



Minnesota Journal

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'Virtual universities' offer online learning

by Kris Lyndon Wilson

Distance education is hardly a new feature of the American educational landscape. Since the turn of the century, correspondence schools (of varying legitimacy) have offered people the opportunity to develop professional skills and pursue academic credentials without leaving their homes.

However, as with shopping, banking, and many other daily activities, the expansion of the Internet is having a significant impact on the field of distance education. Recent years have seen the dramatic expansion of the number and type of online course offerings at traditional institutions and the develop-

ment of full-scale, degree-granting "virtual universities." Both public and private institutions are jumping on the bandwagon, giving people the opportunity to "download" degrees.

Minnesota Virtual University

The major public endeavor in Minnesota is called the Minnesota Virtual University (MnVU). Unlike other "virtual universities," MnVU is not a degree-granting institution. Created by the 1997 Legislature, at the request of the University of Minnesota and the Minnesota State Colleges and Universities

(MnSCU) system, MnVU was always intended to be an online course catalog, says its executive director, Gary Langer.

And that's exactly what it is. A visit to the MnVU Web site at www.mnvu.org allows viewers to learn about more than 30,000 course offerings from both public and private institutions across Minnesota. The site includes information about more than 600 different courses that its partnering institutions deliver entirely online. However, all transactions, such as registration, tuition and grades are dealt with directly between the institu-

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Mondale identifies critical tasks

Part two of two.

Editor's note: *Citizens League Executive Director Lyle Wray and Research Associate Kris Lyndon Wilson recently interviewed Metropolitan Council Chair Ted Mondale on a variety of issues. Following is part two of an edited transcript of the interview. The first part appeared in the January issue of the Minnesota Journal.*

Minnesota Journal: *The Governor has said he wants to use the Big Plan and "smart growth" as templates for the bonding bill. What does this mean? What would it look like?*

Ted Mondale: \$1.5 billion worth of bonding requests have been brought down to \$400 million with a smart-growth screen used as a rating criteria. There are only two other places in the country that are doing that—California and Maryland.

The difference in this administration is that this guy doesn't owe anybody and all of the decisions we make are based on the perceived best interest of citizens. Now, is the thought process or evaluation exactly how I would want it on every-

Broaden debate beyond unicameral

by Dan McElroy

The current discussion of a unicameral is the first real debate on how the Legislature should be organized since we adopted annual sessions and party designation more than 25 years ago. It is certainly appropriate to consider how the legislative branch works, but the current deliberation is far too narrow. A simple choice between the *status quo* and a Nebraska-style unicameral doesn't do the issue justice.

Governor Jesse Ventura and the other proponents of a single-house system make four principal criticisms of the *status quo*:

- **Complexity:** An average citizen has a very hard time following issues and proposals.
- **Accountability:** The Senate and House blame each other for action or inaction.
- **Conference committees:** Although they can be additive in nature, the reality is that many conference committees are ineffective and are too concentrated at the end of the session for anyone to follow.

- **Duplication of effort:** Currently taxpayers elect two sets of officials to do the same work and it is expensive.

Although I disagree on some details of these objections, particularly as it applies to conference committees, the critics of the current organization raise some very good points. As is often the case, they have done more about identifying the problem than offering alternatives. A unicameral is clearly not the only way to mitigate these concerns. I have made two serious legislative proposals that

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Virtual learning: Getting on track with online education

The “dot.com” world is upon us with a vengeance, as the flood of commercials during last month’s Super Bowl demonstrated. Even in the brick-and-mortar world of manufacturing, the Internet is driving change. One observer has predicted that the Internet will knock the “middle people” out of 25 percent of the U.S. economy in the next decade, wiping out many of the firms now in the middle of the supply chain, reducing overhead levels and lowering overall costs.

In the world of higher education, the classroom does not look remarkably different from that of 200 years ago. However, there are signs that a higher education technology revolution is underway and will accelerate. How should Minnesota approach the opportunities and issues presented by this revolution?

First, let’s think about the need. For instance, our largest pool of potential workers are those already in the workforce. The need to upgrade the skills of these incumbent workers should force us to move beyond the traditional argument that “young undergraduates need an on-campus socialization experience.” Middle-aged workers with spouses, children, yards and pets need flexibility and convenience. The 18 to 22 year-olds who want the traditional residential academic experience will always be able to get it. But we can’t let that single vision of higher

Viewpoint

by Lyle Wray

education limit our consideration of strong approaches that will serve other types of students.

There are some interesting trends underway.

- First, there are some high quality programs embracing new technology to deliver academic instruction. For example, one of the foremost players in online education is the three-decade-old Open Learning University, with branches in the U.K., Canada, Hong Kong, China and a very new U.S. affiliate. The programs are known for providing high quality courses and a personalized student experience with 20 hours of telephone or online tutoring in many courses. In the UK, the Open University ranks in the top 15 percent on teaching quality and degrees cost 30 percent less than brick-and-mortar competitors.

- Second, corporate investment in education and training is growing. Duane Benson of the Minnesota Business Partnership says corporate investment in postsecondary education is approximately equal to that of the public system. This is a large and unusually invisible investment.

- Third, there are rumors of major corporate entry into postsecondary education and training. If a compa-

ny like Disney or Microsoft decided to put a few billion dollars into online education, present trends could be vastly accelerated.

What are some of the questions we should ask? For starters, “What is the appropriate mix of personal, corporate and public responsibility for postsecondary education?” Sorting out these roles will require a public dialogue that goes well beyond fiddling with formulas for public institutions.

How should we finance higher education in light of new trends? Public dollars for higher education—in terms of both student-based aid and institutional funding—are still directed largely at traditional institutions. If we want to move online education forward, it must be made as financially viable as traditional educational opportunities.

