



# Minnesota Journal

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A publication of the Citizens League

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## Next governor faces critical state issues

Can Minnesota's next governor fold a map?

by Dana Schroeder

The ability to pass that "common sense" test is one thing Marcia Keller Avner, public policy director for the Minnesota Council of Non-profits, would like to see in the candidates vying to be the state's next chief executive. "Can they prove they have common sense?" she asked.

The *Minnesota Journal* asked Avner and six other public policy thought leaders to reflect on the issues that should be addressed during the rest of the gubernatorial campaign. Besides common sense,

the commentators produced a long list of critical issues that deserve attention: workforce skills, education, tax and spending policy, welfare reform, transportation, affordable housing, health care, technology access, crime and livability and management and leadership style.

**Workforce skills.** Rick Krueger, president of the Minnesota High-Tech Association, called the skill of Minnesota's workforce the number one issue facing the next governor. "We must make sure we have

skilled workers, highly motivated, who can function as well as any in the world, particularly as it relates to information technologies," he said.

"Most of the workforce will have to be retrained," Krueger said, "since most jobs will require information technology skills." He said the state will need almost 8,800 new technology workers for each of the next 10 years, including replacement workers. And even that figure, he said, undercounts the need, since those are traditional technology jobs, like computer programmers or people who work for

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## Richfield asks runway noise help

by Martin J. Kirsch

Eastern Richfield is getting a new neighbor and it's not arriving quietly.

Indeed, when the new north-south runway makes its home on the western edge of the Minneapolis-St. Paul International Airport, there will be no need for knocking on east Richfield residents' doors to signal the arrival. The thundering noise of jet engines barreling down the runway and the shaking and rattling of windows, walls and objects in homes will herald a new, unhappy era of low-frequency ground noise for this community.

A new north-south runway is part of the Metropolitan Airports Commission's (MAC) response to growing congestion at the Minneapolis-St. Paul International Airport, as MAC executive director Jeff Hamiel reported in his article in the April 14 *Minnesota Journal*. Richfield recognizes the importance of the airport to the economic vitality of the region and has not opposed the construction of the runway. However, the city believes the MAC should provide noise mitigation in order to protect Richfield from the devastating noise impacts of the community.

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## Fate of municipal board raises questions

The Minnesota Municipal Board, the nation's first statewide quasi-judicial agency overseeing municipal incorporations, mergers, annexations and other boundary changes, was an innovation championed by the Citizens League in the 1950s. Now it appears the board is headed for what could have been a nearly private burial.

The *Minnesota Journal* examined an annexation issue and the Municipal Board's work several years go in an Oct. 18, 1994, article, "Annexation debate: How should state cities grow?" and in June 18, 1996, point/counterpoint

by Philip H. Wichern

articles by state Senators John Hottinger (DFL-Mankato) and Jim Vickerman (DFL-Tracy).

Interestingly, these two legislators were apparently instrumental in adding the following sentence to the 1997 Community Based Planning Act: "The Municipal Board shall terminate on Dec. 31, 1999, and all of its authority and duties shall be transferred to the office of strategic and long-range planning." That sentence and other legislation became Chapter 202, which passed and was signed into law a year ago.

Should anything be done? Or should the board just rest in peace?

### Municipal board history

The board was created in 1959 to apply statewide standards to municipal boundary-setting decisions. Those decisions had previously been made by county commissioners, upon application of municipalities, townships or 100 or more residents in those townships. The result had been "municipal boundary chaos" and proliferation of small municipalities, particularly in the Twin Cities area, where one new municipality contained 43 res-

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# Moving beyond the Minnesota Miracle—without a crisis

There is a crop of major city mayors that *New Republic* magazine has referred to as the “new progressives.” They have taken cities in crisis—over burning rivers, crime, crumbling school systems—and begun to turn them around using a variety of strategies. Featured prominently in these turnarounds is a good dose of competition in public services.

Some of these mayors are writing books to share their experiences. Indianapolis Mayor Steven Goldsmith has produced *The 21st Century City*. Mayor John Norquist of Milwaukee has a soon-to-be-released book. Both—one a Democrat and the other a Republican—tell tales of driving down costs dramatically using competition.

In both cases, there was no wholesale rush to “privatize.” But sound steps were taken to put public departments into competition with other vendors. Changes have been quite dramatic. Mayor Goldsmith spoke of one unit—that had been “managed to death” with techniques such as total quality management—that immediately produced a 25-percent savings when subjected to competition. Opening up competition has driven innovation and cost-reduction in areas such as waste hauling, road repair and parking enforcement.

Unlike these experiences elsewhere, for the most part our two core cities have not moved dramatically to embrace this new direction. In one, we still have city-owned

## Governor

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industries classified as high technology.

