeed, we've spent the last couple of years discussing whether and how to do that.

But we heard something different this fall that prompted us to consider a particular focus within the broader challenge of rebuilding citizenship. Twin Cities community leaders who testified at the League's October planning retreats—they were pessimistic, not just about the condition of citizenship, but about the "state of the art" of statecraft.

Our guests told us that elected officials and policymakers are disheartened. Most of these legislators, county commissioners and other leaders entered public life because of an earnest desire to make a difference—but the reality of their daily work is that partisanship is paramount, every issue is politicized and policy analysis too often yields to policy paralysis. Well-organized single-issue advocates and their battalions of lobbyists keep many officials walking on eggs—either choosing to avoid risks on explosive issues, going along to store IOUs for another day, or tempted to give up in disgust.

The League's board members concluded that the decline of citizenship, so well diagnosed by Putnam, has a perverse effect on public leadership. When citizens check out, the void affects public leaders' ability to mobilize government as our major collective problem-solving mechanism.

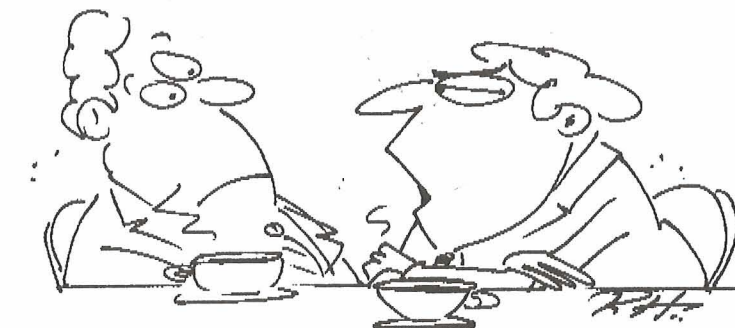
Scholars like Putnam might describe the failings of citizenship in theoretical terms, but the change isn't theoretical anymore. These public failures are feeling very personal to the best and the brightest practitioners of statecraft. The leaders we count on to lead change are showing signs of battle fatigue. It's

*"How do we attract the best public leaders when they face the hostility toward the public sector from the outside and resistance to change from entrenched interests on the inside?"*

becoming more difficult to find public leaders who want to do the right thing. How do we attract the best public leaders when they face the hostility toward the public sector from the outside and resistance to change from entrenched interests on the inside?

Their leadership is at risk. This is the challenge of public leadership that the League should address, the board decided.

It's time for the Citizens League to directly confront the problem faced by commissioners, managers, staff members and elected officials who have the courage to make difficult decisions and try to



*"O.K., Bert ... Get out your bowling shoes. Each of us in the agency is to recruit a team for the new 'Bowling Together' league."*

move entrenched institutions.

The League has appointed a subcommittee, which will be cochaired by Duane Benson and Jan Smaby, to design a new initiative to explore the modern challenges of public leadership. The members of the committee will be people who are involved in civic affairs, but who aren't government officials themselves. The committee's task will be to develop proposals for real, tangible, practical steps the League and others can take to support public leaders.

The League can play an important role in helping build capacity for change. There are many constraints

engagement (e.g., do public hearings work?);

- how the media can apply principles of public journalism to improve the process of appointing citizens to governing bodies such as the University Board of Regents? (Should the newspapers regularly list opportunities for citizen appointments?);

- the capacity of the Citizens League and other civic groups to support and celebrate public leaders who "do the right thing."

It's important to note that this initiative goes beyond elected officials. It goes beyond government leadership. It is about leadership in all three sectors—government, private and nonprofit. Many nonprofits have lost their ability to create change. And for their part, businesses and other private sector institutions have also lost some of their ability to lead for the common good. All three sectors play a role in public leadership. All three should supply leaders to government.

This project will construct supports for modern public leadership. Present public leaders need encouragement. So will future leaders. That won't happen unless the environment for leadership brightens.

