



# Minnesota Journal

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A publication of the Citizens League

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## Reconstitution of Minneapolis school signals changed view of troubled schools

*Editor's note: The following article was based on a paper written by John Kostouros for the Center for Policy Studies in St. Paul.*

by John Kostouros

of improving school performance.

But in the spring of 1996, Minneapolis school district administrators, acting with the cooperation of the teachers' union and the principals' association, gave Morris Park Elementary, one of the district's 102 schools, a "fresh start" by replacing the staff because of chronic poor academic performance, extensive discipline problems and staff infighting.

"If you are going to be a school district that is accountable, you've got to be willing to essentially fresh-start schools, to be sure that they meet the needs of kids," then-Superintendent Peter Hutchinson said in announcing the decision. "A lot of people talk about this, but it rarely happens."

The unprecedented action, a first in Minnesota, came after district officials had tried several times to correct chronic problems the traditional way: by replacing the principal.

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## Reports raise issues on education, workforce

by Janet Dudrow

A former Citizens League executive director once said that one of the League's essential functions was to "stand in the middle of the information stream and catch the important stuff that floats by."

In the stream of information—really a torrent—three reports have caught our attention as especially noteworthy lately. All address an issue of long-standing concern to the Citizens League: the increasing role of education in ensuring economic opportunity for individuals and economic competitiveness for the region. The League will be delving into the subject further in an upcoming study on Minnesota's labor shortage. Here we offer brief excerpts from these three reports, with introductory remarks about the Citizens League's recent work on the same issues.

### Workforce development

What should the Twin Cities metro area do to secure a prosperous future in a global, high-tech economy? Tops on the public sector's agenda should be developing the skill, innovation and productivity of

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## Peterson: Without Metropolitan Council region would have fewer separate cities

by Dana Schroeder

AMM was formed in mid-1974 by the merger of the Metro League of Municipalities and the Suburban League of Municipalities, where Peterson had been executive director since 1973. He became AMM's executive director on Jan. 1, 1975.

We asked Peterson in an interview to look at a number of issues facing area cities and the region now and over the last 25 years.

**Minnesota Journal:** What were the issues facing AMM back at its beginning?

**Peterson:** When AMM first got off the ground in '74, the big issue facing it was land use. They didn't talk about controlling growth so much as managing growth. With the formation of the old Development Framework, the Met Council wanted to make sure that growth would come from the inside out, so you wouldn't have premature extension of regional facilities.

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After a quarter century of work on municipal and regional issues in the Twin Cities area, Vern Peterson has seen the region struggle with many of the same issues year after year. But the retiring executive director of the Association of Metropolitan Municipalities (AMM) believes the region has made progress and is better equipped than many areas to face what he sees as its two most important challenges: the increasing division in income levels and growing pockets of poverty and racial relations.



# Let's ask right questions before light rail rides again

Plans are afoot at the Legislature and in Washington to rustle up funds for a dedicated transitway on the Hiawatha corridor between downtown Minneapolis and the airport. The transitway would probably be used for buses, airport shuttles and taxis but it could be adapted for light-rail transit later on. Sounds logical. Sounds promising: Serious investment in transit in a location ideally suited for it.

Yet, there are signs that the proposal might have become a Trojan horse, an appealing cover to slip a light-rail transit system by the public without a sound consideration of what our access and transportation needs are and how we should best meet those needs. Before we open the gate too wide, let's focus on the questions that should be at the core of any transit debate.

What is the problem? The League has said it before, but it bears repeating: transit isn't a piece of hardware; it's a system that provides access to jobs, services and recreation by means other than driving alone. Rather than starting with a particular transportation technology and figuring out what problem it will solve, policymakers should start by understanding what the problem is and how to solve it most efficiently.

There are at least four obvious problems today. First, workers, employers and shoppers need better access to the increasingly congested central business districts in Minneapolis and St. Paul. Second, the small but significant share of the population who don't own cars—usually because their incomes

## Reports

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the workforce, according to the Citizens League's 1996 report *Compete Globally, Thrive Locally*. The Twin Cities area has historically been a home for company headquarters, R&D functions and advanced business services and a center for a few key industry clusters, including medical technology—all of which require well-educated and trained workers at the cutting edge of their fields.

aren't high enough or because disability prevents driving—need affordable public transportation. Third, low-income residents of the central cities need better and more affordable access to fast-growing job centers in suburban areas—and employers need these workers, badly. And, finally, a few spots in the highway system that face chronic rush-hour congestion will get worse unless something is done.

We should look at the full range of options for solving any of these four problems and evaluate carefully the claims made for any transportation mode, including LRT, before we plunge into any costly capital commitment. Technological boosters tend to over-promise what the heavy hardware can accomplish, so we should adopt an attitude of healthy skepticism. Citizens need answers, not slogans and boosterism.

What are the realities? The Twin Cities commuting region encompasses 20 counties and already measures 100 miles across. Our population is less compact than 22 of the top 25 metropolitan areas. We have one-third the population density of Los Angeles, for example. Fifty years ago, a map of Twin Cities travel patterns looked like a hub with spokes. Today, the map would look like a spider web, with trip origins and destinations widely dispersed. Because the efficiency of any transit system is largely a matter of population density and con-

The public sector—especially post-secondary education institutions—should collaborate with employers to develop specialized workforce training for key activities and industries, the League said. A new report from the Minnesota Department of Economic Security suggests that the need for workforce development has become even more urgent.

*The following excerpts are from Worker Shortages in Minnesota, Minnesota Department of Economic Security, Nov. 1997.*

centrations of origins and destinations, we have some real hurdles to overcome to make any fixed guideway system—of whatever technology—work.

The Twin Cities area also has one of the highest rates of labor-force participation in the country—and that poses special challenges for transit. With all the adults—and many of the teenagers—in each household working, that means many trips per day per family, in multiple directions and often with intermediate stops to the day care center, grocery store and soccer practice along the way.

Perhaps the most-often denied reality is that mass transit has a real problem competing with the private automobile for the affections of commuters. Even in Tokyo, where the equivalent of the population of Minnesota commutes in and out each day and where drivers face heavy excise taxes, expensive gasoline and hefty tolls, the only mode of transportation that is growing is the automobile. Americans spend two to three times per person what Europeans do on transportation and show little signs of giving up their love affair with the automobile. It may disappoint us, but we are likely to find that consumers who have the choice prefer convenience and privacy over cost.