“There are hardly any jobs that don’t require technology skills,” he said. He noted that administrative assistant positions require skills in working with databases, e-mail, spreadsheets or design work on newsletters and people working in a place like Morey’s Fish House can be operating computer-run machinery.

Krueger pointed out that over the

## Viewpoint

by Lyle Wray

asphalt plants and one public works employee for every three hundred citizens—not counting an additional contingent to do park services. This staffing level is multiple times that of comparable mature suburban communities. Snow removal is not done on a 24-hour basis and road surfaces are in some cases—shall we say—not the best.

For many of the “turnaround” cities around the country, a precipitating crisis galvanized action and provided permission—albeit accompanied by the necessary political courage to *act*—to take some strong steps to reform. A burning river and city bankruptcy, for example, can have a way of clearing the decks and mobilizing public insistence on action being taken.

In part we may be the victims of an earlier breakthrough solution to local government financing in Minnesota. More than 25 years ago, Minnesota wisely moved to contain local property taxes and to support a floor of services in education and public services—the result of the Minnesota Miracle. The state has rightly been praised for this innovation and many states—from Ohio to New Jersey—are struggling with an issue addressed here long ago. The upshot of pumping billions of dollars a year into local government and educational aid—more than a third of the state budget—has been

next decade all of the state’s higher education institutions will only meet 12 percent of the need in Minnesota. “We’re going to need massive retooling,” he said.

He noted that his organization is advertising right now in Silicon Valley for high-tech people. “There is intense competition nationally,” he said. He spoke of changing our concept of economic development from creating *jobs* to creating *skills* for the jobs that will already exist.

Marcia Avner also spoke of the importance of addressing the state’s workforce needs. “How will Minnesota position itself in a time of economic change?” she asked.

that our core cities have been largely protected from the dangerous crises faced by many around the country.

The question for the next governor and for Minnesota’s citizens is this: Absent such a crisis, how do we propel reform in systems which may otherwise be captured by status quo interests? This should be front-and-center on the radar scope of the next governor and of the Legislature, in which representation from suburban communities will soon make up the majority.

Here are three suggestions:

**First, we need to spend smarter on local government aid in Minnesota.** The Ladd report to the Legislature almost a decade ago now suggested we sharpen our pencils on local aid systems to spend less, target spending more to need and generally provide incentives for efficiency. This has yet to be acted on.

**Second, we need to get serious in sorting out who does what between state and local levels.** Our system, for all of its merits, continues to confuse taxpayers and elected officials and to blur the lines of accountability. Explaining the Minnesota property tax system with state aids, levy caps and state mandates at Truth-in-Taxation hearings generally produces bewil-

derment or downright suspicion among taxpayers. In a recent meeting hosted by the Twin West Chamber of Commerce on un-

ed state mandates to local governments, state and local elected officials and members of the business community discussed the thicket of state/local relationships. There was plenty of frustration about who pays for what and how much gets spent. One person, in an un-Minnesota fashion, stomped out of the room. Despite a number of false starts over the years, we need to get serious about sorting things out.

**Third, we need to pursue efforts to encourage local governments to measure the quality and effectiveness of their public services.** This measurement is now required in order to receive a small proportion of local government aid, but we need to think more carefully about some next steps. There are national efforts to set up comparisons of quality and cost for public services. We need to be in that game and to win it.

If our metropolitan area is to grab the brass ring of excellence as a place to live, work and recreate (and not just shop), the next governor, the Legislature and local elected officials need to craft the next steps beyond the Minnesota Miracle. As citizens, we must insist on it—despite the absence of a precipitating crisis.

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

Krueger described the challenge as “making sure our education system meets the needs of a changing economy.” He believes the education system must become more performance-based. “We need a world-class education system,” Krueger said.

Peter Hutchinson, president of The Public Strategies Group, Inc., and former superintendent of the Minneapolis public schools, said he hopes gubernatorial candidates will talk about the future of learning standards for K-12 education. “What will the accountability be for school districts, for schools, for

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# Another view: Original intent of tax-increment use lost

The article on the accelerating rate of growth for tax-increment financing (TIF) in the May 19 *Minnesota Journal* explained the possibility of abuse, misuse and overuse by cities using TIF for redevelopment. The original intent of using TIF only to finance redevelopment of blighted areas has been lost for the most part. Many of the citizens of Richfield believe this is the case. They also believe that with increments being passed on to the developer, schools, cities and counties will have difficulty providing needed services. It is evident in Richfield that tax levies have been raised because of TIF. At a recent Richfield meeting, state Rep. Dennis Ozment (R-Rosemount), member of the

House Tax Committee said, “We are stuffing the developers’ pockets with money.”