How can we take advantage of new opportunities? We have chronic shortages of information technology professionals in Minnesota, as well as many faculty vacancies in our information technology departments. If the Open University of Hong Kong has a good online program in systems analysis and we cannot produce enough teaching capacity here, why not take advantage of their program to fill a strate-

gic gap in our workforce? Similarly, our higher ed faculty have knowledge and skills that could find a world market.

The question is, How do we move quickly to make that a reality? And how do we assure high quality programs, while still keeping up with the times? As we redesign public postsecondary education, the idea should not be to knock down all of our state’s colleges and send kids home to finish their degrees over the Internet. In fact, we need to do more to make our state’s brick-and-mortar institutions competitive.

But we should also encourage the development of virtual universities, just as we developed technical and community colleges, in order to create the opportunity for more Minnesotans to pursue postsecondary education and training. We need to carefully consider those niches appropriate for online education and how we can fund and assure the quality of these opportunities.

Our economic well being in the first part of the 21st century will be based, in large part, on the skill of our workforce. Minnesota needs to get on track by quickly and wisely applying the powerful new tools that can make a good workforce world class.

Lyle Wray is executive director of the Citizens League.

Editors critical of bonding plan’s effect on rural areas

On Balance

“And no less happy he who knows the rural gods.”—Virgil

is not enough, as shown by two projects important to the Mankato area whose funding is in jeopardy: \$19 million in bonding requests from Minnesota State University and \$60 million in matching funds for a Minnesota River cleanup project. The paper said, “Although Ventura’s recommendations fall short, he deserves credit for trying to hold the line on borrowing.” It agreed with the Governor that the 1998 bill “contained too much

more needs to be done in rural Minnesota. “Especially with boondoggles such as the nearly \$700 million light rail proposal for 12 miles of Minneapolis, prudent commodity and people movement in rural Minnesota demands that more than lip service be given by lawmakers and [the] metro-centered governor. The paper approves of lowering the cost of vehicle license tab fees and a constitutional amendment to transfer

“[W]hile Ventura’s prudent fiscal approach is much preferred over a potential maximum bill of \$1.5 billion, his \$400 million plan seems to lack both long-term vision and fairness to greater Minnesota.”

—St. Cloud Times

pork.” It also likes his principle that any project must serve statewide needs to receive state bonding money. **Bemidji Pioneer** said (Jan. 16) Ventura’s bonding request “ignores higher education and actually insults higher education systems in rural Minnesota.” It said the bonding budget “shows a glaring lack of knowledge of rural Minnesota.” The paper said Ventura’s policies will keep “access to new technology in the Twin Cities, furthering the idea of two Minnesotas.”

Star Tribune said (Jan. 10) the decision by the state’s transportation department and the Metropolitan Council to depart from their policy of requiring new freeway widening projects to include diamond lanes and, instead, to allow all traffic to use the two new lanes to be added by 2005. “Easing the metro’s traffic congestion requires a balanced approach: light rail, commuter rail, bus ways, better land use and, yes, fixing the freeway system’s two dozen maddening bottlenecks.” **Bemidji Pioneer** said (Jan. 27) Gov. Ventura’s “overall transportation blueprint—like many of his other blueprints—is decidedly metro-slanted and ignores rural needs.” It said

about 54 percent of motor vehicle sales tax from the general fund to the highway fund.

Pioneer Press called (Jan. 14) Gov. Ventura’s transportation initiative “a welcome attempt to end the decade-long legislative impasse over increased funding for much needed highway, bridge and transit improvements.” It questioned his effort to cap auto license fees at \$75, calling it “a highly inequitable way to deliver about \$250 million a year in tax relief.” But it said it makes sense to earmark at least some of the revenue from the motor-vehicle excise tax for transportation purposes. It questioned whether building one or two “hugely expensive” rail lines is the most cost-effective way of improving transit in the Twin Cities. But it applauded Ventura’s advocacy of “significant new investment in the region’s bus system.” **Duluth News-Tribune** called (Jan. 13) Ventura’s transportation package “a welcome starting point for badly needed discussion on highway and transit needs for the future.” It agreed with his proposal to dedicate money from the motor vehicle excise tax to transportation, saying it “never should have been thrown into the black hole of general fund

spending.”

Rochester Post-Bulletin said (Jan. 13) Ventura’s proposal offers a way to resolve the conflict between urban and rural legislators over transportation spending priorities: highways for rural legislators and some mass transit for metro legislators. Then, said the paper, the state can “get started on a much-needed program to bring the state’s transportation system up to date.” **Red Wing Republican Eagle** said (Jan. 11) “highway funding appears to have come up short” in Gov. Ventura’s transportation plan. It said it expects little support from rural interests “for a policy that is largely focused on metropolitan transit.”

Duluth News-Tribune said (Jan. 11) the reason few people attend “truth-in-taxation” hearings in December is that they “take place far too late in the process for anyone to have a real impact on the budget and taxes. If we truly want people involved in how their property taxes are spent, their input must be timely to have an impact on decisions.” For the local property tax system to be accountable to taxpayers, the paper said, people have to get involved early in the year.

Republican Eagle criticized (Jan. 14) a judge’s ruling that the state can keep the required pass rate for the eighth grade basic skills tests at 75 percent rather than the planned phase-in to 80 percent for the class of 2002 and beyond. “Settling for such a low standard is an embarrassment to the state’s education system.”

Republican Eagle questioned (Jan. 25) the existing law that allows school districts to carry out teacher negotiations in private. “The secrecy affords little or no opportunity for residents to weigh in on what is the biggest expense in school budgets.” The fault lies with the Minnesota Bureau of Mediation Services, which always imposes a gag order on talks. This year districts called in negotiators at the beginning, rather than wait for an impasse. The paper called for salary offers and counteroffers to be public information at each step.