*Mike Christenson is president of the Citizens League and executive director of the Allina Foundation.*

The board has asked the League committee to propose some solutions to the modern challenges of public leadership. For example, the committee might look at:

- the treatment of elected leaders by appointed officials and vice versa;

- statutory processes for citizen



*"Since you're the only person in the neighborhood who keeps his grass cut, his walk shoveled, subscribes to the Wall Street Journal, wears a necktie and is the only one of us to remain married, you're our unanimous choice to be our leader!"*



# Economic advisors urge caution in spending surplus

**Buried in the** Minnesota Department of Finance upbeat forecast of a \$1.4 billion budget surplus by mid-1999 is a cautionary note from the state's Council of Economic Advisors. The projected revenue growth for the state over the next 18 months is probably not sustainable over longer time periods, the Council warned. Council members urged the Governor and the Legislature to exercise great caution in spending decisions and in making long-term commitments to projects and new programs. Furthermore, said the Council, the state should increase its budget reserve from \$270 million to \$500 million. The current reserve is only 1.4 percent of projected budget expenditures. That is well below the five percent recommended for the state following the financial crises Minnesota faced during the early 1980s.—*Betty Wilson.*

**Though he made** no reference to them, Gov. Carlson's proposal for public education basically moves down the path toward "more options" broken by his DFL predecessors, Rudy Perpich and Wendell Anderson. The proposals for Open Enrollment and Postsecondary Options came from Perpich; Minnesota's present tax deduction for private-school tuition came in under Anderson.

With "Students First" Carlson continues to move K-12 away from the district framework, opening opportunities for students to choose schools other than those run by the local superintendent.

Most school boards, teacher unions and superintendents will resist this ("Districts First"). But the district framework set in state law puts *adult* interests first. ("This is a system that can take its customers for granted," the president of the American Federation of Teachers told the Itasca Seminar in 1988.)

If the legislators who vote education as a consumer interest want more than rhetoric about "students first," the move away from the district-only model is imperative.—*Ted Kolderie.*

**1,803 townships,** 854 municipal governments, 458 school districts, 377 special districts, 87 county governments... and a partridge in a pear tree. That's how many units of gov-

ernment Minnesota has, according to the latest count by Minnesota Planning.

Minnesota's grand total of 3,580 government units is sixth-highest in the U.S. (Illinois, with 6,723, was first) and easily tops our closest neighbors'. North Dakota, the Upper Midwest runner-up, had a mere 2,796.

What's surprising: With all those units of government, Minnesota isn't overloaded—at least by national standards—with public employees. According to the Advisory Council on Intergovernmental Relations, Minnesota's state and local employment of 536 full-time equivalents (FTE) per 10,000 population was only slightly higher than the national average of 524 in 1994.

And compared with neighboring states that had fewer units of government (North Dakota, South Dakota, and Iowa), Minnesota actually had fewer government employees relative to its population, not more. Among our neighbors, only Wisconsin had fewer governments and fewer public employees.—*Janet Dudrow.*

**State agencies** and counties have reached a tentative agreement that gives the counties a year to develop proposals for expanding their role in purchasing health care for public assistance recipients. As a result, the most controversial aspects of expanding Medicaid managed care into outstate Minnesota will not be on the Legislature's agenda when it convenes in January.

The state's Prepaid Medical Assistance Program (PMAP) has gradually expanded and now includes nine counties outside the metro area. The state contracts with HMOs, paying them a fixed rate for each enrollee. In 1996, the Association of Minnesota Counties proposed bills that would slow the expansion of PMAP and allow counties to assume the role of purchaser of health services for Medicaid recipients. The counties were inspired by the direct contracting model developed by the Buyer Health Care

Action Group and intrigued by the surpluses HMOs have earned on their PMAP business. Gov. Carlson vetoed the bill, but the counties have continued to work on purchasing models. A group of the seven metro-area counties have been designing their own county purchasing model.—*Allan Baumgarten.*

**Quote of the week:** Howard Fuller, former superintendent of schools in Milwaukee and now professor at Marquette University, said at a recent meeting at the Humphrey Institute sponsored by the new Charter Friends National Network that "when anyone talks about a win-win strategy [to improve education], my antenna go up. I want the kids to win, and I know if all the adults win, the kids won't benefit." This came during a discussion of the importance of money moving when the kids go to charter schools.—*J.D.*

**The big picture:** Sometimes it pays to step back and take a look at the big picture of urban policy. St. Louis developer Richard Baron, presenting at a recent Sensible Land Use meeting, noted that real urban revitalization will not take place until there is less political hand-wringing and more action.

Baron pointed out that neighborhood redevelopment is often delayed endlessly to ensure that some are not caused hardship by such economic improvements—while the distressed neighborhood continues to erode further and more hands are wrung.

Referring to one redevelopment effort he led for a distressed San Francisco neighborhood, Baron said no fewer than 50 commercial and nonprofit organizations befell him for the project's potential displacement of low-income tenants. Meanwhile, the entire neighborhood lived in terrible housing conditions and constant fear from shootings and high crime. He said redevelopment efforts too often require that everyone be helped, regardless of circumstances, or no one gets helped at all.

