



Minnesota Journal

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Drive to equalize funding may bring surprising results for school districts

The 50-odd school districts that have challenged the local property-levy features of Minnesota's school finance system have wanted business and financing.

That's what they hope will result from the decision in December in the *Skeen* case, declaring unconstitutional differences in revenues (and thus in spending) that are based on differences in property wealth among districts. They want the Legislature to help them "go beyond" the basic \$3,050 to the

by Ted Kolderie

roughly \$4,000 per pupil unit that many property-rich districts can spend from their own levy resources.

But as the French say, "You have to want what happens as a result of what you want." And what may happen as a result of the drive for "equity funding" is state control of school finance: the transfer of the "How much more?" decision from local voters to the biennial state

budget battle and—in the end—a slower rate of growth in revenue for education.

Did they worry about that? Apparently not a lot. "Not as much as I think they should have," a close legislative observer says.

Consider California.

There the *Serrano* case in 1971 found wealth-based spending dis-

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MPCA analyzing our garbage

by John Ikeda and Scott Hvidsten

Just what is in Minnesota's garbage?

A statewide, four-season study of our waste is being conducted to find out. The waste composition study, authorized by the 1989 Legislature, is a two-year project which started in July 1990 and is funded by the state Legislature and the Metropolitan Council. Study results will help state and local environmental planners decide how to handle the more than four million tons of municipal solid waste thrown out by Minnesotans each year.

When a county or group of counties spends millions of dollars to design and build a solid waste facility, they need the most accurate and current information on which to make decisions and write specifications. The Minnesota Pollution Control Agency (MPCA) has national data on waste studies done by a couple of large environmental consulting firms, but nothing really reflects current waste disposal in our state.

The waste composition study was designed in two phases. The first focused on solid waste from coun-

Lakeville using residential moratorium to look for solutions to fiscal crunch

Minnesota's fastest-growing city is using a residential development moratorium to buy time in escaping a fiscal crunch it contends is caused by state efforts to hold down local government spending. Although there is nothing new about development moratoriums, the fiscal stress argument gives the City of Lakeville's moratorium what Metropolitan Council planner Carl Ohrn called "a differentist."

On one hand, the Dakota County city is experiencing growth at rates many local officials would like to share. Lakeville's population grew by nearly 10,000 between 1980

by Dana Schroeder

and 1990, reaching 24,854 in 1990. The city issued 586 single-family home building permits in 1991, more than in any previous year. The city already has 2,800 subdivided lots "in the pipeline," ready for development. Projections based on current growth patterns show Lakeville reaching an ultimate population of 68,000 by the year 2040.

But, according to Lakeville officials, state fiscal policies now make those rates of growth unsustainable without unacceptable cuts in services.

While Lakeville was growing six to 10 percent a year, the Legislature put on a financial squeeze, according to City Administrator Robert Erickson, by restricting cities' ability to increase property taxes and reducing state Local Government Aids. Rapidly growing cities were left with growing demands for services and diminished financial resources.

Last July, concerned over the city's increasing fiscal stress, Lakeville's city council adopted a yearlong moratorium on new residential plats and mobile home park ex-

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AIDS shows painful faults in health care system

Guest Editorial

by Allan Baumgarten

Concerns over issues of health care access, costs, and quality are everywhere in this political year. Our current experience with the HIV/AIDS epidemic provides a window for viewing the defects and some of the pluses in our health care system.

During 1991, the one thousandth case of AIDS in Minnesota was reported. In addition, state officials estimate that somewhere between 4,000 and 17,000 people in the state are now infected with HIV, the virus that eventually develops into AIDS. A recent study estimates that the cost of treating everyone in the United States affected by HIV may climb from \$5.8 billion in 1991 to \$10.4 billion in 1994.

Earlier intervention and improved treatment of infections has transformed AIDS from a quickly fatal, acute disease to a chronic disease. Life with AIDS is now measured in years and sometimes decades. People with AIDS often stay on the job, but face cycles of illness and recovery. This represents a challenge, not just to maintaining employment, but to our employment-based system of health insurance.

Health insurance is usually designed to pay for the acute episodes of AIDS and other diseases. Few plans will help finance efforts between episodes to promote overall wellness and build up resistance to infections.

AIDS also provides one of the best arguments in support of a return to community rating for insurance

premiums—that is, averaging premiums based on health care use patterns across a broad group. The current widespread practice of experience rating—basing premiums on past use patterns of individuals in a particular group—necessarily limits the affordability and availability of coverage to groups that employ people with AIDS and other chronic diseases.

Group health coverage, by definition, does not promote a value of individualism. The general approach is that one size fits all. Thus, insurers do not want to cover nontraditional treatment. The AIDS patient sees them as beneficial, but the insurer views them as experimental or out of the mainstream of Western medicine. Even the proposals of the Minnesota Health Care Access Commission left little room for individual choice of plan benefits.

A key problem for middle-class households is maintaining complete health coverage after changing jobs. It's a common practice for insurers to exclude coverage for care of pre-existing conditions. Persons with HIV/AIDS may consider withholding information about their condition, in order to avoid the exclusion. However, they face cancellation of their coverage or other penalties when the insurer, having looked at the person's medical records when the first claims come in, discovers AIDS in their

health history.

Maintaining any measure of confidentiality about health care is increasingly difficult, especially with employers and health plans carefully scrutinizing claims and reviewing the appropriateness of care. It is not unusual for a person with AIDS to not submit claims on their employer-provided health coverage. Rather than take their chances their confidentiality may be violated as the claim is processed, they pay for treatment out of their own pockets.

"AIDS has apparently brought out the worst in some self-insured employers and unions."

While this may not be news to some readers, it came as a surprise to most members of a policy forum series organized by the Citizens League and the Minnesota AIDS Funding Consortium and sponsored by The Minneapolis Foundation and The Saint Paul Foundation. That forum has brought together senior executives in the private sector to confront issues of HIV/AIDS that affect their workplaces.

As a growing number of employers choose to self-insure their health plans, they are beyond the

reach of state insurance regulators. AIDS has apparently brought out the worst in some self-insured employers and unions. In cases in Minnesota and other states, employers slashed the medical benefits available to persons with AIDS, though not any other major disease. Where challenged, federal courts upheld these plan changes as within the discretion allowed under federal laws.

How these laws interact with the new Americans with Disabilities Act is not well understood. That law, some of which took effect last month, bars discrimination on the basis of a person having a disease such as HIV/AIDS, or even being perceived as having it.