Minnesota welfare recipients less involved in work

From Welfare Reform, Office of the Minnesota Legislative Auditor, Jan. 2000.

Major findings:

Welfare recipients’ employment rates and average hours worked increased significantly since the Minnesota Family Investment Program (MFIP) started in early 1998. Still, in a given month, half of Minnesota’s welfare cases do not have an employed adult, and many of the remaining cases have adults who work less than half-time.

Compared with most other states, Minnesota has more generous assistance levels and eligibility criteria, less severe sanctions, and less

participation by welfare recipients in work-related activities.

An increasing percentage of Minnesota’s welfare caseload has characteristics that are associated with long-term welfare use, which may present future challenges. However, Minnesota also has a large reserve of federal funds that could help finance short-term initiatives for the “hard-to-employ.”

Job counselors perceive that the vast majority of welfare recipients are employable, assuming they have appropriate support services (such as child care).

Out-of-wedlock births are a lead-

ing cause of welfare dependency and their rates have grown significantly in Minnesota. Minnesota may need to supplement its employment programs for welfare recipients with greater efforts to prevent welfare dependency.

Key recommendations:

The Legislature should (1) consider options for spending down Minnesota’s growing reserve of federal funds by 2002, (2) consider increasing maximum client sanctions, (3) require the Department of Human Services to annually report to the Legislature on key measures of program performance and caseload-related trends, and (4) require the department to establish clearer poli-

cies about the length of time that clients with limited English skills can spend in language instruction.

The departments of Human Services and Economic Security should identify ways to (1) remind clients about the amount of time they have left on their 60 months of welfare eligibility, (2) intensify interventions as clients move toward the 60-month limit, (3) make client information more accessible to counties and service providers, and (4) review selected county or provider practices—example, regarding sanctions and assessments.

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Publisher — Lyle Wray

Editor — Dana M. Schroeder

Contributing Editor — Ted Kolderie

Sketches — Ray Hanson

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School district finances generally improved in 1990s

From School District Finances, Office of the Minnesota Legislative Auditor, Feb. 2000.

School districts are generally in better financial shape than they were ten years ago. Inflation-adjusted spending per student increased modestly during the 1990s. In addition, fund balances and teacher-students ratios rose statewide. Despite this general improvement, some districts experienced financial problems due to a variety of factors. Declining enrollment seems to be affecting more districts in the last two years and causing some of the financial stress...

School district finances improved during the 1990s. Most of the improvement in school district finances has occurred since 1993. For the first few years of the 1990s, fund balances declined and the number of districts in statutory operating debt increased. Inflation-adjusted spending per student also dropped slight. Since 1993, there has been a reversal of the trends experienced during the early 1990s. Financial conditions in 1998 were much better than at the start of the decade.

Some worsening of financial conditions occurred during 1999 and may be occurring this school year as well. Fund balances decreased during 1999, and school districts project a further decline this year. In addition, the number of districts in statutory operating debt increased. Despite this worsening of financial conditions, districts are generally in better shape than they were ten years ago.

Over one-third of school districts reported that they made budget cuts this year. However, spending per student does not appear to have decreased. Preliminary estimates indicate that the number of teachers and other staff per student will be near the highs reached in 1999. In addition, during the current school year, more districts added academic courses or programs than eliminated them.

Districts have placed additional resources into instruction. Most of the growth in school district general fund spending during the 1990s has gone into increasing

instructional staff and other instructional resources. In recent years, districts have responded to legislative funding initiatives to reduce class sizes in kindergarten and certain other elementary grades. As a result, there are fewer students per teacher in elementary schools. It is unclear how the number of students per teacher has changed in secondary schools.

Special education spending has also grown during the 1990s. A

“While enrollment has increased during the 1990s, more districts are beginning to see their enrollment reach its peak and begin to decrease. Preliminary estimates suggest that, in the last two years, close to two-thirds of all school districts experienced a decline in enrollment.”

substantial increase prior to 1996 in students identified as having emotional or behavioral disorders is the most significant factor behind the growth in special education spending. Other factors include rising transportation expenses, growth in programs for preschool children, increased spending on support services, such as those provided by social workers and psychologists, and substantial growth in the numbers of autistic children and children with various health impairments.

Spending on instructional support activities has also risen over the last ten years. Instructional support includes expenditures on curriculum development, computer assisted instruction, libraries and media centers, and assistant principals.

Salaries have not been the source of statewide spending growth. During the 1990s, average salaries of teachers and other licensed staff declined slightly in inflation-adjusted dollars. The decline in average teacher salaries occurred even though many individual teachers saw their salaries increase faster than inflation. The hiring of new teachers in response to enrollment growth and to reduce class sizes helped to keep the average teacher salary from growing faster than

inflation. In addition, teacher salary schedules tended to increase a little slower than inflation.

While salary growth has not been a source of statewide spending growth, it has been more of a factor for some districts. Four-fifths of districts that consolidated between 1989 and 1999 experienced an increase in average inflation-adjusted salaries for licensed staff. A majority of other districts outside the Twin Cities metropolitan area

also experienced growth in average salaries.

Some districts have experienced financial problems. While most school districts have enjoyed improving financial conditions during the 1990s, some districts have not. About one-sixth of the districts experienced a decrease in inflation-adjusted expenditures per student between 1989 and 1998, and about one-third had declining fund balances per student. Others have needed to make budget cuts in order to maintain their fund balances. The number of students per teacher rose in about one-fourth of all school districts.

There is no single reason that explains why some districts have experienced financial and budget difficulties and other districts have not. Differences in management practices, fund balance policies, the growth in costs, and the impact of state funding formulas all have an effect on the financial health of districts. In addition, districts vary in the extent to which they can afford to keep pace with salary settlements in other districts. A district having low staff turnover is more likely to experience financial problems, particularly if it attempts to match salary settlements in other districts.