The following resolution was passed at several DFL precinct caucuses

*“It is evident in Richfield that tax levies have been raised because of TIF.”*

and the DFL district convention held earlier this year and we intend to present it to the legislative task force meeting this summer to study the problems in the state TIF laws:

1. Tax-increment financing districts should be ended and the property

returned to the regular tax rolls as soon as sufficient tax increment has been generated to pay all the obligation of the district, regardless of the original term of the district.

2. The tax capacity of the original base value of a TIF district which yields tax revenues to fund the ongoing expenses of the city, county and school district during the life of the TIF district should be increased at the same rate as all the other property in the city.

3. The use of TIF should be limited to recovering the cost of physical improvements to the property in the TIF districts.

The net tax capacity of TIF districts of cities statewide averaged 6.1 percent in 1997. Richfield’s was 11.53 percent. With several new TIF districts created recently and if those being considered by the Richfield HRA are carried out, some residents estimate TIF districts could reach 25 to 30 percent of Richfield’s tax capacity. And it appears there is no method presently to locally control it!

*Don Priebe (former Richfield mayor) and Gordon Anderson, Richfield*

# Another view: Much of TIF growth due to rising values

We are perplexed by your analysis of the 1997 growth in tax-increment financing captured value, as presented in the May 19 *Minnesota Journal* article, “Tax-increment grows at faster rate.” The title implies that the growth in tax-increment financing captured value is attributable to the aggressive use of TIF by cities. However, much of the growth in captured value in 1997 is due to the economic rebound in commercial and industrial property market values, rather than to the creation of new districts by cities and other eco-

omic development entities. An increase in captured value is not the same as increased use; this is an important distinction when public policy changes are being considered.

Your report correctly states that tax-increment financing captured value increased by 8.4 percent in 1997. However, you fail to mention that tax-increment financing captured value has only increased by 7.6 percent since 1993. This is due to the fact that tax-increment financing captured values actually declined in 1994, were almost stagnant in 1995, and did not rebound to near the 1993 level until 1996. It

would, of course, be equally inappropriate to infer that tax-increment use had either diminished or remained constant in those respective years, simply because of market-driven valuation changes.

Since 1990, the Legislature has implemented many TIF policy changes that have restricted the use of TIF by cities and other development entities. In fact, the average captured value in TIF districts statewide has declined by 13 percent since 1993. We are concerned that your report could lead legislators and other policymakers to the conclusion that recent statutory changes have not had an impact and

that more restrictive state policy changes need to be made. However, if most of the 1997 growth is due to changes in the economy, not actions by city officials, our policymakers could enact legislative changes targeted at the wrong cause.

On a positive note, we were encouraged that your study highlights an important future consideration for TIF districts. The class-rate compression contained in the 1997 and 1998 tax bills will result in reductions in tax-increment financing revenues for many districts around the state. The League of Minnesota Cities spent considerable time informing legislators about the impact of class-rate compression on tax-increment financing districts. In the end, we were only modestly successful in enacting a mechanism that will allow these deficiencies to be addressed. This issue will undoubtedly need to be revisited.

*James Miller, executive director, League of Minnesota Cities*

## Correction

The article “Tax-increment use grows at faster rate” in the May 19 *Minnesota Journal* contained an error regarding the change in the number of tax-increment districts with captured value between 1993 and 1994, due to a change in reporting by the Department of Revenue in 1994.

Because the Department began in 1994 reporting only TIF districts that actually contained captured value rather than reporting all certified TIF districts, it appeared that the number of districts had declined in 1994. But when comparing the number of districts with captured value, rather than a nearly five percent *decline* in the number of districts in 1994 (as the article reported), there was actually nearly a five percent *increase* in the number of districts in 1994. So instead of 1997 representing the *third* year of growth in the number of TIF districts with captured value, there has actually been a growth in the number of TIF districts for at least six straight years—every year since 1991. (The number of TIF districts with captured value is not available for 1990.)

We apologize for the error.

## The Minnesota Journal

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# Richfield

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Just how bad will it be? First, consider the proximity:

- The new north-south runway will be as close as 600 feet from homes.
- New Ford Town and Rich Acres were the same distance from the end of the south parallel runway and had to be acquired by the MAC because of severe noise impacts.

- This will be the first airport in the country, as far as is known, to expand its runway system by locating a runway this close to a residential community.

### Low-frequency ground noise

The worst noise impact that Richfield will experience from the runway will not be the high-frequency screeching noise of aircraft overhead. Instead it will be the low-frequency ground noise of the jet engines thundering down the runway, the roar of reverse thrusters as aircraft are landing and the running up of the engines of stationary aircraft.

Low-frequency noise registers at frequencies below 100 hertz (more than an octave below middle C on the piano). It is characterized by rattling, shaking and vibrations of windows, walls, pictures and other objects in the home.