What is the impact on the existing transit system? The League has repeatedly warned of the havoc a

[Our study] found that...there are many Minnesota employers who are having problems finding workers...Shortage occupations run the gamut from highly skilled computer professionals and electricians to entry-level cashiers, food-service workers and home-health aides. The reasons for these shortages also vary dramatically—some can be attributed to a lack of highly skilled workers, while some are due to low wages or unappealing work.

In many areas, particularly in Greater Minnesota, employers are looking for skilled workers, and

large LRT operating deficit would wreak on the already strapped regional bus system. These fears have been borne out in Los Angeles, where the court recently ordered an upgrade to the bus system rather than allowing funds to be diverted to subsidize LRT. What would be the operating budget of an LRT system and how would the operating shortfall be covered? How could the metro area be assured that any LRT deficit wouldn't bleed the bus system? Most adults have learned that "free kittens" is an oxymoron; the Twin Cities shouldn't fall for the "free kittens" lure of federal or state capital money, only to pay later in higher property taxes and reduced bus service.

What now? We don't doubt that dedicated transitways in high-volume corridors such as the Hiawatha-airport-Mall of America corridor make sense. It's farsighted to preserve these corridors and get to work thinking about how best to use them.

But we question the wisdom of muddling up this preservation initiative by getting it locked into particular technology at the start. First, we need a clearer answer to the question of how LRT—or heavy rail—would solve any of the four problems just described. There is room for a good debate on the subject. The public deserves an honest and complete conversation that has not yet happened.

*Lyle Wray is executive director of the Citizens League.*

having trouble finding them. This is a situation that has many economic developers and employers concerned about whether business will choose to locate in Minnesota in the future. In general, the occupations that fall into this group, where positions go unfilled due to a lack of qualified applicants, tend to be higher-wage, higher-skill occupations. Many of these positions require specialized training or post-secondary degrees. [W]hile these openings are fewer in number than the entry-level, lower-skill openings, they are the kind of jobs that eco-

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# Editors split on stadium votes, importance of Twins

**West Central Tribune (Willmar)** said (Nov. 6), "...a majority of the public is getting fed up with billionaire owners and millionaire ers who move around until they find the highest bidder...The costs have gotten out of hand. There is less loyalty to teams and communities to the point where money is the only thing that counts. That's the way life is in the world of work. That's what people are trying to escape in vicariously experiencing the ideals of teamwork, talent, skill, loyalty and victory in their sports teams." **St. Cloud Times** said (Nov. 8) the proposal for a new stadium funding plan linked to community ownership of the Twins is "yet another beguiling lure." The paper said owner Carl Pohlad is "holding community ownership hostage to a new stadium...If Pohlad wants to donate the team to a nonprofit foundation to receive a huge tax write-off, so be it. Let the nonprofit foundation and any new owner propose their own honest solution to the economic mess baseball has become." It said (Nov. 14) the defeat of the latest stadium proposal "should send a message to major league baseball and give courage to other people of other cities faced with bidding wars to keep their teams."

**Red Wing Republican Eagle** said (Nov. 10) it would be unwise to diminish legislators' authority "by placing caps on spending or by turning over all controversial spending votes to a public referendum."

## The Minnesota Journal

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## On Balance

*"Opinion is ultimately determined by the feelings, and not by the intellect."—H. Spencer*

dum," a move the paper expects groups to attempt following the passage of the Minneapolis charter amendment limiting city spending on pro sports facilities to \$10 million. "Spending limits are arbitrary at best and do not give any consideration to the overall project worthiness...Lawmakers should not be hamstrung by mandated limits." **Rochester Post-Bulletin** said (Nov. 11) the "final" plan for a Twins stadium is better than earlier plans but still has "fundamental flaws." It said (Nov. 15) that legislators' vote against the plan "was the right decision for the state...Life will go on. People will find other ways to entertain themselves." **Pioneer Press** said (Nov. 13), "The diseased, extortionist relationship between pro sports teams and state and local governments...has become nothing less than a national disgrace and policy public disaster. Federal officials...must act to stop the blackmail..." But, the paper said, the Legislature should "face the unhappy reality that still exists" and agree to the final stadium proposal rather than lose the Twins.

**Fergus Falls Daily Journal** said (Nov. 11), "The focus shouldn't be on the owner of the team, but the fan...The latest plan is a compromise that can work. Minnesota needs to keep the Twins." **Princeton Union-Eagle** said (Nov. 20) "[N]o one

should quite give up yet" on efforts to keep the Twins in Minnesota... Baseball can still be a great game if the money part is cleaned up." **Star Tribune** said (Nov. 14) after the last special session that legislators "Have still not performed their plain duty: to secure for Minnesota an important and possibly irreplaceable civic asset, the Minnesota Twins... [R]efusing the Twins a new stadium punishes Minnesota, not owners or the game itself." It said (Dec. 2) that Minnesota may still have the opportunity to save the Twins by passing a stadium bill during the 1998 session.

**Duluth News-Tribune** said (Nov. 20) the school board's vote to expand the current Edison charter school contract from grades K-8 to K-12 should have been better publicized ahead of time so Edison foes could not view it "as a sneak attack by lame-duck board members." But despite the controversy, the paper pointed out that Edison "is here to stay at least until its contract expires in March 2000." It also said Duluth students should have the option of choosing Edison through grade 12; survival of the Edison concept will depend on whether the contract is renewed in 2000. It said (Nov. 15) that Roseville's experiment with offering girls-only middle-school math and science classes may be helpful, but should not lead to widespread emulation. "[S]egregat-

ing races or genders or left-handers or those with red hair or any other variation on humanity is almost always a mistake."

**St. Cloud Times** said (Nov. 28), "The State Treasurer's office is a relic of the past. Abolition is an idea whose time has come." **Duluth News-Tribune** said (Nov. 28) the Legislature should ask voters to abolish the posts of auditor, treasurer and secretary of state and debate whether the attorney general post should be appointive. "It is always—always—bad when the voters are asked to fill positions whose performance they have no good way to judge." **Pioneer Press** said (Dec. 1) the treasurer "has become an administrator and accountant, not a policy maker. Policy-making offices are what voters should fill."