AIDS has also prompted some very good responses. A few years ago, the Minnesota Legislature authorized the state to pay the premiums so that people with AIDS who were leaving their jobs could continue their health insurance. It's a policy that helps people and makes financial sense for the state. By doing so, the state delays or avoids completely the need for people to enter the Medicaid assistance program.

The shortcomings of our American health care system are painful indeed, and people with AIDS may feel that pain even more sharply. Legislators in Minnesota and elsewhere need to understand that pain as they consider proposals to reform our health care system.

Allan Baumgarten is associate director of the Citizens League.

Editors support regional education organization

On Balance

Pass or fail? Editors were busy marking policymakers' report cards.

West Central Tribune called (Jan. 16) "a good idea" the recommendation by the Governor's Commission on Post-Secondary Education to organize along regional lines. St. Cloud Tribune called (Jan. 20) the report an "excellent framework" to guide higher education systems and said the commission's recommendations for regionalism "pose a promising challenge." Rochester Post-Bulletin said (Jan. 14) emphasizing quality and de-emphasizing enrollment is the right thing to do. Forum (Fargo-Moorhead) supported (Jan. 29) regional organization but called absurd the proposal to offer remedial training only at two-year institutions. St. Cloud Times said (Jan. 10) the commission's emphasis on customer satisfaction "strays from the nitty-gritty problems" of higher education: "too much bricks and mortar and dismal per-student allocations." Duluth News-Tribune said (Jan. 13) that schools would be well-advised to treat students like customers.

Post-Bulletin said (Jan. 24) the Dyrstad Commission's report on Local and State Government Relations "fell short" and that a "far more comprehensive blueprint for change is needed." Mankato Free Press said (Jan. 25) the commission "failed miserably." Red Wing Republican Eagle underscored (Jan. 23) the importance of the commission's recommendation to eliminate levy limits. St. Cloud Times said (Jan. 25) if Dyrstad can start implementing the plan she will be Minnesota's "first effective lieutenant governor in decades." St. Paul Pioneer Press called (Jan. 28) the recommendations of the Ramsey County Local Govern-

ment Study Commission (calling for consolidation of some public services between the county and the City of St. Paul) "much more far-reaching and ambitious" than those of the Dyrstad Commission.

Republican Eagle said (Feb. 6) the proposal to merge the University of Minnesota with the state university system makes sense and "deserves legislative scrutiny."

International Falls Journal said (Feb. 5) the state Board of Teaching's new licensing proposal should receive "high grades" from the Legislature. Bemidji Pioneer said (Feb. 2) the proposal could put Minnesota "at the forefront of teacher education reform." St. Cloud Times called (Feb. 4) implementing the proposal "premature" because of concerns about expense and the notion that more education automatically creates better educators.

Worthington Daily Globe said (Jan. 18) Minnesota should not raise its gas tax but should use revenues from the motor vehicle excise tax for roads. St. Cloud Times (Jan. 20) and West Central Tribune (Jan. 14) agreed. Star Tribune said (Jan. 27) the state should increase the tax to take advantage of increased federal transportation funding.

Star Tribune said (Jan. 30) whether the Metropolitan Council holds to its plan to assign the authority to

build light rail to the state Department of Transportation rather than the counties could determine not only the future of transit in the Twin Cities, but also "whether the Met Council is any longer worth having."

International Falls Journal said (Jan. 21) the time has come to consider term limits for Minnesota legislators. West Central Tribune said (Jan. 23) such limits are not the way to combat "the dominance of incumbency." St. Cloud Times said (Jan. 19) limiting terms may not be ideal but it "assures turnover...returning to voters a sense of control."

Princeton Union-Eagle said (Jan. 23) instead of a death penalty, Minnesota should commit itself to prenatal care, preschool care and rich school experiences, combined with placing criminals in self-supporting industries under constant surveillance. Globe said (Jan. 15) the death penalty should be decided with a statewide referendum. Minnesota Daily called (Jan. 13) the death penalty a "quack remedy—and a costly one at that."

International Falls Journal opposed (Feb. 3) a proposal to entice Canadian shoppers by refunding sales taxes they pay on Minnesota purchases.

Fergus Falls Journal called (Jan. 14) workers' compensation the "No. 1 business problem" and

urged legislators to get started on the solution. Andy Hilger, WJON radio called (Jan. 9) it a system out of control. Brainerd Dispatch said (Feb. 5) "the alarm has been sounded" on workers' compensation and now is the time to respond. Globe suggested (Jan. 11) making a workers' compensation bill a top legislative priority. Pioneer Press said (Feb. 9) Gov. Carlson should renew his call for making workers' compensation rates more competitive with other states.

Free Press called (Feb. 6) Hennepin County's cash-for-guns program "heavy on public relations and light on public benefit." Pioneer Press called (Feb. 5) it "mostly on target." Bemidji Pioneer said (Feb. 5) the 5,000 guns collected leaves a "scary" question of how many more unnecessary guns are out there. Although the St. Paul Recorder applauded (Feb. 6) the program, it said "there still is a need for gun control" that is "much stronger and more lasting." West Central Tribune called it (Feb. 5) "innovative," but said it will not have a significant impact on the number of crimes committed with guns.

Duluth News-Tribune suggested (Jan. 26) that K-12 schools find better ways to use their resources instead of "wailing to point to St. Paul as the answer to all public money issues." Star Tribune (Feb. 3) and Pioneer Press (Feb. 4) pointed out that the most important form of parental involvement in children's education may be helping them with their homework.

Campuses should serve customers, work regionally

From At the Crossroads, a report of the governor's Commission on Post-Secondary Education, Connie Levi, chair, Jan. 1992.

We recommend:

- Each system, campus and program should develop quality indicators which are measurable, customer-defined and stated as outcomes.
- Development and implementation of these plans should be linked to future resource allocations...
- A sample of alumni and employers should be surveyed to assess the

degree to which they are satisfied with the quality of their education.

- The HECB's program review process should require campuses to identify their customers and develop outcomes and indicators of attainment...
- Remedial or development education should be offered only at the two-year institutions. No college credit should be given for any remedial or development course. The cost of remedial education for recent high school graduates should not be paid with post-secondary funds. The K-12 system should provide the remediation or

be charged for those costs...