Low-frequency ground noise differs in other ways from high-frequency overflight noise. Instead of the average 15-second noise event of an aircraft overflight, the average low-frequency ground noise event lasts 45 seconds and will be occurring hundreds of times per day.

Mitigating low-frequency noise is also more difficult than high-frequency noise because the longer sound waves are more able to penetrate objects. As a result, residential sound insulation and noise walls have little impact on low-frequency noise.

Finally, low-frequency noise is measured on a different scale than high-frequency noise. MAC noise consultant Harris Miller Miller & Hanson Inc. has said that a "C-weighted" scale is better suited to measuring low-frequency noise than the "A-weighted" scale used

in the federal day-night noise level (DNL) airport noise metric. As a result, the full impact of low-frequency noise isn't apparent if you try to measure it on an A-weighted scale in a DNL airport noise contour.

The Minneapolis-St. Paul International Airport is not the only airport in the country facing a low-frequency noise problem. Currently, airports examining the problem include Baltimore-Washington International, Boston-Logan International and San Francisco International. The community of El Segundo, California, next to Los Angeles International Airport, is also struggling with a low-frequency noise problem.

### Studying the impact

The city of Richfield commissioned two studies by a national noise consulting firm to determine the level of impact on the community and the level of annoyance at given noise levels.

The first study in spring 1997 was based on acoustical measurements at five locations near or on the Minneapolis-St. Paul International Airport. The measurements were made to the side of an existing runway to determine the extent of low-frequency noise that can be expected at various distances from the runway.

The second study in fall 1997 was of the annoyance level of residents in El Segundo, California, next to a runway at the Los Angeles International Airport. Actual noise measurements were correlated with the level of annoyance experienced by residents. The data from the two studies was used to develop a low-frequency noise contour.

Those studies determined that a noise exposure of 75 decibels or above is a threshold of impact that is highly annoying to residents, making their homes uninhabitable. This 75 decibel threshold would be comparable in annoyance level to the 60 DNL high-frequency threshold that the Minnesota Legislature required MAC to include in their current residential sound insulation program.

Because noise insulation and noise walls are ineffective, the only noise mitigation strategy available for the highly annoyed, 75-decibel level



*"Just hang on, it'll pass...It's just east Richfield's friendly neighborhood airport and its highly frequent, so-called 'low frequency' ground noise!"*

residential neighborhoods would be redevelopment to larger commercial buildings. Larger buildings are more capable of absorbing the noise than smaller structures.

Just how much of eastern Richfield could be lost to redevelopment at the 75-decibel level?

- 950 single family homes and duplexes, or nine percent of that category of Richfield housing;

- 401 multi-unit residential dwellings, or seven percent of Richfield multi-housing;

- 486 students, or 12 percent of the Richfield school population;

- 2,895 residents, or eight percent of the Richfield population;

- an estimated \$5,107,863 in tax capacity, or about 23 percent of Richfield's total, assuming no redevelopment in the affected area.

### Obligation of MAC

State and federal environmental laws obligate MAC to identify and mitigate noise and other environmental impacts of the north-south runway. Where there are noise impacts, it is MAC's job to develop a plan and mitigate or lessen them. Richfield was forced to commission its own noise and land-use planning experts and developed its own mitigation plan when MAC failed to recognize the low-frequency noise impacts on the city.

The plan has been submitted to the MAC for inclusion in its Final Environmental Impact Statement for the north-south runway. The mitigation plan calls for over \$300 million in redevelopment and other

mitigation measures for low-frequency noise and other environmental impacts on the community.

Numerous meetings and open houses gave community members a chance to help shape the plan. At a MAC Planning and Environment Committee meeting in May, Richfield residents pleaded with MAC to protect Richfield from the runway's devastating impacts by adopting the mitigation plan.

Richfield recognizes that funding for noise mitigation will need to come from several sources. In addition to MAC funding, the city would provide a significant contribution through tax increment or other funding sources. It may also be necessary for the city and MAC to cooperate in asking the Minnesota Legislature for special funding and management authority for this unique situation.

Richfield has suffered airport casualties in the past. In the recently completed New Ford Town/Rich Acres acquisition, the city lost 1,092 residents, 335 single-family homes and 67 apartments, 195 students and tax capacity of \$383,173. This time, though, the city will retain the property affected by the new runway within the community, even if MAC or other funding is used for redevelopment.

And this time, the city will be out front with a mitigation plan that will enable the community to proactively redevelop and prepare for the problem before the planning hit the new runway.

*Martin J. Kirsch is mayor of Richfield.*

# Municipal

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s. Twenty-two of 45 had less than 1,000 residents and the total number of municipalities in five counties had already reached 130.