"They're worrying about the people shooting the bullets," he said. "But I'm worrying about the people lying on the floor" trying to avoid the bullets.—*Ron Wirtz.*

**The good news** is that Saint Paul has now approved eight charter schools, more than any other district in Minnesota.

The bad news is that the board of education apparently continues to think of the charter program simply as more "alternative schools," into which many districts have been diverting kids not doing well in regular schools.

The question still pending is whether Saint Paul will challenge itself—its own regular schools—with other charters that enroll "regular" kids.—*T.K.*

*Take Note contributors include Minnesota Journal and Citizens League staff members, Betty Wilson, a freelance writer and former Star Tribune political writer, and Allan Baumgarten, a health-care policy and finance consultant.*

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Minneapolis, MN 55415**

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# Citizens League Matters

December 17, 1996

News for Citizens League Members

## Welcome New Members

Kenneth Beck  
Janis M. Clay and  
Elam Baer  
Peter Gualtieri  
Jean L. Harris  
Bruce Kimmel  
Jay and Leah  
Lindgren  
Thomas Moore  
Eric Pehle  
Kirby Pitman  
Mark Schiffman  
Steven R. Wallace  
Mariia Zimmerman

Thank you Recruiters  
Cathy Kennedy, Sheryl  
Lang, Bonnie Sipkins

### Citizens League

708 South 3rd St. Suite 500  
Minneapolis, MN 55415  
Ph 338-0791 Fax 337-5919  
citizen@epx.cis.umn.edu

Visit our Web site:  
[http://freenet.msp.mn.us/ip/  
pol/citizen/](http://freenet.msp.mn.us/ip/pol/citizen/)

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 a family membership. Other categories are also available. For more information on membership, please call 338-0791.

## Citizens League establishes an endowment fund

The Citizens League has established an endowment fund at the St. Paul Foundation and has set a target of raising \$2 million in endowment pledges in the next five years. Interest income from the fund will be used to support the League's general operation.

Launching an endowment fund is our declaration that citizens can—and will continue to—make a difference in Minnesota for decades to come. This month's *Minnesota Journal* touches on the issue of citizenship and the challenge of modern leadership. Not surprisingly, the Citizens League itself has been buffeted by the trends described in these articles. It's hard to be a good-government organization in an era when most people think "good government" is an oxymoron.

The Citizens League is the hopeful alternative to the creeping cynicism that threatens our public life. The League can help rebuild the public's faith in government and reward that faith by making the system work better. If it does, the Twin Cities metropolitan region will continue to do a better job than most regions of the country in identifying problems and creating unique solutions.

Ironically, just as there has never been a more urgent need for the League, the resources to meet these challenges have

never been less secure.

All across the country, regional civic organizations like the Citizens League are struggling financially. We, too, are at a financial threshold. The Citizens League must act now to create the long-term financial stability that ensures that we will be able to respond to future challenges. That's the promise of a permanent endowment fund.

Historically, nearly 80 percent of the League's operating revenue has come from corporate contributions. Through the 1980s, that 80 percent came from fewer contributors. But the corporate contributions climate has changed dramatically in the last few years. The amount contributed by corporations has fallen since 1986 (and in inflation-adjusted dollars since 1983).

The League has already responded by raising and increasing the share of its annual revenue from individual members, and by reducing expenses. Those strategies have been modestly successful. Individual revenue sources now account for over 30 percent of the League's budget, the largest share in League history.

The increase in individual giving has been not only necessary, but appropriate to the organization's mission. The essence of the Citizens League is its members—citizens. It is

important that the Citizens League rely on citizens in its funding formula.

The decision to create an endowment fund was not undertaken lightly. A League committee, chaired by past president **Jean King**, examined the issue of the League's financial future. The committee concluded that the Citizens League had a track record of making the Twin Cities a better place; that it has the capacity to help with problems in the future; and that the energy of the staff and the League leadership shouldn't be devoted to fighting persistent financial fires. The committee recommended that the League establish an endowment fund, with the income from the fund to be used for general operating purposes.

The committee also recommended that the League not set up its own infrastructure to support and manage an endowment fund, but instead work through existing community resources. Consequently, the League has established The Citizens League Endowment Fund at the St. Paul Foundation. The St. Paul Foundation administers the fund and also provides technical assistance to the League staff and donors.

Under the energetic leadership of Cal Clark, more than 80 close

(Continued on next page)

# Ways of Giving to the Citizens League

There are a variety of ways you can give to the Citizens League's annual fund or to the endowment fund. The St. Paul Foundation has provided the following summary. Keep in mind that this is only a thumbnail sketch of planned giving options. If you have any questions please consult your advisors or call Lyle Wray or Phil Jenni at 338-0791.