Declining enrollment may also explain some of the problems experienced by districts during the 1990s as well as the greater number of concerns expressed by districts this last legislative session. While enrollment has increased during the 1990s, more districts are beginning to see their enrollment reach its peak and begin to decrease. Preliminary estimates suggest that, in the last two years, close to two-thirds of all school districts experienced a decline in enrollment. While enrollment in charter schools, home schools, and other alternatives to public school enrollment has increased, this factor does not appear to be the primary reason why enrollment is declining in many districts.

Some important questions remain. Although spending has grown modestly during the 1990s, it is unclear whether current spending is adequate to educate today's students or whether public schools are making the most of the revenue available to them. Clearly, school districts are now facing a student population that is more challenging to serve than students ten years ago. In addition, expectations that citizens and policy makers have for the performance of public schools have risen. But, whether funding is adequate to serve the current student population and meet expectations is not an easy question to answer.

It is also difficult to say what level of funding schools will need in the future to maintain their current staff-student ratios and performance levels. Much will depend on the salaries necessary to attract and retain quality teachers and other staff. In addition, future trends in other costs and in the size and composition of the student population will be important.

The complete report is available by calling 651-296-4708 or online at www.auditor.leg.state.mn.us/ped/2000/PE0004.htm.

Online

Continued from page 1

and the student. MnVU simply serves as a gateway to what already exists.

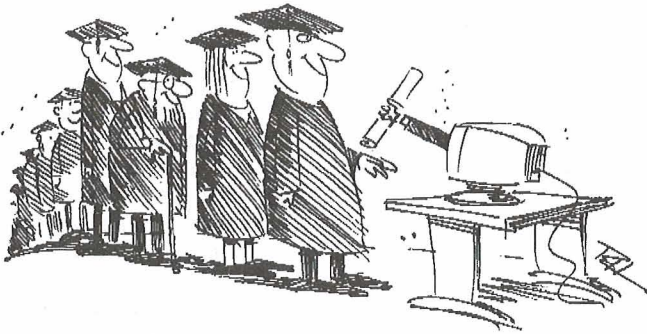
Originally intended to be a separate entity, MnVU is now run by the same staff and board as ISEEK, the state's online career exploration system, and shares a \$3 million biennial state appropriation with both ISEEK and the Career Resource System. In comparison, Michigan Virtual University recently received a five-year, \$30 million appropriation.

MnVU's board of directors is comprised of representatives from partnering organizations, such as the University of Minnesota, MnSCU, the Department of Children, Families and Learning, the Minnesota Private College Council, the Department of Trade and Economic Development and the Department of Economic Security.

While MnVU was never intended to be a separate degree-granting institution, the goal is to reach the point where individuals can earn an entire degree or certificate online through a participating school, says Langer. Additional colleges, universities and training providers are being actively sought to participate in the site.

The MnVU site was put on the web in late 1998, but has yet to be officially "launched," due, in part, to compatibility problems with new information systems at the U of M and MnSCU. Langer says he hopes to have those addressed in time for an early summer launch of the site, designed to publicize fall enrollment opportunities.

No state boundaries
Joe Graba is dean of the School of Education at Hamline University and an avid observer of the development of online learning. Despite criticism from some people who say Minnesota ought to be doing more to develop a "real" virtual university, Graba says he's inclined to think that individual states should not create their own virtual universities. Instead, he points to institutions such as the Western Governors' University, a collaboration of 17 state governors and



Someday?

numerous for-profit corporations, as having the most promise.

“The likelihood of individual states creating their own successful universities is diminishing by the month,” said Graba. “We have to realize that distance learning does not and will not follow state boundaries.”

Graba also questions whether the public sector can adapt quickly enough to lead this revolution. Instead, he predicts the continued proliferation of for-profit operations, which focus primarily on providing training and education for those already in the workforce. This type of virtual university can also be found here in Minnesota.

Capella University
Minneapolis-based Capella Education Company, owner and operator of Capella University, is one of the major private, for-profit enterprises shaking up the e-learning world. Last fall, it was named the fifth fastest-growing private company in the Twin Cities by *City Business*.

Unlike MnVU, Capella University is an entirely independent, degree-granting institution that has no physical campus, but delivers all courses, student support services and administration entirely online. Capella currently offers master's degrees and Ph.D.s in the fields of business, psychology, education and human services. The school is awaiting final approval to offer undergraduate programs and hopes to begin doing so with the spring quarter, which starts in April. The first undergraduate offerings will be in information technology.

More than 100 faculty members instruct Capella's 1,400 students. Most faculty members are adjunct faculty, who have other full-time positions, either teaching at a traditional university or working in the private sector.

Tuition at Capella University varies according to the type of class and the program. For example, in the MBA program, tuition for a one-quarter course is \$1,150 or \$287 per credit. Capella University is a fully accredited university and eligible to accept government financial aid.

According to Don Smithmier, Capella's director of marketing, the school's target audience is working-age adults. “We cater to the needs of these extremely busy people by providing a high level of customer service,” says Smithmier. The average age of Capella's current student body is 45 and students typically take one or two classes at a time, he said.

Online universities could potentially experience stiff competition. After all, students have their choice of enrolling in institutions located in a different state or even a different country, since they are freed from actually traveling to the university. However, Smithmier is confident that Capella is unique—for now.

No one is really offering the same thing, he says. For example, Jones International is a frequently mentioned online university, but it caters primarily to undergrads. Phoenix University is another institution offering classes online, but it still offers traditional classes at numerous satellite campuses. Capella is really the only one offering graduate-level courses entirely online, claims Smithmier. He does, however, see growing competition from traditional universities setting up online offerings.

Good-bye, brick and mortar?
Despite the creation of new, full-service virtual universities and the expanded use of the web by traditional institutions, it seems unlikely that online learning will spell the end of tree-lined college campuses any time soon.