**Duluth News-Tribune** said (Nov. 13) changes must be made to how judges are chosen in Minnesota. It suggested two options: requiring appointed judges to periodically go before voters in unopposed "retention" elections (a replacement would be appointed if voters reject a judge) or having the state Senate advise and consent on gubernatorial judicial appointments.

**Duluth News-Tribune** said (Nov. 28) state law should limit the use of tax-increment financing (TIF). "But giving some local governments veto power over the TIF use of others goes too far." It said any such local input should come as a recommendation, not a veto.

# New notices show cause for tax changes

New! Improved! Most Minnesota property owners have probably just received their annual Truth in Taxation notices, which outline proposed 1998 taxes and notify taxpayers when their local budget hearings will be held.

The notices will provide more information than in previous years. Up until now, Truth in Taxation notices have simply reported current taxes and proposed taxes. Taxpayers who saw big increases in their taxes couldn't tell whether the jump was the result of increased property values or high-spending

local governments.

The new format includes not only the current tax amount on the property and the proposed tax amount, but also how much of the proposed tax change is due to spending decisions by each unit of local government and how much is due to changes in property values and state aid.

With the state currently celebrating yet another projected budget surplus and property taxpayers anticipating another juicy rebate, the public reaction is likely to be, "So

what?" Typically, public pressure for spending accountability tends to ebb when the price of government seems to be falling.

Nevertheless, the additional information should give taxpayers a clearer picture of what's behind their property taxes. And anecdotal evidence suggests that public officials might be more circumspect in their spending decisions knowing that their decisions will be clearly visible. Rep. Ann Rest (DFL-New Hope) spearheaded the change.—*Janet Dudrow.*



# Initiatives by doctors, purchasers may challenge HMOs

From Minnesota Managed Care Review 1997, *Allan Baumgarten, October 1997.*

Although HMO enrollment in Minnesota is concentrated in a few plans, Minnesota HMOs face competition from other health plan companies and products. Blue Cross Blue Shield, for example, remains the largest health plan company in the state. It serves about a third of its Minnesota enrollees, both insured and self-funded, through its HMOs. The other 900,000 lives, both individuals and groups, are served through a variety of other preferred provider, indemnity and supplement products. Preferred One and the Araz Group provide managed care provider networks and services to insurance carriers and other plan administrators that want to serve Minnesota employers, mostly those with self-funded plans.

The number of health plan companies in Minnesota is small, at least when compared to how many are now licensed in similar states and the number of new health plans added in recent years. For example, Colorado has 21 licensed HMOs, eight of which were started in the past two years. There are 43 licensed HMOs (now called Health Insuring Corporations) in Ohio, three of which are inactive, but 10 of which were licensed since 1995. Topping that, Illinois has 47 licensed HMOs, including 10 that are primarily in business in Missouri and other nearby states...

Minnesota has not been affected much by new entrants. It has added three CISNs and one HMO since 1994, although their combined enrollment was only about 8,500 lives at the end of 1996...

Viewed statewide, 80 percent of enrollees in managed care plans are covered by just three companies: Blue Cross Blue Shield (35.3 per-

cent), Allina Health System (26.8 percent) and HealthPartners (17.9 percent). Blue Cross Blue Shield's enrollment includes about 100,000 Medicare supplement lives plus individual and small group enrollees in indemnity plans.

Concentration on the health plan side has been followed by a growing concentration of hospital systems and physician practices...Two systems—Allina and Fairview—each now control just over 25 percent of the Twin Cities market, as measured in inpatient hospital days...

Hospital systems have grown by acquiring large numbers of physician practices, and very few two or three physician offices now remain in the Twin Cities area...In recent years, the hospitals have reported losing an average of \$100,000 per physician per year. While some of that may be made up through hospital admissions or lab work generated by those physicians, that still leaves a difficult financial position. Physicians have responded with resentment to suggestions from their new managers as to how they could be more productive. It appears that some of these acquisitions may unravel in the next few years, with physicians returning to independent practice or seeking other ownership arrangements...

A few years ago, physicians took a different approach and there were a number of efforts to form group practices without walls. Those largely fell short of their goals...

As a result, there has been much more interest in exploring tighter combinations. Two recent examples of specialty physician groups joining forces have been viewed with a great deal of interest by physicians and with some fear by health plans and hospitals. The largest oncology practices in the Twin Cities have become associat-

ed with a for-profit, investor-owned company from Texas. They are opening their own ambulatory facilities and moving portions of their operations from hospitals... Similarly, some of the largest gastroenterology practices in the Twin Cities have joined under a single parent organization and are also testing out their new strength.

Outside of the Twin Cities, physician consolidation has taken a different form. Large, multi-specialty group practices have developed and have grown by acquiring physicians in nearby towns. A health plan company seeking to enter one of these regional markets will find that it can cobble together a network of independent primary care doctors, at least in the regional centers. However, contracting for specialty care will require dealing with the large group practice, which can set the terms of the arrangement...

In the past three years...the most interesting developments have been initiatives by purchasers to take enrollees away from the HMOs and to devise new ways of purchasing health care and relating to providers.

The most well known of these purchaser initiatives is the competitive care system strategy of the Buyers Health Care Action Group (BHCAG)...

The BHCAG has exerted tremendous influence over the evolution of health care delivery and financing system in the Twin Cities, probably disproportionate to its actual size. The companies in the group have about 250,000 employees and dependents in Minnesota. When the Minnesota Department of Employee Relations, which is an associate member, is added, the total number of lives grows to about 400,000...

However, the number of lives in its

Choice Plus product is only about 120,000, and that is really the number to focus on...

To the extent that BHCAG is an agenda for health care reform in Minnesota, 120,000 lives are not enough to push that agenda through...

BHCAG employers gave health plans a message that they could market more accountable sub-networks, pricing them separately and providing more detailed information about their performance. HMOs have responded to the BHCAG initiative by making changes to their commercial products...

While the BHCAG initiative has stirred the market on the commercial side, proposals for expanded county involvement in Medicaid purchasing have created major waves on the public purchasing side...