Chapter 414 of Minnesota statutes provided statewide standards and delegated their enforcement to the board, which since 1959 has heard and approved or denied all local requests for annexations, incorporations, mergers and municipal boundary changes. The governor appoints three part-time board members for six-year terms.

One board member must be a lawyer and one a resident outside the metropolitan area. In board proceedings involving incorporations, consolidations and annexations of unincorporated land, those board members are joined by two county commissioners designated by the county board "of the county in which all or a majority of the affected land is located." But the designated commissioners may not have been elected from districts that contain any of the affected territory. The three core board members decide who will chair the board and they select an executive director who oversees a small office staff.

By the late 1960s, when I participated in a federally funded evaluation, the board had compiled an outstanding record, gaining national recognition. Subsequently, at least five other states created similar agencies. The board's statistics are impressive: Over the last 38 years it has handled over 7,100 boundary changes, or about 300 a year—fewer early in this decade. It reduced the number of new incorporations, eliminating incorporation of small new municipalities. It assisted in resolving most boundary changes without costly legal conflicts, with only 13 contested between 1993 and 1996. It has approved over 99 percent of annexation applications and spawned over 450 local joint agreements between cities and townships.

Though its handling of cases and its decisions may be appealed in court, less than five percent of its decisions were overturned or remanded for further hearings. Its

yearly cost to taxpayers remained low, not only because fees are prescribed for applications, but also because its staff was few and its board members still receive the same per diem rate set by the original 1959 law.

I have not found any independent studies that challenge this record of accomplishments or any executive official or agency or any legislative committee study that criticizes the board's work or requests its termination.

### Opposition from cities

Why, then, is the board being terminated? It appears it was a casualty of the high-stakes politics of cities versus townships and lawyers' and lobbyists' interests versus the board's enforcement of statewide standards.

In 1991, the League of Minnesota Cities and the Coalition of Greater Minnesota Cities commissioned a case study analysis of the board's annexation handling. The study noted problems cities were having in annexing and noted that "Based on anecdotal information, there appears to be township bias in the Municipal Board membership and process. Municipal Board decisions sometimes appear more political than based on evidence and facts. The requirement that the two county commissioners be from areas outside the affected areas will almost inevitably result in the appointment of two commissioners representing rural parts of the township."

Subsequently, the Coalition of Greater Minnesota Cities has become the leading proponent for board termination. The St. Paul law



*"...A little melodramatic, but they do make their point!..."*

firm of Flaherty and Koebele serves as lobbyist for the coalition, an association of 61 cities outside the metropolitan area. The coalition has achieved changes in Chapter 414, including elimination of the requirement of a favorable referendum vote by township residents in affected areas, permitting incontestable annexation of lands that the Minnesota Pollution Control Agency requires cities to service with water and sewer.

According to a 1994 coalition document, "Basics of Annexation," the coalition's goals included replacing the Municipal Board with an administrative law process or getting the county commissioners off the board, prohibiting the incorporation of even more cities and prohibiting urban and suburban development outside cities.

### 1997 session

According to Diane Koebele, attorney with Flaherty and Koebele and lobbyist for the coalition, from 1992 on there were "countless hearings" on bills to eliminate the Municipal Board. But the legislation was never successful until 1997, when a quiet compromise was worked out in conjunction with consideration of the Community Based Planning Act.

According to various groups lobbying on the planning act, city, county and township representatives met with legislators and staff and agreed on a package compromise. The compromise included termination of the board and introduction of an alternative process of dispute resolution by mediation in exchange for changes to objectionable provisions in the planning act. Simply leaving the board without significant jurisdiction was considered, but rejected in favor of abolishing it and assigning its remaining duties and staff to Minnesota Planning.

Apparently, most stakeholders were aware of what was happening, but there was no broad public notification and groups like the Citizens League were not informed. Even some legislators were not aware a

year later what had been done. The record is clear that there were no separate public hearings, no independent studies, no public revelation of the clash and compromise of interests that resulted in the board's termination. In short, the 1997 decision to terminate the board was not based on broad input and solid planning. Rather, the board appears to be a casualty of negotiations in closed sessions by lobbyists and legislators.

This may be just legislative "politics as usual." Sen. Pat Pariseau's (R-Farmington) effort to reverse the termination did not attract attention or many votes. Maybe it doesn't matter: One less state agency saves taxpayers' money, doesn't it?

Unfortunately, we may never know, because cost/benefit and policy impact studies have not been done. It is very possible that lawyers will earn more in the alternative dispute process and that the costs of boundary changes may increase. Such considerations appear to be irrelevant. The board staff is trying to begin to implement the law, though no funds or instructions have been provided for the transition.

The more important question is, What will we do? Will we allow the Municipal Board to be terminated without careful evaluation and public discussion?