In many ways, online learning can be compared to online shopping. There has been a lot of talk about online retailers driving brick-and-mortar stores out of business. But as the recent holiday shopping season demonstrated, there is room for both. The growth of e-commerce did not bankrupt the mainstays of our suburban shopping malls, although it did force many to rethink their practices and redefine their competitive niche. And as many disappointed shoppers learned, many e-retailers have glitches to be worked out, as well.

The same can be said for e-learning. Just as we have retailers who are entirely web-based, and those who are using the web to complement their well-established brick and mortar stores, we will have universities that operate entirely in a virtual world and those that use the web to complement what takes place in the physical classroom.

And just like e-commerce, online learning, offered by either a cyber university or a more traditional school, is expected to continue to focus on a particular type of customer looking for a particular type of product—namely adult learners looking for midcareer training and upskilling.

That said, continued expansion of online education seems to be a given. Even the federal government is getting involved. Last year, Congress more than doubled funding for the Education Department's Learning Anytime Anywhere Program, which provides grants to institutions for the development of Internet-based courses.

The Education Department is also exploring ways to expand access to federal student aid for students enrolled in distance education and online programs. Current law limits the financial-aid eligibility of students and institutions that extensively utilize distance education programs. However, a new demonstration program recently granted waivers to 15 programs, including Capella University, in order to evaluate alternative ways of delivering financial aid to the growing number of virtual university students.

Kris Lyndon Wilson is a research associate with the Citizens League.

thing? No, it's never going to be. But if you're in an argument with the Governor or the chief-of-staff or anybody else and you say we need to please group X on this, your argument will be shot down as devoid of content.

I can tell you that if you wanted to build a new factory that would require a new road and a new sewer and it would just shift economic growth from one place or another, that it wouldn't make it through the screening.

MJ: In terms of getting ready for the new global economy as a region, how do we make this a good place for business and a good place to live?

TM: Well, I'm a member of the Progressive Policy Institute's New Economy Task Force and we rated the region as 15th. But when you look at a lot of the attributes we have, it is a matter of winning on past successes. We're not doing

very well about preparing for the future. But we also have people from other regions coming up here saying, "Why are you so successful?" So, we're not hanging out with Little Rock and Biloxi, either.

MJ: How would you characterize the task before us?

TM: My analysis is that the government piece of this is trying to make sure we're successful on three things.

It's making sure we've got the right kind of infrastructure—not doing the Atlanta thing and not doing the L.A. thing and building the next round of freeways. Supplying the investment to build a set of balanced transportation systems in this region is going to make us very, very successful. Additionally, I would say the decision to keep the airport where it is, but putting the \$3 billion into it to make it a successful airport for the next 30 to 50 years, was a good decision. Not building a six-lane road on Hwy. 55, and instead building four lanes and an LRT line and 20 million square feet of commercial industrial and about 7,500 housing units—

I would say that's a good decision.

Doing the Livable Communities Act, which now has some 60 redevelopment projects out there, is a big thing. So we are starting to make development and infrastructure decisions that are good and thoughtful ones. We are changing our development model from the Atlanta and L.A. model. Not as fast as any of us would like to, but it's actually starting to happen. That's a good thing.

The second piece is workforce development. Are we behind on that? Yes. Is it scary? Yes. If we aren't successful there, does the economy die? Yes.

The third piece is the quality-of-life piece. And for a region, we're spending a lot of money on preserving parks, open space, etc. I think one of the key things is the decision in the '70s to get the right-of-way on the rail corridors and turn them into transit corridors. That may be the decision that saves us. So I think, on two of the three that are important to the new economy, we're doing as well as anybody, quite frankly.

MJ: Let's talk about the new transit plan.

TM: Number one, the sector study was done by a public agency that went out and said, "Let's wipe the slate clean and figure out how we can deliver our product better." It's one of the signature items of this Council. We went out there and basically found that we have one of the most confusing route structures,

perhaps, in America. We basically have old municipal systems that were not integrated. For instance, there are two Route 4s—one in Minneapolis and one in St. Paul. There is no really direct service between Minneapolis and St. Paul. There is no really good express service out there and there are really no interlinks between the different suburbs.

We've had a weekday rider increase of about 18 percent over the last few years, with a service level increase of only about four percent. And we've had about a 30 percent rider increase on the weekend.

This [transit plan] will begin to be implemented in September and then be replicated in some of the other sectors. In three, four, maybe five years, realistically, when we have this all implemented, we're going to have a much better, more efficient transit system. Basically this is the most fundamental redesign of the transit system in 33 years. I challenge you to find many major corporations or major government entities that, in one year, take 20 percent of their product and totally re-engineer it from the bottom up.

I think the idea is that we need to figure out a service that, instead of just picking everybody up everywhere, is the most convenient and fastest service. We need to have clear lines that when you walk up to the main avenue there is a bus coming in the next 10 minutes, you get on it and you know where it's going.

Legislature

Continued from page 1

press these issues without eliminating some of the positive benefits of the current system. Both bills were introduced and heard in committee the first week of the current legislative session.

Joint committees

The first bill, H.F.2617, calls for adopting **joint standing committees**. This system is used entirely in Connecticut, Massachusetts and Maine. Other states, including Wisconsin, use it for some issues. The committees of the House and Senate would be combined and would have cochair. The Senate and House chairs would preside over alternate meetings. A bill would have to pass through joint committee prior to being heard on the floor of either body. The public would need to follow only one set of hearings and one version of the bills in which they are interested.