- High school graduation standards now being developed by the State Board of Education should be more rigorous than the current standards. The 80 percent of all high school graduates who will enroll in post-secondary education courses should graduate with the knowledge and skills needed to successfully complete college-level work...
- The HECB, in consultation with the Higher Education Advisory Council, should develop a plan to create education districts throughout the state. Each region would

have a Board of Advisors appointed to represent the needs and interests of the customers. A companion Board of Providers, composed of the heads of all campuses within the district, would be created to implement the regional delivery of services.

- A board should be created to govern all public two-year institutions and the state universities. It should allow the regional administrative structures to develop programs and services to meet the needs of the region, while assuring that the state's needs are being met efficiently.

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End levy limits, fund or repeal primary

From Partners: The Dyrstad Commission on Local and State Government Relations, Jan. 1992.

(M)eansful reform of workers' compensation laws...must be accomplished during the 1992 legislative session...

The Commission recommends:

- elimination of levy limits. It urges the governor to support existing law repealing all levy limits for cities, counties and townships effective in 1992...It also recom-

mends that the governor oppose any legislative efforts to either delay or eliminate the repeal of levy limits...

- repeal of the presidential primary unless state funds are provided to cover local costs incurred in conducting the primary...
- legislation which would exempt from the Motor Vehicle Excise Tax all vehicles purchased by cities, counties and townships...
- a return to 100 percent state fi-

nancing of the non-federal share of all income maintenance programs ...also... greater flexibility in the rules regulating counties' ability to limit or deny services to individuals seeking AFDC-Emergency Assistance and Emergency General Assistance...

- ...reinstating the rule requiring public employees to work 100 days before they can receive benefits equivalent to full-time employees.

Speakers analyze school equity-funding decision

Edited excerpts from remarks at three Citizens League "Mind-Opener" meetings on the constitutional issue of school financing in Minnesota.

Cairns: Court Rejects Outputs

John Cairns, attorney, Briggs and Morgan, on Jan. 14.

Judge Meyers says the "general, uniform" is really a call for equality of resources to each school district, although he doesn't necessarily stick with that. He comes back later to start saying something a little bit different, namely that the state must establish an educational system that is equally effective for all children. Now that to me is quite a different concept.

He clearly makes the explicit point that inputs are the way to measure constitutionality, and not outputs: "It is the knowledge and skills a child retains that is the goal of education. However, legal mandates must be based on what can be realistically measured and achieved. If measurements by inputs is imprecise, the use of outputs is even more difficult. A standard based on outputs would be unmanageable and would unnecessarily constrain educators."

Literature and experts abound on the point that you can measure outputs and that to look only at inputs is missing some, if not most, of the ballgame. The point is that kind of testimony was not availa-

ble to the judge. There was not a record to be made on whether or not there are output measures that allow you determine if kids are learning, when there's literature all over the map saying that you can do it, and that many people do, and, in fact, every day many teachers do in the classroom.

A couple of policy implications. Everybody agreed that everybody in Minnesota learns at least as much as they're required to learn. And everybody also agreed that Minnesota students learn more than most students in most other states. What is the effect of that stipulation? Number one, it takes the output issue out of the case by agreement of the parties right at the beginning. Secondly, it takes out of the game the issue of whether what we are learning is sufficient. If you look at national critiques and analyses you're hard pressed to find many people who'll argue that kids in this country are learning what they need to learn relative to other cultures.

You could take Meyer's case to mean that the only thing you can talk about in the Legislature for the next couple years is how you spend more money. I think it will take heavy effect in undercutting the pressure and the impetus—momentum, if you will—on some of the reform concepts that the League and other groups have been supporting for years.

Rehwaltdt: Students Shorted

R.J. Rehwaltdt, superintendent, Rosemount-Apple Valley-Eagan School District, on Jan. 21.

The reason for the suit coming about was the fact that we felt our students were being shorted because we did not have equal access to some things that other districts had.

Five of the school districts in the state have over \$250 (supplemental aid) per pupil unit, which is essentially there only because of history. And those of us who don't have that history have no access to those dollars, and we didn't believe that was fair.

The levy referendum also was another case where you don't have

the equalization you need in order to be fair. All of the intervening districts have levies, 80 percent have levies over \$600, 30 percent have levies over \$1000 (per pupil unit). If you look at the plaintiff districts, 50 percent of us have no levy at all, 83 percent have levies under \$200 and only four have levies over \$300.

Now one could say that the money brought in by the levy referendums is small. It's only six percent of the total dollars used for educational expenses. But keep in mind that that six percent is concentrated in the upper decile. In other words, those schools that are in the upper decile spend seven-and-a-half times as much money as those in the lower decile. We don't think that makes for equal education across the state.

Smyth: Cost Differences Key

Raymond P. Smyth, superintendent, Edina School District, on Jan. 21.

It is worth noting that the Minnesota school finance system is 94 percent equalized, as only approximately six percent of all education revenue is the product of the local excess levy referenda held by the Wright County judge to be unconstitutional. Furthermore, the revenue disparities which exist between Minnesota school districts are small and reflect differing school district cost characteristics which must be addressed if true "equity" is to be achieved.

The court apparently bought into the plaintiffs' attempt to define equal education opportunity by emphasizing the need for equality of revenues between school districts. Revenues are important to school districts, but a true definition of equity is more complex than that. School districts have different cost characteristics which must be recognized and addressed if real equity is to be achieved.

Differences in costs of living are not recognized in state school aid formulas. The impact of declining enrollment also has dramatic implications for school districts.

So what has the trial court wrought? First, it is attempting to tamper with a school finance system that is already substantially equalized. Second, it has too easily dismissed legitimate cost differences among districts. Third, it has severely undermined the strong tradition of local control and citizen involvement in public education. But worst of all, if the trial court's decision is sustained on appeal, Minnesota may join the ranks of those states providing mediocre financial support for public schools.

The history of school financing litigation indicates that statewide spending does not generally increase to the level of the highest spending districts, but rather forces districts to "level down," thus diminishing the education available statewide.

Bauerly: Fine Tune System

Rep. Jerry Bauerly (DFL-Sauk Rapids), vice chair, Education Finance Division, House Education Committee, on Jan. 28.

Parents in districts that want to add additional programs for their students ought to be able to do that. But conversely, parents in districts that are very poor property-wise ought to have the same access to those dollars. And that's what we attempted to do by equalizing the excess levy. And we've done that on a three-year phase-in.