## Outright Gifts

### Cash

A cash gift is the simplest and most convenient way of making a charitable gift. A cash gift qualifies as a charitable contribution for federal income tax purposes and is fully deductible up to 50 percent of the donor's adjusted gross income in any one year. Deduction amounts exceeding this limit may be carried forward for up to five additional years.

### Securities

A gift of appreciated securities (stocks and bonds, including stock in closely held companies) often provides important tax advantages to a donor. The full fair market value is deductible as a charitable contribution. Deductibility is limited to 30 percent of the donor's adjusted gross income, but excess deductions can be carried forward for up to five additional years. In addition, donors of appreciated securities do not have to pay the federal capital gains tax on the appreciated portion of the gift.

### Real Estate

A gift of real estate can provide the same tax advantages as those described for gifts of securities. Acceptance of gifts of real estate, however, depends upon a number of factors including current market conditions.

### Bequests

Through a bequest, a donor has the opportunity to perpetuate good works in a living memorial. The Citizens League may be named as a residual beneficiary of the donor's estate, as the recipient of a specified gift, as contingent beneficiary, or as one of the beneficiaries of the assets of a charitable remainder trust. Bequests are deductible for federal estate tax purposes.

## Life Income Gifts

These are gifts in which the donor makes an irrevocable transfer of assets to the Citizens League Endowment Fund and receives, in return, a lifetime income interest for specified beneficiaries—the donor, a spouse, children, a friend.

### Charitable Remainder Unitrust

Cash or property is transferred to a trust which distributes to the income beneficiary(ies) an amount equal to a fixed percentage of the trust's fair market value. This type of trust provides a variable stream of income to the beneficiaries. Upon termination of the trust, its assets become part of the Foundation and are used for purposes specified by the donor.

### Charitable Remainder Annuity Trust

An annuity trust pays income beneficiaries a fixed dollar amount, rather than a variable amount (as with a unitrust). In other respects, it is similar to a unitrust.

### Pooled Income Fund

A pooled income fund combines gifts from many donors to create a common investment portfolio. Net income is paid in proportionate shares to donors and their beneficiaries. At the death of the

income beneficiary(ies) designated by the donor, the share of the pooled income fund contributed by the donor becomes part of the Foundation, to be used as the donor has directed.

### Charitable Gift Annuity

A transfer of cash or other property is made in exchange for a commitment to pay the donor a specified amount annually for the remainder of the donor's life.

## Gift Of Life Insurance

The Citizens League can be named as the owner and beneficiary of a life insurance policy. The donor can receive a tax deduction for the value of the policy. Any premium payments made by the donor after the policy is given can also be deductible.

## Qualified Retirement Plans

Finally, while very cost-effective in providing retirement income for the worker and his or her spouse, IRAs, 401-Ks and other qualified retirement plans funded with pre-tax dollars are exceptionally inefficient for transferring wealth to non-spousal heirs. That's because they are subject to three levels of taxation: 1) 15% penalty on overfunded plan assets; 2) estate tax of up to 50%; and, 3) the remaining balance will be taxed as ordinary income by the non-spousal heir. The combined effect can eat up much of the original amount.

It is generally a simple, no expense process to change the secondary beneficiary (after your spouse) on qualified asset plans to a tax-exempt charity such as the Citizens League. You can carry out your charitable intent and avoid the heavy tax penalties.

*(Continued from other side)*

friends and long-time supporters of the League have already been contacted. Their response has been encouraging. More than 20 have contributed to the fund and many have also made a planned gift to the League, with commitments totalling well over \$300,000.

The creation of an endowment fund is the culmination of the League's effort over the past decade to fundamentally change the mix of its funding sources.

The endowment is not intended to relieve the League of raising annual support. The League will continue to solicit corporate and individual contributions aggressively, with a majority of each year's budget coming from these annual gifts and memberships. The League believes in salutary effect of market pressures. The endowment fund should not shield the League from being responsive to the community.

We think our own process has identified a workable solution—an endowment fund. And now is the time for leadership. We have the opportunity to make a difference. We have the chance to secure the future of the Citizens League. And in so doing we will strengthen the region's capacity for public problem-solving. If we are bold, reach high and succeed, this region will be a better place for the next generations.

You'll be hearing more of this important endeavor in the months ahead. If, in the meantime, you have any questions please call Lyle Wray or Phil Jenni at 338-0791.