In addition, a bill could go back and forth between the House and Senate several times for amendment. Currently, each body can consider a bill only once before going to conference. In Connecticut, for example, a bill can be amended and re-amended several times in each body. A conference committee isn't called until one body repasses its version of a bill without amendment and a motion is made and passed to call for a conference. Connecticut had five conference committees in 1999, compared to 150 in Minnesota. This approach would be simpler and much more accountable than the *status quo*. The conference committee is effectively moved to the *beginning* of the process rather than the *end*. The House and Senate would need to work together much more closely than is currently the case in Minnesota.

Council-Assembly system

The other bill (H.F. 2718) calls for a bicameral with different duties for each body—a **State Council** and a **State Assembly**. It is very loosely modeled on the structure in Sweden. Highlights of the new each include:

The upper house would be called the State Council and the other body the State Assembly. These

institutions would have different duties than under the current system. (Interestingly, the upper body of the Territorial Legislature—1849-1858—was called the Council.)

The duties of the State Council would include the following:

- Confirm appointments by the Governor for commissioners, deputy commissioners, and the chairs of the Metropolitan Airports Commission, the Metropolitan Sports Facilities Commission and the Iron Range Resource and Redevelopment Board.
- Confirm appointments of District Court Judges.
- Confirm appointments to the Court of Appeals, the State Tax Court and the Supreme Court. Confirmed judges would still stand for reelection at the end of the term for which they are appointed.
- Concur on the override of vetoes.
- Concur on constitutional amendments.
- Concur on reapportionment and redistricting or measures to change the size of the Legislature.
- Vote on any increase or decrease in taxes—approve or disapprove only, no conference committees.
- Select the members of the Board of Regents of the University of Minnesota and the Board of the Minnesota State Colleges and Universities System.

The members of the State Council residing in the metropolitan area would become the members of the **Metropolitan Council**. The duties of the Metropolitan Council would be the same as currently provided by statute.

The members of the State Council from outside the metropolitan area would become members of the newly constituted **Greater Minnesota Council**. The duties of the new council would be determined by the Legislature, but would include responsibility for assuring the economic viability of nonmetro areas. This could include being the board for the Agricultural Utilization Research Institute, the Center



"...This unicameral debate is more complex than meets the eye... much like our state Legislature!"

for Rural Planning and Policy and other duties.

The members would be elected from defined districts within each congressional district and serve six-year terms. The number of members from each congressional district would be determined by the Legislature. This proposal recommends six members per congressional district. That would provide for a Council of 48 members. There would be a new election after redistricting, which would result in members running twice in each 10-year cycle.

The State Assembly would have legislative duties similar to the House in the current system. It would originate, consider in committee, amend and vote on legislation. Measures passed by the State Assembly would go to the Governor for signature or veto unless they specifically require the concurrence of the State Council. If the Council fails to concur, the measure would return to the Assembly for possible amendment and resubmission.

The Assembly would be made up of no more than 120 members, 15 per congressional district, elected for four-year terms, with reelection after redistricting. This would result in a 10-year cycle, similar to the current Senate election calendar.

The Council-Assembly system would eliminate conference committees, be easy to follow and make officials totally accountable for the duties of the body in which they serve. In addition, this proposal would result in an elected Metropolitan Council, without adding another layer of government. It

would also create a body to pay greater attention to the continued economic vitality of rural Minnesota.

The State Council's power to confirm judicial appointments is also new. I don't believe our founders envisioned that the Governor would appoint almost all judges before they are elected. Because of its smaller size and simpler structure, the Council-Assembly system would need less staff than under the current structure. It would clearly be less expensive for taxpayers.

Broadening the debate

My goal is to broaden the debate. When the current system was designed in 1858 the state had 180,000 people, the telegraph had just reached Minnesota, the telephone wouldn't be invented for 21 years, television and the Internet weren't even a dream. There was discussion at that time that we should have a large House, so that no district would be larger than a person could ride across on a horse in a single day!

Times have changed and likely so should this system. We should consider many options, however, when making this fundamental public policy decision.

Dan McElroy (R-Burnsville) is chair of the Minnesota House Jobs and Economic Development Finance Committee. He spoke at the Jan. 20 Citizens League Mind-Opener breakfast and then wrote this article for the Minnesota Journal.



Alice in Transit Wonderland!

State's average wage rate higher than private sector's

From State Employee Compensation, Office of the Minnesota Legislative Auditor, Feb. 2000.

Major findings:

State government's workforce includes a higher proportion of white collar jobs than the private sector and, as a result, the state's average wage rate is higher than the private sector's.

Lower-skill jobs in state employment pay relatively more than comparable private sector jobs, and higher-skill jobs pay relatively less. As a result, there is less variation

between the highest and lowest-paid jobs.

Minnesota pays its state employees higher salaries than most other states.

State government salaries do not vary across Minnesota as much as wages in general. Twin Cities area wages are about 15 to 20 percent higher than wages in most outstate metropolitan areas and the non-metropolitan balance of the state, while state pay is about 5 percent higher in the Twin Cities area than outstate.

Faculty at MnSCU four-year institutions are paid at about the national average for similar institutions. Faculty at the two-year technical and community colleges are paid above the national average.

Minnesota employee benefits equal about 31 percent of total compensation. This percentage is comparable to public employers and large private employers nationally, but distinctly higher than small private employers.

State agencies are experiencing a variety of problems recruiting and

retaining employees. Compensation is one of several factors mentioned by state agencies as part of the problem, but it is not the dominant factor. The three job categories that human resource directors report as having the most serious recruiting and retention problems are information technology, accounting, and office clerical positions.

The complete report is available by calling 651-296-4708 or online at www.auditor.leg.state.mn.us/ped/2000/PE0005.htm.

Districts must now report revenue, spending by school

Jan. 30 was the due-date for reports from school districts to the Department of Children, Families and Learning about how much revenue the students bring to each school and how much the board spends at each school. This is the first year such information has had to be reported. Some districts are late. But the reports should be available either at the district offices or at the state.