The judge said that while the Legislature went far to do that there are some things that we did not go far enough or that we did not do correctly. We passed a cap that said \$1067, or 35 percent of the formula, is the amount that parents can vote on themselves for that difference. The judge thought that cap was too liberal. I would argue that it probably is all right. Another argument he made is that we grandfathered in those districts that are above that—the Beckers of the world. He said that was unacceptable.

We said all new referendums that are passed in the future have to have an expiration date. The problem is we grandfathered in some of those existing ones that were perpetual, or 99-year, referendums. The judge said they all ought to expire.

It's easy to fix a system when you dump a lot of money into it to make things equitable, because then there are no losers. In Minnesota if we were to buy off the excess levy referendum, for example, it would cost somewhere between \$400 and \$600 million to do that. There's no way we can afford to do that.

But I think that by massaging the edges of our formula we can make our formula acceptable to a court and pass muster. Our formula is so much better than that in California, so much better than that in Kentucky or Texas. The disparities are not nearly as great as in those other states. We've made great strides, and I think the judge's remarks indicate that. Our system is not way out of whack. It needs some fine tuning, but not some major overhaul, as in other states.



Citizens League Matters

February 17, 1992

News for Citizens League Members

Welcome new members

- Craig Clark
- Dan Conlan
- Jeanne Duffy
- Susan Hoyt
- Paul Kralovec
- Linda McCarthy
- Roy Taylor

Mind-Opener Breakfasts will look at technology

In late February and early March, the Mind-Opener breakfasts will feature a series on the rising costs of medical technology. The series will examine how these costs contribute to both better health and overall increases in health care costs in the Twin Cities.

All Mind-Opener breakfasts are held on Tuesdays, in the Central Lutheran Church, 333 East 14th Street in Minneapolis, and run from 7:30 to 8:30 a.m. Members will receive a flyer with details.

Committee says: require health care coverage for all

Eliminate tax exemption for employer-provided health benefits to finance plan

A Citizens League subcommittee of the Community Information Committee is finishing work on a proposal to provide health care coverage to uninsured Minnesotans. The subcommittee, chaired by Bill Johnstone, will submit its recommendations to the Board of Directors at a Feb. 20 meeting.

The draft proposal asks the 1992 Minnesota Legislature to require every resident to have a specified minimum amount of health insurance. The plan assumes that most Minnesotans would continue to be covered as they are today.

incomes are too high for Medicaid but less than a specified percent of the federal poverty level. It includes modest co-payments for services and drugs, except for preventive care.

Uninsured persons ineligible for "Minnesota Care" would be required to buy, at least, what is called "major" medical care. The major medical plan would cover somewhat fewer benefits than Minnesota Care, carry a deductible

income-tax exemption for employer-provided health insurance benefits. This would raise about \$183.2 million per year, tax income that has heretofore been hidden and plug a tax loophole. Furthermore, it will improve fairness. Today, the exemption 1) encourages increased health-care costs, 2) goes to relatively well-off citizens but not lower-income persons and 3) provides the greatest subsidy to those in a position to receive the richest medical care benefits from employers.

"Minnesota Care" would provide coverage for a variety of services and be available on a sliding scale based on income.

The subcommittee recommends requiring that all entities offering individual coverage in Minnesota offer this plan.

However, for those Minnesotans without coverage, the draft recommends what it dubs a "Minnesota Care" benefit plan. Minnesota Care would cover a variety of services and be available on a sliding-fee basis, depending on income, for persons under 65 years of age whose

of \$5,000 per family, provide 80 percent coverage and limit the maximum out-of-pocket costs to \$6,000/family each year.

To finance universal health care the subcommittee recommends eliminating the individual state

The subcommittee also recommends: 1) reform health care coverage for small groups, and 2) restructure the health care system to encourage quality care at affordable prices.

Can changing government ethics revive participation in politics?

Plan to attend a February 28 forum on ethics in government and the need to encourage participatory-citizen democracy. Even though they are interested in performing their civic duty, many citizens believe that nothing they do will make a difference. What about our political system has to change to make people feel they can contribute meaningfully to it?

The Citizens League is joining the Notre Dame Club of Minnesota, the Center for Ethics at the

College of St. Catherine, Common Cause of Minnesota, the League of Women Voters of Minnesota, and the Minnesota Women's Consortium to sponsor this forum. Named *Democracy Held Hostage: Changing Political Ethics to Revive Citizen Participation*, the forum will feature six panelists: U.S. Senator Paul Wellstone; U.S. Representative Jim Ramstad; State Senator Pat Pariseau, IR-Farmington; State Senator Larry Pogemiller, DFL-Minneapolis; Jean Harris, Eden Prairie City

Council, and Betty Wilson, former political writer for the StarTribune. Karen Himle, vice-president, corporate public relations at The St. Paul Co.'s, and Pat Kessler, political reporter for WCCO-TV, will be moderators at the forum.

The forum, in the Jeanne d'Arc Auditorium at the College of St. Catherine, 2004 Randolph Ave., St. Paul, is designed to encourage participants to ask questions. It starts at 7:00 p.m. and runs two hours. Admission is free.

Program committee to consider array of topics

The Citizens League's Program Committee, chaired this year by **David Rodbourne**, will begin meeting in March to identify topics for future Citizens League studies. This committee is charged with scanning the public affairs environment to assess what topics are important, urgent and timely to study, and are of enough interest to attract

League members with a broad interest in public affairs.

The Program Committee will review several dozen topics that could lend



David Rodbourne

themselves to future League studies. It will then narrow that list and recommend four to six studies to the Board of Directors in late spring. Rodbourne is inviting a combination of former Program Committee members and new persons to help with this task.

Lunch with Johnson

The St. Paul Area Chamber of Commerce is holding a public luncheon featuring former League executive director Curt Johnson, who will speak on what community issues will shape the next decade.

The luncheon costs \$12; it is to be held at the Saint Paul Hotel from 11:30 to 1:00 Thursday, Feb. 20. Call the Chamber (223-5000) to register.

Finance group seeks support

The Finance and Development Committee, chaired by **Dan Peterson**, is targeting potential corporate members of the Citizens League. This is one strategy the committee is employing to expand League membership.

Armed with a list of businesses prominent in Minnesota, committee members are making personal contacts with those most likely to join the League. Peterson engaged the help of Roger Hale, chief executive officer of the Tennant Company, to send a letter to these businesses, describing the tangible benefits of supporting the League.