[T]he counties and state agencies negotiated a compromise which was enacted in 1997. The new law authorizes counties, individually or in groups, to design purchasing systems to implement beginning in 1999. About 47 of the 87 counties, including the largest ones, filed preliminary plans in September, and are now in the process of developing more detailed plans. The basic premise is that counties would accept the capitation amount associated with each recipient and contract with individual providers, provider networks or with HMOs to provide the services. The state Department of Human Services has responded with what it calls enhanced PMAP, a program design that will provide more opportunities for counties to influence managed care design and contracting.

*Copies of Minnesota Managed Care Review 1997 are available for purchase by calling 612-925-9121.*

**MJ:** What is the attitude of cities toward the Met Council today compared to then?

**Peterson:** Even when I started in 1973 and 1974, every year in our policy development process at

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# Morris Park

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By the time district officials intervened, the school had been led by principals over the previous six years. Some had been reassigned to other schools. One was encouraged to retire. One was reassigned but refused to take the reassignment and sued the district for discrimination. The district had also hired mediators and assigned district specialists to work with the staff.

Area families had become so disenchanted with the school that most had opted out. Only 19 of the more than 280 students at the school lived in the surrounding southeast Minneapolis neighborhood. The rest were assigned to the school and were bused in from other areas.

Under the reconstitution all 25 teachers at the school were told that they would have to leave the building at the end of the school year or reapply for their jobs. The principal was reassigned to a lesser position in another school and eventually demoted. A replacement with experience working with troubled schools was brought in.

Only seven of the 22 teachers who reapplied were rehired. The rest were allowed to transfer to other schools through the regular seniority-based bidding process Minneapolis uses to determine where teachers work.

By the fall of 1997, most observers agreed that the restart of Morris Park had gotten off to a good beginning. Student discipline problems were down, staff infighting had abated, teacher turnover had dropped to almost zero and family involvement in the school was up. Student achievement appears to be increasing, but everyone cautions that it is too soon to expect much change, given that the most recent tests were administered only a few months after the fresh start.

The new staff is implementing a nationally praised reading curriculum, Success For All, in which the entire school—teachers, clerks, janitors, as well as parents and students—assume some responsibility for teaching reading. Student absenteeism is still high, but new Principal Greg Meyer is cautiously optimistic that the changes will

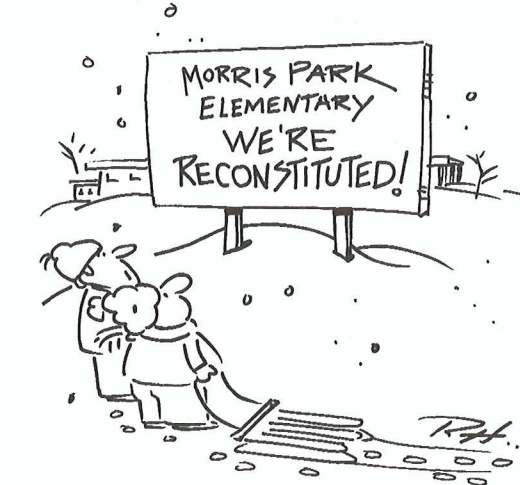
ultimately produce better student achievement.

Although district officials have not used the tactic since, they say that the Morris Park restart has been a catalyst for changing how the district deals with failing schools. The discussions between district administrators, the teachers' union and the principals' association that led to the decision to restaff the school also led to development of a formal process for identifying, evaluating and intervening in troubled schools—including a process for restaffing.

The new process, which includes development of an educational improvement plan, is outlined in the district's new teachers' contract, signed in August.

While the Morris Park experience offers an impressive example of school district leaders taking dramatic action to address a serious problem, it also raises fundamental questions about why the problems at the school were allowed to become so pervasive and to last so long before action was taken. The answer is a complex one, and reflects the interplay of the many forces that tend to shape the destiny of a school.

● **There is no common understanding of what constitutes poor school performance.** Districts rarely evaluate school performance; as a result poor performing schools are often left to founder for years until some incident—usually tension between the teachers and the principal—triggers an intervention. Morris Park was no exception.



*"I don't know what it means. Maybe we're having powdered milk for lunch!"*

While concern for student welfare was cited in the 1996 restart, much of the impetus for the change, and for previous attempts to intervene, was fighting between the principal and teachers. That brought pressure from the teachers' union and the principal's association for district officials to act.

● **Dysfunctional schools suffer from multiple problems that have built up over years.** Schools are not factories. They are a complex web of interpersonal dynamics—between students and teachers, between parents and teachers, between teachers and administrators and among staff members. Problems in one or more of these areas can arise at any school. A dysfunctional school is created over an extended period of time, when problems in several of these areas are allowed to go on unaddressed. The worse the problems get, the more likely that better educators avoid the program. Demoralization turns to cynicism, which breeds even more failure.

● **Principals matter.** There is a need to improve the way principals are trained, selected and supported. "Principals are a crucial ingredient in a successful school," adds Doris Zachary, the district official who ordered the changes at Morris Park. Even Minneapolis Federation of Teachers President Louise Sundin, who at one time advocated for the elimination of principals in favor of teacher-run committees, concedes she has changed her mind.

"Principals can make life miserable for their critics, and until lately, they could cost probationary teachers their job," said Sundin, who has begun to sit on the district committee that screens applicants for principal jobs. "Dysfunctional principals often try to divide the staff into warring camps to keep the spotlight off their own behavior. They often play favorites and punish critics by assigning them to jobs they don't want or away from jobs they want." But at their best,

says Sundin, principals can bring a staff together and help them focus on the things that make a school successful.

"I started out as president of the Federation thinking that principals weren't important, and that we could ignore them and concentrate on our own professional development," she said. "Now I believe that principal leadership, as well as teacher leadership, is a key to success. We have got to do a better job of training, selecting and supporting principals."

● **Staffs in restarts need extra help and extra money.** One of the complaints about reconstitution efforts elsewhere is that little help has been provided for the new staff. A new staff coming into a school, especially a school where the student body is retained, is up against some big challenges. They need time and help formulating and implementing a new educational strategy. And they have to learn how to work together.

● **Old problem, new solution** While the restart of Morris Park Elementary was unusual, the events leading up to it were not. Everyone knows stories of a school that has become dysfunctional for one reason or another. What is unusual is the way Minneapolis officials chose to address the problems at Morris Park.