The revenue-by-school will be the starting point for the budgeting this spring for the next school year. The law permits the board to reallocate and to expend the revenue as it wishes. So a key question up-front in the budgeting will be whether district boards of education want to let decisions on the money in each school, or some of it, be made by the school. And, if so, *how much*. —*Ted Kolderie*.

Minneapolis-St. Paul International Airport's hub status is often cited as one of the important factors contributing to the economic vitality of the Twin Cities metropolitan area. The current expansions of facility and service—especially international service—are designed to enhance the region's global competitiveness.

Here's a new twist: The Japan daily newspaper *Yomiuri* recently reported that U.S. government officials are charging that Narita airport doesn't have enough arrival and departure slots to serve a city of the size and importance of Tokyo. The unnamed source referred to the inadequacy of the airport as a "non-tariff trade barrier"—pretty strong language—and said the U.S. government would ask Japan to improve the situation. Will having a good airport become a "have-to" rather than a "want-to" priority? —*Janet Dudrow*.

"Average teacher salary in the 1990s fell when adjusted for inflation," read the subhead on a Feb. 3 *Star Tribune* story on a newly released Legislative Auditor's report, *School District Finances*. The headline in the Feb. 2 *Pioneer Press* story was similar: "Education: Funds higher, teacher pay staying flat."

And, indeed, that is one finding of the Auditor's report. But it's a find-

ing that needs a closer look, as the report itself cautions. Two factors, the report says, led to the finding that inflation-adjusted average salaries for licensed staff decreased four percent between 1989 and 1999.

First, the report notes that the percentage of teachers with less than 10 years of experience increased from 23 percent in 1989 to 38 percent in 1999. At the same time, the percentage of teachers with 10 to 19 years of experience declined from 36 percent in 1989 to 23 percent in 1999. In what seems an understated remark, the report notes, "The increase in the number of lower-paid teachers *likely* [our emphasis] contributed to the increase in average teacher salaries." Perhaps "*almost certainly*" would be more appropriate.

Second, the report states that average teacher salary schedules declined two percent in inflation-adjusted dollars between 1989 and 1999. A particular problem is the six-percent decline (inflation-adjusted) in the salary for an average beginning teacher with a bachelor's degree and no additional credits.

But the report points out that because of the way teacher salary schedules work—with steps for years of experience and lanes for more education and training—most teachers are not stagnant on the schedule. The report gives examples of how a teacher moving up the average salary schedule between 1989 and 1999 could have earned increases of 22 percent, 53 percent, 39 percent, 64 percent—*after* adjusting for inflation—depending on where he or she started on the schedule and how much additional education he or she received. The report suggests that "most teachers have experienced substantial increases in salary, regardless of how average teacher salaries have performed."

That makes a very different headline, indeed. —*Dana Schroeder*.

Every business is online these

Take Note

Who wants to be a policy wonk? Use these items as your lifeline.

days, right? Not so. At least 40 percent of mid-sized and small businesses in US West's territory have no connection to the Internet, according to Eric Bozich of US West, as quoted in the January issue of *Minnesota Technology*. —*Phil Jenni*.

Despite Minnesotans' annual grumbling about their property-tax bills, very few people are attending the local Truth-in-Taxation hearings that are specifically designed to explain the system and get citizen input. According to the Association of Minnesota Counties, a total of 448 people statewide attended the county-sponsored truth-in-taxation hearings last December. In 14 counties no one from the general public attended and in another 27 counties less than four people from the general public came. Only three counties had more than 20 people attend and the largest attendance was 40 people! —*Kris Lyndon Wilson*.

In the name of competition, the windshield replacement industry has turned an innocuous free box of steaks into a high-stakes giveaway—one company now offers \$225 cash rebates or \$450 government savings bonds. Not surprisingly, it's the consumer who pays for this in the long run. But thanks, at least in part, to a ruling by the state Commerce Department back in May of last year, insurers must cover "all reasonable costs" for glass repair.

According to one insurance association, "court interpretations of 'all

reasonable costs' have enabled glass repair shops to demand whatever price they want. Repair costs have risen dramatically as a result. Even before the ruling, average glass replacement costs in Minnesota were \$329—more than 20 percent higher than any nearby state and significantly higher than Iowa (\$220) and South Dakota (\$170). "Free" steaks, indeed. —*Ron Wirtz*.

"Hang up and drive," reads one popular bumper sticker. According to stateline.org, three states currently impose some minor restrictions on the use of cellular phones in cars and 20 more, including Minnesota, are considering legislation to regulate the practice.

On the other hand, a pilot project between the states of Virginia and Maryland and U.S. Wireless Corporation is evaluating a system that relies on cell phone users to track the speed of traffic on the congested freeways around the Washington, D.C., area. The system monitors the distance traveled by cell-phone users during their calls in order to calculate overall traffic speed and predict congestion. Officials argue that the approach is much easier and more effective than other methods of counting the number of cars on the road. Results are expected by this summer. —*Dave Chadwick*.

"Take Note" contributors include Minnesota Journal and Citizens League staff members; Janet Dudrow, policy analyst at Dorsey and Whitney; and Ron Wirtz, district news editor for the Federal Reserve Bank's fedgazette.

**Minnesota Journal
Citizens League
Suite 500
708 S. Third St.
Minneapolis, MN 55415**

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Citizens League Matters

February 15, 2000

News for Citizens League Members

Welcome

New and returning members

Patricia McCormack and
Mike Engel
David Sherwood Gabrielson
Sara Nagel
Gerry and Diane Paulson
Mary Weisensee

CITIZENS LEAGUE

708 South 3rd St. Suite 500
Minneapolis, MN 55415
612-338-0791 Fax 612-337-5919
info@citizensleague.net
www.citizensleague.net

The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption.

The Citizens League is an open membership organization. Suggested dues for membership are \$50 for individuals and \$75 for families. Please call 612-338-0791 for more information about membership.