Schools

Continued from Page 1

parities unconstitutional. The Legislature moved quickly to equalize funding, to introduce limits on what districts could spend and to restrain the local option to "go beyond." This—and Proposition 13, the voter initiative in 1978 to reduce and limit property taxes to one percent of market value—effectively transformed the decision about more money for education into a state decision about the use of state tax revenue.

Frustrated, major education groups—led by the powerful California Teachers Association—tried to break out in 1988 with Proposition 98, guaranteeing K-14 education 40 percent of the state general fund. A year later, with the governor and Legislature showing this would starve other public services, public education groups had to agree to Proposition 111, effectively removing the guarantee.

The result, California experts agree, has been a sharp drop in the



"...I think a two-tier school system means we call the governor directly for whatever we need!"

rate of growth in revenue (up about 13 percent in real terms during the 1980s, as against about 30 percent in states generally), deferred maintenance on plant and staff, cuts in non-instructional services, the largest class sizes in the nation, an incredibly complicated and unstable finance system (along with an army of consultants and lobbyists) and the animosity of most other public service systems in the state.

California's constitutional limits are not part of the system here. But Minnesota does have "limits" of a

sort: political constraints on property tax increases and economic constraints on state income and sales taxes.

So the outcome could be the same here. The requirement is to narrow wealth-based differences. State-wide financing does that, and the Legislature may prefer this to equalizing local referendum levies, which it may see as an obligation to finance a level of spending set by somebody else. The state has been moving recently to control these levies. (See "Teacher Bargaining Poses Legislative Quandary," *Minnesota Journal*, Nov. 19, 1991.) Not much more would be required to end them.

There is one "out" that could (in concept) equalize and still keep decision-making local. Power equalizing would guarantee every district (say) \$100 per pupil-unit for a given tax rate. A wealthy district where that rate raises \$150 would send \$50 to a pool to help a low-wealth district where the same effort raises only \$50. This direct transfer of property tax revenues between districts would avoid using state general funds. Technically this transfer could work. Politically? No one knows.

It may be there simply is no answer down this road of trying to equalize money-resources by district on the assumption that money is all that makes a difference. This is California's road. It will try county sales taxes next, and probably have those struck down by *Serrano*-type objections too. It is the road courts naturally take.

There is another road, which could avoid the dead-end at which policy in California has now arrived. It is to refocus the discussion creatively, beyond money-inputs.

Essentially today districts assume the traditional model of schooling

(classrooms with teachers talking, kids listening) and worry about what it costs and how to pay for it. The state might simply take the districts out of the revenue-raising business (by providing a fixed, adequate per-student amount itself) and force them to concentrate their energies on finding better ways to turn the money into quality learning.

Theodore Sizer's student-as-worker model might be one way. Cooperative learning might be another. Or new technologies of computer-based learning. Or the techniques of alternative schools ("teaching kids, not subjects" in much smaller schools). Or learning outside what is institutionally "school."

It is possible this shift to new learning methods might move faster if districts did not exist. Districts, guaranteed their revenues by the state, have a hard time generating internally the will to make the hard decisions that change requires.

A system without districts is conceivable. Why have boards if they no longer have a significant role in raising revenue, if they drop out (or are taken out) of teacher bargaining, if (despite their talk about site management) they do not really delegate meaningful authority to schools, and if they are unable to defend students' interests effectively? Some Californians distinguish between the "instructional" function and the "employment" function of the public schools and leave no doubt which they think boards put first.

"I'd go with what Britain is doing," says Allan Odden at the University of Southern California. "Have the state fund schools and hold them accountable." A two-tier system—the state relating directly to the schools—is implicit in recent reforms, as in Kentucky, and the role of boards may be called into question further in a report forthcoming from the Institute for Educational Leadership.

This would be a surprising outcome of the forces set in motion by the equity-funding decision, not least for the districts that filed the lawsuit. But it is a possible outcome, and it would not be illogical for a Legislature increasingly frustrated by its inability to get districts to improve learning, however much money it provides them.

Ted Kolderie is contributing editor of the Minnesota Journal.

Citizens League Calendar at a Glance: February 17-March 13, 1992

17 MONDAY	18 TUESDAY	19 WEDNESDAY	20 THURSDAY	21 FRIDAY
	Mind-Opener Breakfast 7:30-8:30 a.m., Central Lutheran Church, Mpls. Elective Office Study Committee 5:15-7:15 p.m., MN Dept. of Health	Government Services Committee 6:00-7:30 p.m., Lurie, Besikof, Lapidus Education Center, Mpls.	Board of Directors noon-2:00, Town & Country Club, St. Paul	Community Information Committee 7:30-9:00 a.m., U.S. Community Link office, St. Paul
24	Mind-Opener Breakfast , same time and place Elective Office Study Committee , same time and place	Government Services Committee , 4:30-6:30 p.m., same place	Marketing and Communications Committee 7:30-9:00 a.m., Thresher Square Building, Mpls.	Democracy Held Hostage , government ethics forum, 7:00-9:00 p.m., College of St. Catherine, St. Paul
March 2	Mind-Opener Breakfast , same time and place Elective Office Study Committee , same time and place	Government Services Committee , 4:30-6:30 p.m., same place		Community Information Committee 7:30-9:00 a.m., Kelly Inn, St. Paul
9	Program Committee 5:00-6:30 p.m., MN Dept. of Health	Mind-Opener Breakfast , same time and place	Government Services Committee , 4:30-6:30 p.m., same place	

Improve suburban transit

From 1991 Marketing Study, marketing research by Ilium Associates, Inc. for the Regional Transit Board.

The size of the potential rider market is large, equal to 42 percent of all nonriders. Sixty-five percent of the potential rider group reside outside the area defined by Minneapolis, St. Paul and the first-ring suburbs. Only 18 percent reside in Minneapolis, six percent in St. Paul... (Of the potential riders) less than half (42 percent) see traffic congestion as a major problem. (The) service needs of the potential rider audience varies by location. Improved service to suburban destinations (was) the top-rated need. However... those in Minneapolis rated improved safety followed by 15-minute commute service and shorter travel times as their top-rated needs...

Regional Transit Board (RTB) planning staff should be looking to significantly improve nondowntown transit travel (e.g., the Mall of America and I-394 service). (The RTB) should develop express bus service to major employers from park-and-ride-lots. Potential riders and former riders indicated

strong interest in a service that would operate from a park-and-ride lot direct to a major employer or employment center. The employment location should be suburban, located in either the first- or second-ring suburbs...