We should demand a full accounting of how and why the board has been terminated and an analysis of how its functions will be performed. We should get firm commitments from state legislators that they will take another look at the termination and the record of the board. Until major questions are answered, the board's termination should be delayed. Otherwise, neither the board—or we—should rest in peace.

*Philip H. Wichern is retired associate professor of political studies, University of Manitoba, Winnipeg. He earned his M.A. and Ph.D. in political science at the University of Minnesota and in 1968 wrote his doctoral thesis on the politics of boundary setting in the Twin Cities metropolitan area. He was visiting scholar at the University of Minnesota's Center for Urban and Regional Affairs in 1995-96.*



# Governor

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kids, for families?" he asked.

Penny also said the state needs to focus on school-to-work transitions, since 40 percent of high school graduates do not go to college or technical school. "We need more linkages to help them make the transition to meaningful employment," he said.

Penny said another important education-related issue is youth service. "Connecting youth with community projects and citizen participation is really important to the future," he said. "Community service ought to be considered part and parcel of a student's education."

George Latimer, distinguished visiting professor of urban studies at Macalester College and former mayor of St. Paul, said the changes Minnesota has made in public education must be watched carefully. "We must have an assessment policy for charter schools and other reforms," he said.

He also said recent research shows benefits in educational outcomes—as well as in workforce stability and medical service delivery—to creating greater residential mobility. "We have to get our hands around that topic," he said.

Latimer also pointed out the importance of early childhood and day care programs. "The next governor will have to grapple with unequal opportunity before kids start school," he said. "The very kids with less access to day care face barriers in school."

Avner asked whether the focus over the last few years on early childhood programs will continue. "Do we have a long-term commitment to developmental child care and Head Start?" she asked.

Tom Swain, special counselor to University of Minnesota President Mark Yudof, said the state is coming off a few years of greater support for higher education. "We must recognize that the economic engine is the University," he said. Competition among colleges around the country is increasing

and the state must invest more in the University to keep up and retain an edge.

Hutchinson said he'd like to know what's happening at the higher education institutions other than the University of Minnesota. "What is MnSCU and is something better coming out of it?" he asked. "Will there ever be anything besides an interim chancellor?"

**Taxes and spending.** Lynn Reed, research director of the Minnesota Taxpayers Association (MTA), sees a number of critical issues in the areas of tax and spending policy.

"We continue to want our taxes and other revenue to be raised in an accountable way," Reed said. "We should minimize hidden taxes and subsidies to the voters and make more of a connection between the benefits received and the voters."

The MTA believes the property tax should continue to move gradually to a market-based system in order to restrain levy growth. The organization opposes reducing the bottom rates of the state income tax or eliminating it entirely for a large group of people, since that would reduce their stake in participating in the political process. The MTA also favors broadening the sales tax base by taxing clothing and then lowering the tax rate.

"It's not good when an increasingly small minority pays an increasingly large proportion of the tax," Reed said.

"The big picture is accountability," he said. "The money is a really important thing to keep people engaged. I think this could do more to reconnect people than anything else."

Avner believes it is time to look at the state's tax expenditure policy. "Tax breaks stay on the books for a gazillion years," she said. "We tend to do tax policy in fragments."

She said we should give tax expenditures—things like mortgage interest deductions or special tax breaks for certain industries—the same level of scrutiny we give to proposed appropriations budgets. "The governor proposes an appropriations agenda," she said. "What about a tax policy agenda?"

## Issue commentators

**Marcia Keller Avner**, public policy director, Minnesota Council of Nonprofits

**Peter Hutchinson**, president, The Public Strategies Group, Inc., and former superintendent, Minneapolis public schools

**Rick Krueger**, president, Minnesota High-Tech Association

**George Latimer**, distinguished visiting professor of urban studies, Macalester College, and former mayor of St. Paul

**Tim Penny**, senior fellow, University of Minnesota's Humphrey Institute, and former Congressman

**Lynn Reed**, research director, Minnesota Taxpayers Association

**Tom Swain**, special counselor to University of Minnesota President Mark Yudof

Given the state's generous surplus, Hutchinson said the next governor will have to deal with the question of "What do we do with all this money?"

"We don't know what to do when there's a lot of money," he said. "The counterpart is, It ain't going to last forever. We need to integrate these things with a financial plan that makes sense."

"It's hard to get people to remember there can be hard times," Swain said. He noted that the John Brandl-Vin Weber study a few years back showed that "we're already committed to a spending level where the slightest downturn will be a problem."

"Reserve funds are wise and prudent," Swain said. "But you can't run for governor by saying hard times are around the corner. People don't want to hear that."

**Welfare reform.** George Latimer said the welfare-to-work transition is very important to watch, because the data on what's happening is going to lag behind reality.