Public Affairs Directory is available now —

The Public Affairs Directory contains the names, addresses and telephone numbers of government, education, communications and public affairs officials in Minnesota, with an emphasis on metropolitan officials. The Directory is a must for anyone interested in the who and where of public policy —

**you can order at
www.citizensleague.net
or call 612-338-0791.**

Citizens  League

NETWORK *presents*

This Citizens League
Network meeting is
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The next quarterly Network meeting is scheduled for Monday, May 22 and will feature John Wodele, director of communications for Governor Ventura. Mark your calendar now.

University of Minnesota President
Mark Yudof

Thursday, March 16, 2000

4:30 - 6:00 p.m.

Cowles Auditorium
Humphrey Institute of Public Affairs
University of Minnesota

There is no charge for this event, but reservations are encouraged. Please RSVP by calling 612-338-0791.

New study to examine residential property taxes

The Citizens League is about to embark on a new policy study which will examine residential property taxes in Minnesota. The study is being done through a partnership with the Department of Revenue, as part of the Ventura administration's efforts to engage citizens in the process of preparing a major tax reform proposal for the 2001 legislative session.

The core question for the committee will be: Which policies should Minnesota pursue to best address the issue of property tax affordability among owners of homestead and cabin properties whose

growth in taxes, due to increases in valuation, significantly exceed their ability-to-pay?

In addressing this question, the committee will consider how extensive the problem of valuation increases has become and whether a broad-based policy or more targeted relief is necessary. The committee will examine the fairness of the state's value assessment methods as well as the current appeals process.

The committee will begin its work in early March and continue through the end of July. Efforts are currently underway to select co-chairs and deter-

mine the meeting day and time.

The committee will consist of about 30 people. Twenty will be selected from among metropolitan applicants and at least ten more will come from outside the metropolitan area.

Application forms will be mailed to all Citizens League members in the next few weeks. In the meantime, if you have any questions or would like additional information you can check out our website at www.citizensleague.net or call the office at 612-338-0791.

MIND-OPENER POLICY FORUMS

A Check Up for Health Care

Tuesday, February 8

DAVID STRAND

President, Medica Health Plans

David Strand will discuss current trends in health care and how they are effecting the HMO industry, consumer costs and benefit coverage.

Tuesday, February 15

BILL BLAZAR

Senior Vice President, MN Chamber of Commerce

Bill Blazar will discuss how current trends in health care costs are impacting a major group of insurance purchasers—Minnesota employers.

Tuesday, February 22

JAN MALCOLM

Commissioner, Minnesota Department of Health

Commissioner Malcolm will provide an update on the Department's Uncompensated Care Task Force.

Tuesday, February 29

PETER WYCKOFF

Executive Director, Minnesota Senior Federation

Peter Wyckoff will address the issue from a consumer advocacy perspective and discuss how current trends in health care are impacting seniors.

Tuesday, March 7

DR. ALFRED MICHAEL

Dean, University of Minnesota Medical School

Dr. Michael will discuss how current trends in health care are impacting medical education.

This Mind-Opener series is at the University Club of St. Paul, 420 Summit Avenue from 7:30 to 8:30 a.m. Cost for Mind-Opener meetings is \$10 for League members and \$15 for non-members. For more information, please call 612-338-0791. Audio tapes of Mind-Opener meetings are also available at a cost of \$8.

Major funding for the Mind-Opener meetings is provided by the Dayton Hudson Foundation on behalf of Dayton's, Mervyn's California and Target stores.

"A Check Up for Health Care" is sponsored by:

**Academic Health Center, U of MN
Halleland Lewis Nilan Sipkins & Johnson
Medtronic, Inc.**

Virtual hearing on Unicameral

Join experts, major political players, and other citizens in a serious public policy information exchange and discussion on proposals for a unicameral Minnesota state legislature, bi-cameral system reforms, and other representative reform proposals. The virtual hearing will mirror official legislative activities and discussions.

The hearing began February 1, 2000 and will run through the end of the Minnesota legislative session. Special online testimony will be sought in conjunction with official legislative committee hearings. This is a lower volume moderated discussion with a limited number of posts allowed each day. All messages will be clearly marked in the subject line making it easy for anyone to read or participate on their own time.

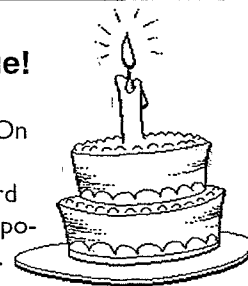
The virtual hearing is sponsored by Minnesota E-Democracy a non-partisan citizen-based project whose mission is to improve participation in democracy in Minnesota through the use of information networks. The web address for the virtual hearing is: www.e-democracy.org/vh.

program change

Due to a scheduling change the Unicameral Legislature Debate that the Citizens League is hosting with Minnesota Public Radio (MPR), the Pioneer Press and the League of Women Voters has been postponed. It has been tentatively rescheduled for Tuesday, February 22. League members and the public are invited to attend the debate which will be held from 7:00 to 8:30 p.m. at the North American History Theater, 30 E. 10th St., St. Paul.

Happy Birthday, Citizens League!

February 14 is the League's 48th birthday. On that date in 1952, a group of civic-minded reformers elected the first officers and Board members and approved the articles of incorporation and by-laws for the new organization.



As the League's 50th anniversary in 2002 approaches we intend to occasionally look back in the archives to give members a sense of the illustrative history of the Citizens League. You'll note the CL logo with the flame on the publicity materials for the Network programs. That logo was used by the League from December 1956 until September 1975. Of course, design elements from the 1950s are currently fashionable, so we think the flame logo is suitably retro to appeal to a new generation of civic leaders.

Also, look for a brand new look for the *Minnesota Journal* in the months ahead.