The region has a large number of corporate headquarters and a relatively few employers employ a large percent of the work force. Employers perceive the MTC as cumbersome, unresponsive and inflexible. They have also stated that their operations are changing radically, and that employee transportation is less of a concern than five years ago... Ilium recommends a new organization or entity with the responsibility to increase mode share to employers be established...

Twenty-six percent of the population stated building a light-rail system was a high priority transportation improvement. LRT supporters exhibit stronger agreement that traffic congestion is a problem (as compared to the general population). As compared to the general public, bus riders are not necessarily LRT supporters.

Lakeville

Continued from Page 1

pansion or development. The moratorium exempted commercial and industrial development, as well as residential developments already platted or being processed. Commercial and industrial development was excluded, Erickson said, because the city wants to encourage a better balance between residential and commercial-industrial property. The council also passed a resolution calling for a study on the fiscal impact of growth, along with the preparation of a strategic growth management plan based on the results of the study.

The fiscal impact study has been completed, and a newly appointed task force held its first meeting Feb. 4 to begin developing a strategic plan for growth. The 21-member Strategic Management Task Force is comprised of representatives of the schools, the business community, agriculture, various city commissions, developers, utilities, and residents of various parts of the city. The task force is to complete its work by June, with the moratorium set to expire July 14.

"I don't believe the city council would have pursued the moratorium were we not in this difficult financial situation," Erickson said. "We face a critical problem three years down the road. We'll be short six police officers. The council didn't want growth to cause diminished quality of services."

Erickson says ever-tighter property tax levy limits and declining Local Government Aids are at the heart of the city's fiscal stress. Prior to 1990, he points out, cities were allowed to adjust their state-imposed property tax levy limits to reflect population growth and inflation. In 1990 and 1991 levy limits could reflect only half the increase in population. In 1992 levy limits could not be adjusted for either population growth or inflation.

"They froze us out of levying for needed services," Erickson said. "We have a tremendous pool of wealth we can't tap for basic services."

Adding to the fiscal crunch, he said, is the city's 68 percent drop in Local Government Aids over the past three years. According to Lakeville City Finance Director

CITY OF LAKEVILLE

YEAR	PROPERTY TAX LEVY	LOCAL GOVT. AID	TOTAL TAXES AND LGA	POPULATION
1989	\$3,870,262	\$949,060	\$4,819,322	22,707
1990	4,668,644	603,576	5,272,220	24,814
1991	4,981,581	523,931	5,505,512	26,513
1992	5,157,917	301,648	5,459,565	28,357
% CHANGE 1989-92	33.3%	-68.2%	13.3%	24.9%

Source: City of Lakeville

Dennis Feller, the city was allowed to make up some of the loss in LGA through its property tax levy. But property taxes and LGA combined increased by only 13 percent between 1989 and 1992, while the population grew by 25 percent. 1992 revenues from these sources were actually lower than in 1991. (See accompanying table.)

Erickson concedes the Legislature acted last year to do away with property tax levy limits beginning in 1993, but he said the city "has little confidence that will occur based on past practice."

"They froze us out of levying for needed services. We have a tremendous pool of wealth we can't tap for basic services."

—Lakeville Administrator Robert Erickson

State Rep. Paul Ogren (DFL-Aitkin), chair of the House Tax Committee, sees some merit to Lakeville's claims. He said, though, the Legislature must deal not only with the demands of communities that want to grow and offer more services, but also with demands from taxpayers who want spending growth mitigated.

"People don't want significant new authority for local governments to raise taxes," he said. "That's probably the case even in Lakeville, if you speak to residen-

tial and commercial property owners."

Ogren countered that while Lakeville may have needs that aren't being met, there are a number of subsidies made available to growing communities like Lakeville, such as the surtax on water and sewer services that helps pay for new sewer construction in emerging areas. "I don't know that the state has the responsibility to encourage development or to subsidize development," he said.

He said his intent is to allow levy limits to expire in 1993, unless the local government trust fund is raided, which could lead to immediate increases in property taxes if no limits were in force.

Seven months into the Lakeville moratorium, no fierce opposition has been mounted and Erickson believes the focus on the city's fiscal situation has already had an impact.

"Developers don't like the 'M' word," Erickson said. "But when it's explained in this case, it's not a no-growth scenario. It's a matter of doing what is fiscally responsible." The city has received three letters of objection—one from a business owner and two from developers.

Peter Bachman, an attorney with Leonard Street and Deinard in Minneapolis who practices primarily in land-use law, said development moratoriums are currently a hot topic in Minnesota legal circles because of a recent District Court decision declaring a moratorium in Woodbury a regulatory "taking." In that case a developer was awarded damages because he was left with no reasonable use for his parcel of land after a moratorium was imposed. Bachman said the Woodbury decision, which is in the process of being appealed, may af-

fect the way cities handle future moratoriums.

He said the Lakeville moratorium, which is not discriminatory to any particular party and was imposed for a valid public purpose—namely, to allow the city to address fiscal problems—would be difficult to challenge.

Bachman cautioned that moratoriums have legitimate uses, but can't be used to fix everything. "Moratoriums certainly have a place, but they are not a primary planning tool," he said. "A moratorium is a reactive thing. It protects the status quo."

Erickson said two residential developers recently changed their plans in response to concerns raised by the city over fiscal stress. Citing the findings of the city's fiscal impact study that lower valued homes have a negative fiscal impact—that is, they generate more costs than revenues for the city and the school district—the city encouraged the developers to eliminate 100 lots in two subdivisions by changing from 75-foot wide lots to 85-foot wide lots. The reduced density of the developments will lower the fiscal impact on the city, Erickson said, while not necessarily eliminating affordable family housing.

Barbara Lukermann, a senior fellow at the Humphrey Institute and facilitator for the city's new Strategic Growth Management Task Force, said it's clear already that although fiscal stress initiated the moratorium, the interests of the group's members go beyond that. At their first meeting task force members expressed concerns about fairness, efficiency, housing policies, the environment, and quality of services.

Will Lakeville's problems be solved before the moratorium expires on July 14?

"Unless the task force has completed its work and growth management controls have been adopted or levy limits are eliminated, it's possible the moratorium would have to be extended," Erickson said. "A growth strategy may help, but we are not going to get through this cycle unless the Legislature changes things. Growth management controls help, but only the Legislature can solve the problem."