Doris Zachary, the district official who made the decision to restaff the school says it signaled a change in the way the district views troubled schools. "In the past we tended to see problem schools as a failure in leadership, meaning the principal," Zachary said. "This process helped us see that a troubled school gets that way because a lot of things are going wrong."

That means solving the problem involves looking at all aspects of the school and developing a strategy that addresses the problems that have contributed to the poor performance.

*John Kostouros is a Minneapolis education consultant and author of the Center for Policy Studies paper "What to Do About Failing Schools? Starting Over at Morris Park Elementary." The paper is available through the Citizens League office at 612-338-0791.*

## Peterson

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Another issue was whether the Met Council should be elected.

**MJ:** Has the Metropolitan Council

made a difference?

**Peterson:** Without a doubt. For the last few years the Council has been criticized for allowing urban sprawl. I may be one of the few people who think they did a pretty good job of doing what they were

supposed to do. They were not supposed to control growth or stop growth; they were supposed to manage it in a common-sense way, so that regional facilities would get extended in a fashion so there weren't premature expenditures.



# Reports

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conomic developers want to attract.

A quick look at the projections of workforce growth and employment growth shows that the pool of potential workers is shrinking, while employment growth is continuing; there may not be enough workers to fill the nearly 270,000 jobs that will open between now and the year 2000. Those currently not in the workforce, such as welfare recipients, stand to benefit the most from Minnesota's good economic fortune, provided they are willing to undergo the right kind of training.

In the coming years, employers will have a limited ability to expand their workforce, particularly for skilled occupations. For such occupations, the focus for employers must be an increased effort to train their current skilled workers. For the less-skilled occupations, not only should employers provide more training, but they should also strive to improve their workplaces by providing better working conditions and a more flexible, pleasant and family-friendly work environment.

## Postsecondary access

In several recent reports, the Citizens League has advocated a student-centered method of financing postsecondary education—the so-called “high-tuition, high-aid” policy. The League said in 1996 that it is inefficient and inequitable for the state to provide large amounts of resources to subsidize students with financial means, while failing to remove the financial and social barriers to postsecondary education

faced by qualified poor and minority students. A new report from the Minnesota Private College Research Foundation provides powerful evidence that Minnesota will have to revisit the question of access to postsecondary education—and sooner than we think.

*The following excerpts are from Foundation for the Future, Minnesota Private College Research Foundation, October 1997.*

As the knowledge requirements of our economy grow, and the individual and social cost of missed learning opportunities rises, we must all be concerned about educational quality and success.

Reflecting demographic changes that have been at work in Minnesota for more than a decade, the total number of graduates from public high schools in the state will grow by 17 percent to 21 percent between 1997 and 2007. However, unlike the students who drove the expansion of high school graduates in the 1960s and 70s, the next generation of change will be led by students from communities of color...

Over the last 11 years, students of color have comprised 40 percent of the total increase in public school enrollment in grades 1 through 12 in Minnesota. In 1985, 4 percent of all the state's public high school graduates were students of color. By 1996, the proportion reached almost 9 percent. By 2007, students of color are expected to comprise 16 percent of the state's graduates. Most of the growth in high school graduates, especially among students of color, will occur at Twin Cities area schools.

The family characteristics and historic patterns of college participation among many of the new graduates indicate that college opportunities will not improve without additional community involvement, as well as more targeted public and private investments. Simply put, without additional intervention, a college education will remain an experience that is too costly at any price or outside the scope of family decision-making for an increasing percentage of tomorrow's graduates.

**Remedial postsecondary help** Minnesota has to do a better job not only of providing access to postsecondary education, but also of increasing the retention, and boosting the academic success, of at-risk students. Remedial help for students with poor reading and math skills will have to be part of any such strategy. In general, remedial programs should be handled by community colleges, rather than at the University of Minnesota, the League has said in several reports.

The League has also expressed concern that the prevalence of remedial coursework in postsecondary institutions indicates bigger problems at Minnesota's high schools: too many students, especially low-income students and students of color, are slipping through the cracks. In a 1996 report the League asked: Why not put K-12 schools at risk for performance, so that there are financial consequences for graduating students who lack basic skills? Why not allow employers and higher education providers to charge back to the Minnesota graduate's school district the costs of remediation to achieve basic competency?

The 1997 legislature passed a weak provision attempting to do just that; the jury is out on whether the opportunity will be invoked. A recent report from the U.S. General Accounting Office indicates that remedial education in both four-year and two-year colleges is widespread and that states are rethinking the role of colleges—especially four-year colleges—in offering remedial courses.

*The following excerpts are from Student Financial Aid: Federal Aid Awarded to Students Taking Remedial Courses, U.S. General Accounting Office, Aug. 1997.*

Postsecondary education students may use financial aid to pay for up to 30 semester hours of remedial courses.

To reduce the resources devoted to teaching basic skills, several states are revising remedial education policies for their four-year schools. For example, the regents for California's state university system plan to reduce the portion of entering freshmen who take remedial education courses from about 44 percent in 1994 to no more than 10

percent within the next 10 years. Along with adopting more selective admission standards, the Georgia State Board of Regents decided to reduce the portion of students taking remedial courses by 5 percent each year, beginning in 1997 and eliminate any remedial courses by 2001. Last year, the Massachusetts Board of Higher Education raised its admission standards and limited the enrollment of new freshmen in remedial courses on four-year campuses to no more than 10 percent in 1997 and five percent in 1998, down from 21 percent in the fall of 1995...

At the 430 schools that responded to our survey,...about 13 percent of the financial aid awarded to freshmen and sophomores went to those who took a remedial education course...The proportion of freshman and sophomore aid recipients enrolled in remedial courses was two times higher at two-year schools than four-year schools—about 25 and 12 percent, respectively...

For most of the case study schools that provided demographic data, freshmen and racial minorities constituted a larger share of students enrolled in remedial courses compared with their campuswide enrollments. At four of the six four-year schools that provided demographic data, freshmen accounted for at least 50 percent of remedial course enrollments; they accounted for between 18 and 35 percent of overall student body enrollments. At four of the six four-year schools that provided demographic data, racial minorities' share of remedial course enrollments ranged from 32 to 92 percent, typically almost twice the proportion of their campuswide enrollments.