"If the economy slows and the easy to employ are taken care of, we'll move into those chronically on welfare," he said. "The jury is still out as to whether the five-year rule will work." He noted that the quality and accessibility of day care will be very important in the welfare transition.

Avner said the state will play a critical role in welfare reform over the next four years. The state has passed welfare reform legislation,

but Minnesota's 87 counties will be individually implementing the reform. "What's the role of the state in ensuring that 87 counties meet some type of standard?" she asked. "It could be a race to the bottom."

"Will there be a safety net for people who don't meet the work requirements?" Avner asked. "What about the hard-core unemployed? The mentally ill? We've had no serious debate about the safety nets that people will continue to need. What will we do if they can't find and sustain work at a livable wage?"

**Transportation.** Penny believes the state must face up to the fact that its transportation system—primarily its roads—needs work. He said the state should concentrate resources on six to 12 major routes connecting the regional centers around the state, such as Mankato and Rochester, and Mankato and St. Cloud.

He believes with the emerging information economy Minnesota's small cities could be major employing centers, "but not if they're sitting on two-lane roads with a bunch of stoplights to get to an airport."

"We need some imagination about where we want to go and then put the resources behind it," he said. The governor should focus on particular routes, both urban and rural, and try to accelerate the funding these links. "I'd like to say within five years we either raise the gas

Continued on page 7

# Governor

Continued from page 6

or bond and just do it. We need to make a major investment in a relatively short amount of time."

Hutchinson said we need to pay attention to increasing traffic congestion. "Is there ever going to be anything besides two seasons—winter and highway construction?" he asked. "Is the congestion ever going to get fixed?"

"We're now looking at gridlock every bit as bad as Los Angeles and other communities we deplore," Tom Swain said. "The whole issue of how we should face development in the outlying suburbs needs better understanding from the governor. Otherwise we'll have such sprawl we'll never recover."

**Affordable housing.** Swain believes affordable housing is an issue that must be addressed by the next governor. "[State Rep.] Myron Orfield has his finger on an issue we as a community are not adequately dealing with," he said.

Swain said we need a better understanding of how affordable housing can be put in place while still preserving the safety of suburban neighborhoods. As new jobs develop in fringe areas, it's hard to attract less skilled workers if there is no affordable housing.

"Affordable housing is rising in

visibility," said George Latimer. "The biggest barrier to rural economic development is the lack of affordable housing. We need to look at housing strategy as a core for supporting social stability."

**Health care.** "Health care is emerging again as a public policy issue," Swain said. "The public is disaffected with the concept of managed care. We need a discussion and resolution of what we can expect in health care."

He said the lack of insurance coverage for 400,000 Minnesotans is "not only a public embarrassment, it's unsound economics," since we end up paying more for emergency care than for preventative health care.

Marcia Avner said the lack of universal health care coverage will be an emerging issue with the aging of the population.

**Technology access.** Peter Hutchinson said Minnesota needs to work on "equality to really rich access to information," not only by putting a computer in the hands of every student, but by improving the quality of the state's access to information. "If the Silicon Valley is where technology is invented, let Minnesota be the state where technology is employed and valued," he said.

Rick Krueger would like to see the position of the state's Office of Technology elevated. "Give them more authority rather than less," he said. "Let them provide leader-

ship with the state. You shouldn't have to get separate decisions regarding technology from a whole bunch of state agencies."

"The government should be a leader to make it easier to conduct business electronically," he said. The state should not just provide information electronically on how to file forms like license applications, but should allow people to do the actual filing electronically, he said.

He also noted that state agencies should cooperate to use a single source of identification for all licenses and filing, rather than collecting people's names and addresses separately each time. "You need someone to look at it comprehensively," he said. "The Office of Technology must provide that kind of leadership."

**Crime and livability.** Hutchinson believes that in addition to all the news on drugs and murder, people want to know about things that affect the daily livability of their neighborhoods, such as windows being smashed and being hassled on the street. "Where are we going on public safety?" he asked.

Avner said the biggest cost issue for counties across the state is the criminal justice system. She said Hennepin County might have to cut preventative programs because of out-of-home placements for juveniles. She noted that Minnesota is one of the few states that doesn't deal with the costs of these placements at the state level. "Is this the way it should be done?" she asked.

**Management and leadership style.** Avner wonders what the candidates think of Governor Arne Carlson's advice that the next governor continue to use the power of the veto.

"Do they agree with that approach, which is a negative check on legislative activity?" she asked. She said she'd like to hear the candidates talk about how they see the role of the governor in working with the state's Congressional delegation and with the Legislature "in developing policies in the state's best interest."

"The governor should be the state's best lobbyist," she said.