Dana Schroeder is interim editor of the Minnesota Journal.

Garbage

Continued from Page 1

ties located in Greater Minnesota. The second is in the Twin Cities metropolitan area. The MPCA completed the Greater Minnesota study last summer.

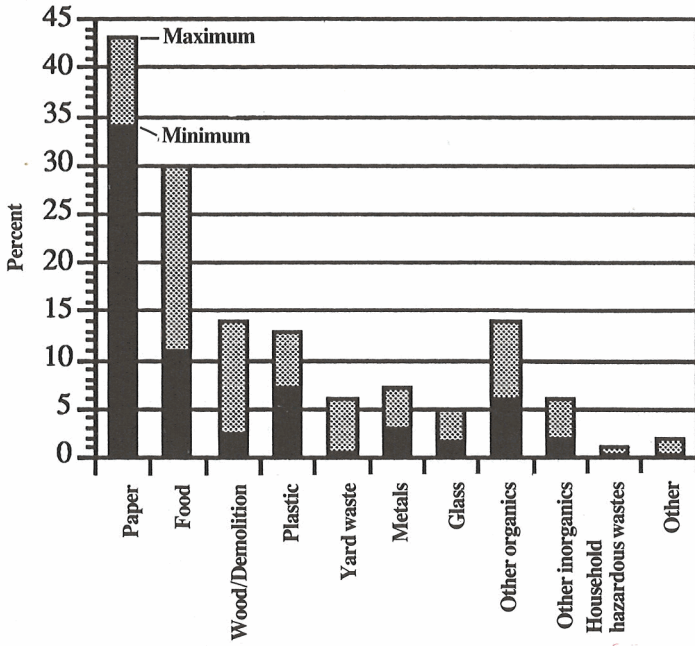
Prior to starting the project, staff of the MPCA worked with the Metropolitan Council, the Office of Waste Management, and Dakota County in order to define the items to be sorted and weighed. Members of the group developed a study protocol and definitions for 34 categories of waste to be sorted. The protocol was developed to help assure consistency in sample selection and sorting among all study sites. We also wanted to promote consistency in waste composition studies within the state so that data collected in the future could be compared to data from this study.

During the first phase, MPCA staff sorted waste from five sites chosen to reflect differing regional economic and geographic cross-sections of the state. We were fortunate to have selected sites that had buildings so that sorting could be done in safe, relatively sheltered areas. Becker, Itasca, Lyon, and Winona Counties, and the three-county area around St. Cloud provided the facilities and local cooperation needed to conduct the project.

While planning the study, we hired 60 "sorters", contracted for front-end loaders, ordered safety and personal protection supplies, purchased 150 garbage cans, four heavy-duty digital scales, 1,500 disposable coveralls, 1,100 dust masks, 500 rubber gloves, and borrowed two trucks. Most of the employees lived in the communities where we conducted our studies. A week prior to the first sorts, we trained each of the employees on safety and how to sort garbage. Sorts were performed at each site for one week each of four seasons. Employees sorted 886 samples. Each weighed an average of 300 pounds, for a total of over a quarter of a million pounds.

We found out that paper accounted for 40 percent of the waste studied in Greater Minnesota. Food waste made up 15 percent, plastics ten percent, wood nearly six percent, metals five percent, yard waste four percent, and glass three percent. Household hazardous

RANGE OF WASTES FOUND AT FIVE GREATER MINNESOTA SITES, SUMMER, FALL AND WINTER SEASONS



wastes made up less than one percent of the total. Because the composition of the waste varied from site to site and at different times of the year, these percentages represent an average. (See the accompanying chart.)

The MPCA started the second phase of the study last fall. The Twin Cities metropolitan sites are the Hennepin County Resource Corporation (HERC) in downtown Minneapolis, the Brooklyn Park transfer station, Pine Bend Landfill, the Elk River resource recovery center, and NSP Newport (Ramsey and Washington Counties). The Metropolitan Council is funding a major part of the metropolitan area study.

Darrell Washington, a planner with the Metropolitan Council's solid waste division, says that the metropolitan area needs primary data on the types of waste disposed at solid waste facilities. The data from the study will provide a sound basis for analysis and planning, according to Washington.

Two features of the Twin Cities study will differ from what was done in Greater Minnesota. Along with the Metropolitan Council and the counties of Hennepin, Ramsey and Washington, the MPCA will develop a study protocol for non-municipal solid waste (industrial, construction-demolition, ash, etc.). In Greater Minnesota the study focused on municipal solid waste and did not specifically analyze nonmunicipal solid waste. A different protocol is needed for this

waste because, unlike other household waste, its weight and bulk make it difficult to pick up and sort. One method the MPCA is contemplating is a visual study of the nonmunicipal solid waste. Essentially it would create a grid, like an invisible net, that would figuratively be placed on the waste. It would randomly select squares from this grid and then examine those squares to determine the content of the waste.

Another difference is being contemplated in the metropolitan area study at the urging of several of the counties here. The counties face a dilemma with what are called nonprocessable items—an old bed spring, for instance—for which no alternative to landfilling is available. The counties would like to uncover the potential to recycle or in some other way process these items. In the meantime, no one is sure just how much of these non-processible materials have to be dealt with. The waste composition study will determine the extent of this problem.

Even though the data from the study will be used for long-term planning for solid waste systems and facilities, counties in Greater Minnesota have realized immediate benefits.

Ginny Black, a pollution control specialist with the Minnesota Office of Waste Management, is using the study's data in her solid waste management work with 13 counties in northwestern Minnesota. She used the data to estimate

the amount of recyclables available for collection and marketing in that part of the state. In turn, those counties developed a proposal to market their recyclables on a regional basis. With the data they are able to sign contracts with potential users of the recyclable materials, knowing they will have an adequate supply to meet demand. Black said without the data the counties would have had to rely on estimates from studies of major metropolitan areas where the composition of the waste stream is considerably different from northwestern Minnesota.

According to Terry Greenside, the solid waste officer from Itasca County, the raw data have already guided his county to make positive changes. For example, Greenside said the county thought a lot of household hazardous waste was going into its garbage. To the contrary, they found hardly any making its way into the trash. As a result, they will divert some of their resources into other areas, such as waste reduction and commercial solid waste recycling.