*Janet Dudrow is a research associate at the Citizens League. The excerpted reports are available as follows: Worker Shortages in Minnesota, from the Minnesota Department of Economic Security, 612-296-6545; Foundation for the Future, from the Minnesota Private College Research Foundation at 612-228-9061 or colleges@mnprivco.org; the GAO report on remedial education, by calling 202-512-6000 and requesting document number GAO/HEHS-97-142 or visiting the GAO home page at www.gao.gov.*

# Peterson

Continued from page 4

"M there was always a significant number who still thought we could get rid of the Met Council. Today the regional form of governance we have is no longer in question as to being necessary.

**MJ:** What about affordable housing?

Back in the 1970s the federal government still provided a lot of money to local governments for public safety, parks and a whole lot of other grants. President Nixon created the A95 review process where grant requests for local units of government were reviewed on a regional basis.

In this area the Met Council took it one step further than anyone else did. They added in the element of cities doing their share for low and moderate-cost housing. If you were judged to not be doing your share in terms of housing, the Met Council assigned a lower rating to your grant request. That gave the Council in those years more clout than statutory authority they had.

The passage of the Livable Communities Act in 1995 created to some degree some leverage again. In order to be eligible for funding for land cleanup, demonstration development projects, etc., cities had to agree to do their fair share of housing. It gave the Council a little more leverage again in terms of promoting affordable housing.

**MJ:** Will it make a difference?

**Peterson:** It was historic legislation. It'll certainly have some influence on promoting more affordable housing. Those who expect it to cause some radical changes, it isn't going to happen, nor was it intended to.

I think it was a great step forward. The alternative has always been some kind of mandatory legislation, which the Legislature and governors overall didn't have much of a heart for passing. This has, in fact, moved the area forward on a voluntary basis.

**MJ:** What about the discussion in recent years sparked by Rep. Myron Orfield's contention that

the central cities and inner-ring suburbs are bearing more than their share of costs, both for the special problems caused by poverty and for development on the fringe?

**Peterson:** That's always created a difficult issue for us as an association. That's why we were instrumental in the passing of the Livable Communities Act. It has some of the same goals in mind, but it did it in a voluntary fashion. As I look back, it's probably one of the highlights for AMM as a responsible organization of cities working to help pass it.

Everyone feels new development should pay its way. There are a lot of mechanisms in place already to do that. Some of the folks who are saying the growth areas aren't doing their fair share forget that there's something called fiscal disparities which shares a lot of their tax base. AMM has about 70 member cities and there are about 30 of them now that get no Local Government Aid any more, because it's based on such things as need and age of housing.

There is a whole lot of sharing of resources in this area. Is that enough? Should there be more sharing? I don't know. City managers from other areas say the amount of cooperation and sharing of resources here is much more significant than in any other region of the country.

**MJ:** What difference has fiscal disparities made?

**Peterson:** In terms of sharing the wealth so you get more uniformity of tax rates, it certainly has been a success. In terms of it reducing competition between cities for better tax base, I don't think it has. As long as the property tax is the principal form of financing for cities, there's going to be competition.

**MJ:** Should the state look at other revenue sources for cities?

**Peterson:** In the metropolitan area our folks would really be interested in looking at such things as a payroll tax, a local income tax and maybe local option sales taxes. No state has as many limitations on the sources of revenue for cities as the state of Minnesota does. A local option sales tax in the seven-county metro area would still have to

have some kind of distribution formula.

**MJ:** Does the metro area look different than it might have looked if state law made annexation easier?

**Peterson:** If magically someone would wipe out all the city boundaries in the seven-county area and your job was to form new units of local government, would there be 143 cities and 40 townships? Of course not. The fact that the laws governing annexation and consolidation have been difficult has meant there have been a whole lot more cities than there would have been otherwise.

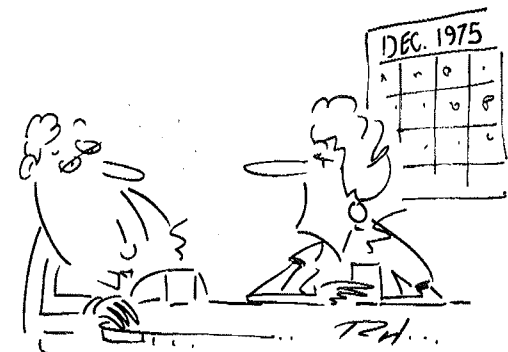
The fact that we have so many local governments does not necessarily mean that there's all that much duplication. There are so many city services that are shared or provided by one city under contract to other cities. I'm sure there could be more efficiencies if there were a lot less cities, but it's not as bad as it would seem.

For example, the city of Falcon Heights contracts out for practically all their services, rather than having their own staff. My city of St. Anthony is a small city of roughly 8,000 people. We have our own police department. But we also under contract provide policing for Falcon Heights and Lauderdale.

**MJ:** What about dealing with larger, cross-boundary issues, like water quality and affordable housing? Would some of those have been easier if we were dealing with fewer cities?

**Peterson:** Some issues would be easier if there were one big city instead of 140. You wouldn't need fiscal disparities, because you'd have the natural sharing of tax base. Much of that sharing of services has been accomplished by the Met Council and its former agencies.

I am absolutely convinced that were it not for the fact that the Met Council and the other agencies were created back in the '60s, there would be a lot less cities



"No...it hasn't happened yet, but mark my words, sooner or later, the Met Council will be elected... probably later."

today than there are. Some of the services couldn't have been done in smaller cities. The creation of the Met Council and the metro government system has, in fact, supported the ability to have so many cities. They couldn't have existed as independent cities any longer, except for the provision of some of the services on a regional basis, i.e., sewer, transit.

**MJ:** Will the elected Met Council ever come to pass?

**Peterson:** I hope I'll live a long time. I don't think I'll see it in my lifetime.

**MJ:** Where do you see the region standing as we near the year 2000?

**Peterson:** There are two growing problems that this region and others are not dealing with very well. There is an increasing division in income levels and growing pockets of poverty. This is a disparity that needs to be dealt with.

Racial relations need to be dealt with, too.

Those issues, perhaps more than environment and land use, need to be high on the regional agenda. This region is better equipped to deal with these issues than many areas. It's partly because of the acceptance of the need for regionalism. We've preserved the central cities so they don't have as many problems as most other core cities. There's more of a will here to do some more.

*Dana Schroeder is editor of the Minnesota Journal.*



"Desperate measures for desperate times!"

# Will education improve if parents spend own funds?

**One article** in *The Economist's* (Sept. 20) superb World Economic Survey pondered how the economic and civic advantages of small government can be reconciled with "a civilised society's wish to improve the lot of its least fortunate." Better education to improve the productivity and raise the incomes of unskilled workers is one strategy consistent with both goals, the article said.

But noting that increased spending on education is an unreliable path to improvement, *The Economist* offers a breathtakingly audacious—but thought-provoking—proposition. Government could raise education performance by moving to a more competitive form of delivery, such as vouchers. "But there is a good case for going further and reducing both public spending on education and the taxes needed to pay for it," the article suggested. "If parents had to spend their own money on their children's education, they would demand correspondingly more from their schools. Thus motivated, they would be likely to get better results than governments."

To make sure that poor families continue to have equal access to education, government should increase families' purchasing power directly rather than by funding schools, the article said.

But wait—maybe not so audacious. Minnesota's new education tax credit does some of what *The Economist* suggests. While the tax credit was accompanied by more spending on education, not less—and while the credit is available only for nontuition expenses—the program nevertheless requires each family to pull out its checkbook and pay for the education services it buys. Families get "reimbursed" for their expenditures at tax time.

*The Economist* proposition suggests an appropriate question for the Department of Children or Legislative Auditor to evaluate: Do consumers shop, compare, choose, "use" and evaluate education more carefully when they're spending their own money?—*Janet Dudrow*.

**When the debate** about transit ridership perks up again, as it will, watch out for claims that more *boardings* mean more riders. Proponents of rail transit often point to

a rise in boardings as evidence that "ridership is up!"

Rail transit increases boardings because it forces many people to transfer between the bus and the rail vehicle in the middle of their trip. If boardings were the test, we could stop all the buses in the middle of the trip today and make all the passengers run around the vehicle and get back on. "Transit ridership" would zoom.—*Ted Kolderie*.

**The hair of Greater Minnesota** is getting whiter, but its skin isn't. That's just one of the interesting findings of a Blandin Foundation analysis on rural population trends done by former State Demographer Hazel Reinhardt. The analysis showed that population growth in rural Minnesota is being fueled by an influx of urban retirees and immigration from abroad. An increasing number of international immigrants are settling outside the metro area.

Of all the Spanish-speaking students in Minnesota, about 58 percent live in Greater Minnesota. Likes, 35 percent of Laotian students, 35 percent of Cambodian students, 20 percent of Vietnamese students and 15 percent of African students are attending schools in Greater Minnesota.

With Greater Minnesota's population aging overall and an acute labor shortage in most areas of the state, this influx of young people can fill a crucial need for Greater Minnesota employers. A Blandin Foundation report on worker training expected to be released in December will address issues associated with training and retraining immigrants and other rural workers.—*Joe Loveland*.

**If you think** test scores measure student performance or school quality, consider Jack Frymier's story about one superintendent he knows. (Long a professor at Ohio State, Frymier is now at Phi Delta Kappa, the professional education organization.)

This superintendent knew that kids

often don't finish their test papers. So his first year in the district, when it came time for standardized tests, he told the teachers: "I want you to go up and down the rows and make sure that every student does every question on every page." He knew this would produce some more right answers, even if only by chance.

When the results were reported, "achievement" in that district was up from the 28th to the 55th percentile. Recognition and praise poured in on the superintendent for his amazing job in raising student performance.—*T.K.*

**It's no surprise** that raising kids is a financially daunting task. But how many have ever pulled out their calculator and actually figured it out? The Family Economics Research Group has; read on only if you want the gory details.

The Group found that, not surprisingly, as income rises, so do expenditures on children. For example, a family with household income below \$32,000 spends \$5,000 to \$6,000 annually on a child from age 0 to 18. Households with income between \$32,000 and \$54,000 spend \$6,800 to \$8,300; households making more than \$54,000 spend about \$10,000 to almost \$12,000 per child. (Each additional child "costs" approximately 20 percent less due to economies of scale and other factors.)

A child born in 1995 will cost low-income parents about \$192,000 by

the time junior turns 18. Middle-class parents will spend \$259,000 and upper-class parents about \$361,000. (These figures are likely high, given that the report used annual inflation rates of six percent.)

A federal report on this subject estimated the cost for raising kids at roughly 50 to 60 percent of the costs cited above.—*Ron Wirtz*.

**Fun factoids:** According to the U.S. Census, the state with the highest concentration of high-tech workers is Wisconsin, with 9,980 techies per 100,000 population. California—home of Silicon Valley—has a mere 4,146 per 100,000 population...*Business Week* (Dec. 8) reported that the Minneapolis-St. Paul metropolitan area ranks fourth in productivity among the 50 largest U.S. metro areas, behind San Jose, Seattle and San Francisco. The Norfolk, Va., metro area was last on the list.—*J.D.*

**Have policymakers thought** through the way electronic technology is changing the notion of "home school"? It used to mean both "home" and "parents-as-teachers." If, now, the teacher isn't the parent but is, instead, an accredited computer-based learning program, does it make a difference that the study still occurs "at home"? What if a student pursues this independent study not at home, but not at school either?—*T.K.*

"Take Note" contributors include Minnesota Journal and Citizens League staff members and Joe Loveland, public affairs account group director at Shandwick, a Minneapolis public relations firm.

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# Citizens League Matters

December 16, 1997

News for Citizens League Members

## Welcome New and Returning Members

**F. J. Beier**  
**Dennis Cavanaugh**  
**Gary W. Cohen**  
**Rep. Andy Dawkins**  
**Gene Johnson**  
**Thomas W. Keljik**  
**Mary Kennedy**  
**Mary Lloyd-Jones**  
**Larry Lucio**  
**Margaret Macneale**  
**Ted Mondale**  
**Suzanne Poland**  
**Noetzel**  
**Deanna Wiener**  
**Deu Yang**  
**Barb Zohn**

**Thank you recruiter:**  
**Shef Lang**

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*Promoting 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 call 338-0791.