Winona County Solid Waste Officer Kevin Dixon says the study gave him information to help make immediate changes, even before completion of the study. Dixon says he thought corrugated cardboard from business was a problem at the local landfill, but didn't have the figures to support his hunch. When preliminary data from the study showed that cardboard was 14 percent of the trash going to the landfill, he asked the county board to ban cardboard from the landfill. The board looked at the data, banned cardboard and threw in office paper for good measure.

For most local governments the results of the study will help them judge the effectiveness of solid waste education programs. The study results can help focus resources more effectively by addressing the types of waste showing up at facilities and targeting those wastes for specific management methods, such as composting.

John Ikeda supervised the waste composition study and is supervisor of rules and training in the groundwater and solid waste division of the Minnesota Pollution Control Agency. Scott Hvidsten is a public information officer with the MPCA. Portions of this article were originally printed in the MPCA's Minnesota Environment, Sept.-Dec. 1991 issue.

Program aims to equip patients for 'informed consent'

Computer technology may soon help certain MedCenters Health Plan patients provide their own "second opinion" on treatment options. In January the Minnesota HMO became one of nine testing sites in the United States and Canada for a computer-aided shared patient decision-making program called PREFERS—the Patient Preference Evaluation and Recording System—developed at Dartmouth Medical School. The program, initially being tested at MedCenters clinics in Coon Rapids and St. Louis Park on members with prostate enlargement, offers information about treatment alternatives, risks, and possible outcomes in an interactive video format. The program is individualized, based on the patient's age, symptoms, complications, and any other issues bearing on treatment options. MedCenters plans to begin testing PREFERS programs dealing with breast cancer, low-back disorders, and hypertension in the spring.

Dave Knutson, director of planning and development at MedCenters, expects 200 prostate patients to view what he called the "user-friendly" PREFERS program over the next six months. The impact of the program on patient treatments and outcomes will be reviewed at six-month intervals. Knutson believes PREFERS will give new meaning to the term "informed consent" in the medical setting.
—Dana Schroeder.

"The suburbs will vote 'no' because they see St. Paul trying to export its service costs to them. St. Paul will vote 'no' because they don't want to give up control of their agencies." That was the prediction of a person close to the Ramsey County Local Government Study Commission before members of the panel February 5 did exactly that. "A win/win solution," he said, smiling wryly.

The decision puts the ball back in St. Paul's court, to deal with its own service costs straight-up.
—Ted Kolderie.

The City of Henderson in Sibley County is trying to expand its tax base—but not in the customary way. Instead of luring a manufacturing plant, local developers in Henderson are trying to attract new owners of high-valued homes. They are joining together to develop residential lots for pricier

Take Note

Hot bits and pieces that did not fall from the Winter Carnival Ice Palace.

homes, hoping to attract persons who'd be willing to commute 90 or more minutes one way to work in return for a small-town lifestyle in Henderson.—Jody A. Hauer.

The Whittier Neighborhood in south Minneapolis was one of the first to go through the planning process for the city's Neighborhood Revitalization Program. During the planning process, residents discovered that the area's 660 elementary students attend 44 different public school buildings around the city. Residents decided that getting an elementary school in the neighborhood was a priority.

Residents plan to ask the school board about it, but if they are unsuccessful they'd like to start a charter school in that neighborhood. Although a charter school would still require the board's approval, it would be run independently of the board and would be exempt from most school regulations and red tape except for health and safety.—Allan Baumgarten.

Higher education students who are tired of standing in long lines to register for their courses will have an alternative at St. Cloud Technical College this year: they may register by phone. For the first time in Minnesota's technical college system, these students have the option of using a touch-tone phone, 24 hours a day, to register by logging their student ID number, an adviser code, and the course codes. Students will have to pay \$2 per minute to use the service, and the school estimates the average call will last about three minutes.
—J.A.H.

From the we-hope-we-don't-break-our-arm-patting-ourselves-on-the-back department.

On February 6 President Bush used Cleveland as the backdrop for outlining his health care proposals. The day before, the business section of the *Star Tribune* contained an article on the Greater Cleveland Health Quality Choice Coalition's bold and innovative approach to restructuring the health care delivery system. Based on quality and efficiency, the Cleveland initiative was pushed

forward by the CEOs of some of Cleveland's largest companies. Similar initiatives have sprouted up across the country, including the Twin Cities.

Keen observers of the League will have noted that Walt McClure, the designer of the Cleveland approach, and Nestle executive Powell Woods, one of the chief organizers in Cleveland, were featured in a "Mind-Opener" breakfast series on this topic over a year ago.—Phil Jenni.

Dick Wallrich, the owner of Shuttle Concepts, says he had 65 buses running about 3,700 hours over 11 days taking people to Winter Carnival events in St. Paul. Shuttle Concepts sets up "temporary transit systems," used for a few days by conventions and special events. "Throwaways," Wallrich calls them. In addition, says Lois Glewwe of the Winter Carnival, there were 70 coaches and 27 corporate coaches carrying delegations here for the Super Bowl.

Is it true that top officials of the Super Bowl called over and asked St. Paul to cool it on the Ice Palace promotion? "Just rumors," says Glewwe.—T.K.

Stearns County Board passed a resolution of intent to overturn its decision of last summer imposing a half-cent sales tax. All 87 counties in Minnesota have imposed the sales tax, the revenues from which go back to local governments for property tax relief. Stearns officials dislike Gov. Carlson's veto affect-

ing the distribution of the sales tax revenues, saying it diverts tax relief from counties to cities.

Whether the board actually rescinds the half-cent tax depends on whether legislators take it upon themselves to remedy the situation in the 1992 session. Should the county rescind its vote, the cities within its borders would stand to lose aid that otherwise would have come from the sales tax revenues.
—J.A.H.

Minneapolis' Charter Commission is allotting time at its next three meetings to hear proposals, regarding the mayor, city council or other city boards, to change the length of terms, impose term limits, change powers and responsibilities, or go to a system that combines ward seats with at-large seats on the council. No such amendments to the city charter have yet been developed, but the commission is willing to consider some if proposed by others.

The commission already has amendments on the table to change the Board of Estimate and Taxation and the residency requirement for city employees.—J.A.H.

An amendment proposed this year to Minnesota's Solid Waste Management Act would expand counties' authority to control where waste is dumped. The Act currently allows counties to require garbage haulers to dump their mixed-municipal waste at facilities like waste burners instead of in less expensive landfills, a process referred to as "flow control." If amended as proposed, the law would extend flow-control authority to govern other wastes, such as industrial wastes and demolition debris.
—J.A.H.

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