A Citizens League membership is a great holiday gift.

## Next Mind-Opener series looks at regional governance

The Citizens League will open the new year with a Mind-Opener series on regional governance.

The series will feature **Curt Johnson**, chair of the Metropolitan Council, on January 13, followed by **Sen. Carol Flynn** (DFL-Minneapolis) on January 20, and **Paul McCarron**, Anoka County Commissioner, on January 27. All events will be from 7:30 to 8:30 a.m. at the University Club in St. Paul.

Since its creation in 1967, the Metropolitan Council has sparked much debate. Held up nationally as a model for

regional governance, the Council nonetheless has many local detractors.

The Council's focus has changed dramatically over the years. Originally a planning organization, the Council now oversees regional operations for wastewater treatment, transportation, and parks.

Is the current Metropolitan Council the "right" model for regional governance? If not this, what else?

The League was instrumental in the creation of a regional governance structure 30 years ago. It is time once again to

talk about what regional governance really means, what its goals should be, what structure it should have, and how it should operate. For reservations, please call 338-0791.

The second public leadership Mind-Opener series examining the media's impact on public life was just starting as this edition of the *Matters* went to press. Speakers in the series include: December 9, **Eric Black**, staff writer for the *Star Tribune*; December 11, **Al McFarlane**, owner and publisher of *Insight News*; and December 16, **Kathy Tunheim**, president, Tunheim Santrizos Company.

## Put teeth in the graduation rule, says League diversity statement

The Citizens League on November 24 submitted a written statement on the proposed Education Diversity Rule to the administrative law judge overseeing the public comment on the Rule.

The statement commented on several features of the proposed rule and on the general subject of education accountability, and reflected the League's several decades of work on K-12 education reform. (The statement took no position on the Rule as a whole because League policy requires that any such position be the result of a specific study.)

The League's statement said that promoting learning experiences that are diverse in order to enrich the content

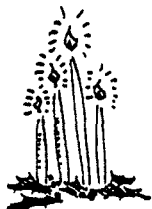
learned by all students is consistent with the purposes of public education. Moreover, the League believes that it is entirely appropriate for the state to hold districts accountable for whether students learn, the statement said.

Both objectives should be met by putting teeth into the state's graduation standards, the League said. "The central problem with Minnesota's education is that the state is not ready to hold districts accountable—to either reward success in achieving the graduation standards, or to intervene to stop failure....Such mechanisms should assure accountability for the learning of *all* children and for the reduction of learning gaps among various groups

of students...Accountability must be part of the Graduation Rule itself," the statement said.

The state doesn't need to—and shouldn't—tell districts and schools how to achieve the graduation standards, the League said. Instead, the state should encourage school sites to differentiate themselves from each other. "Diversity among schools means meaningful choices for parents. As children's educational needs differ, so should education become more diversified in ways that directly respond to those needs," the League said.

Copies of the complete statement are available by calling the League office at 338-0791, or on the League's web site.



# Citizens League Boutique

## Gift ideas for the policy wonk in your family



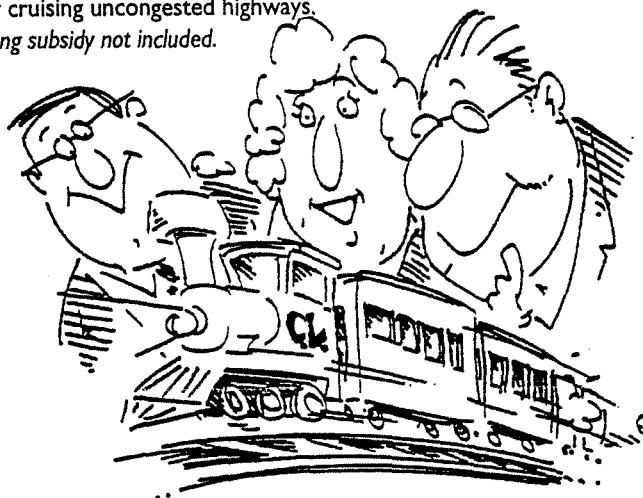
Recent philanthropic trends have encouraged many non-profits to create mission-related products that they can sell to generate revenue. In keeping with this entrepreneurial impulse the Citizens League is offering its own version of money-making products for this holiday season. So with tongue firmly planted in cheek here's our first CL Boutique catalogue.

### 1997 Special Feature

#### CL Model Railroad

\$400 million (not including Federal rebate)

Now you can have your very own LRT system, complete with shiny new cars and untouched upholstery. You and your friends and family can pretend you're in the big city. Comes with a scale-model automobile for cruising uncongested highways. Operating subsidy not included.



#### Magnetic Poetry

Special Citizens League version lets you make sentences with words like choice, sewer finance, fiscal disparities, tax increment financing, systemic change, regional, markets, long-term reform. **LIMITED OFFER:** Buy now and get the education version with the additional words: more and money.



#### For the Kids

##### Social Capital Building Blocks

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##### Building Community LEGO set

(comes with Regional Blueprint)

#### The CL Berlitz

Books to help you overcome language barriers

##### Guide to Social Graces and Small Talk

Stuck at a party where no one wants to talk about infrastructure investments? Then this guide is for you. Learn the art of serial small talk. This handy reference guide will give you a few phrases that you can repeat throughout the evening.

**SPECIAL OFFER:** Buy now and get the companion volume, *How to avoid people at parties—especially after you've already talked about the weather.*



##### English-Policy Policy-English

Easy to use reference guide that quickly translates policy phrases into English and includes short (10 page) definitions of TIF, LRT, IRRRB, PELRA, LEP, MUSA and more everyday policy phrases.

#### Deficit Magic Kit

The Citizens League studies long-term budget problems and deficits magically disappear! It has worked twice for the state of Minnesota. Now it can work for your organization, too. (Price varies by forecast.)



#### T-shirts

I love Met Council (shown)  
Get a Life  
The Region is My Backyard  
I'm a Close Personal Friend of the Governor



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#### Tote bag

CL Tote Bag has a special compartment for important documents. **LIMITED OFFER:** Buy your tote by Dec. 31, and we'll include a copy of the 1997 tax bill.

The products on this page are completely fictional. Any resemblance to actual people and events is purely accidental. No animals were hurt during the preparation of this article.