"We need strong leadership that works well with various jurisdictional levels and a really thoughtful analysis of the big issues the state and the counties are facing," she said.

She'd also like the candidates to discuss the qualities they would seek in their cabinet and judicial appointments and to address how they see the role of nonprofits relative to the role of government.

Avner's last question: "How will the candidates ensure that Minnesota has a culture of strong public affairs commitment and strong engagement? If they're going to ignore their party's endorsement, what system will they propose instead?"

Hutchinson thinks people want leadership on values questions, like "What does fatherhood mean? How do we feel about two-parent families? What are the rules on divorce, drinking, sex, and drugs?"

"For a lot of folks there is ambiguity," he said. "We need someone to step out on some of these issues without the baggage of being a religious rightist."

Swain wants a governor willing to use the bully pulpit. "A governor has to be someone willing to put himself at risk," he said. "That means taking on tough issues that maybe don't have great public understanding and using the bully pulpit to rally people to the appropriate cause."

Penny thinks the governor needs to focus on just a few priorities. "We end up doing a little good in a lot of areas and not a lot of good in any area," he said. "Wouldn't you rather have a government that focuses on a few areas and really gets something done? You have to say 'No' to some things so you can say 'Yes' to others."

"We must have a general interest and show the special interests they're in the minority," Penny said. "We must face the fact that some things are more important than others."

Dana Schroeder is editor of the Minnesota Journal.



"...Can I fold a map?...How can I answer a stupid question like that?... I've never seen the map in question!"



# State fixing significant amount of contaminated land

If only you could clone success. Even (especially?) policymakers need a slap on the back when policies and laws have their intended effect. With little fanfare, but apparently significant success, the state is remediating a significant amount of Minnesota's contaminated land.

According to the Pollution Control Agency, 17 sites were removed from this year's list of Permanent List of Priorities (PLP), which is the state's Superfund list, and only one was added. This year was no fluke, either. In 1992, there were 189 properties registered on the PLP, and that number today is down to 122. The only way to be removed from the list is to pass the PCA's "white glove" test, demonstrating essentially that contaminated land is fit for reuse.

PCA officials credit two landmark laws passed this decade. The Land Recycling Act allowed a PCA program—Voluntary Investigation and Cleanup (VIC)—to provide liability protection to property owners who willingly investigated or cleaned up property suspected of being contaminated. Special funding has also made investigation and remediation more attractive to owners of potentially contaminated land, as the PCA currently has more than 900 sites in the VIC program. The Landfill Cleanup Act of 1994 also handed over clean-up and long-term responsibilities for closed landfills to the state, which allowed the state to forego time-consuming federal litigation over costs and get to the clean-up work itself.—Ron Wirtz.

The arguments are coming on strong now that it's better to talk out the issues raised by the education lawsuits than to fight them out in court. And, as intended, this is bringing editorial writers and others around in support of "mediation."

Mediation, though—especially in the form proposed for the lawsuits brought against the state by the NAACP and by the Saint Paul school district—will in no way substitute for a decision in court. The mediation is intended simply to generate a proposal for a settlement of the issues—a proposal which will then have to go to the Legislature for decision.

## Take Note

*Policy tidbits blown our way—without a storm.*

So the real alternatives are a court settlement or a political settlement. There could even be a political settlement without mediation.—Ted Kolderie.

**Debate over** lack of insurance often conjures up rhetoric of destitute mothers and their starving children. To be sure, this population is in great need of attention and the state and federal government have responded with significant legislation protecting the truly needy, particularly children and the elderly. Who, then, are the uninsured?

According to a recent report by the Hennepin County Community Health Department, approximately 13 percent of the county population went uninsured for part or all of last year—about 131,000 people. It found, however, that more than two-thirds of this population are under the age of 65, either singles or couples with no children at home.—R. W.

**We have to wonder** how the Citizens League gets on the mailing lists for some of the stuff that crosses our desks. Case in point: A recent promotional flyer for an outfit called Fun Services, whose list of equipment for rent includes Velcro walls, sumo suits, human bowling and an inflatable obstacle course. Have they been attending our study committee meetings?—Janet Dudrow.

**Some supporters** of education vouchers are creating the impression with what they say and write that Minnesota enacted a tax deduction for private-school tuition in 1997. This came through, for example, in a paper that Harvard Professor Paul Peterson wrote recently for a meeting in Washington at the Brookings Institution.

That is not so: The compromise in the special session was for Gov. Carlson to get the tax credit and for the DFL legislators to limit its use to education expenses *other* than private-school tuition.

Listening to Peterson's effort to justify his explanation, a Min-

nesotan realized he *means* to create this impression!—T.K.

**All the (bad) news** that's fit to print: Back in November of last year, the Twin Cities Project on Media and the Public looked to raise the public discourse regarding local media coverage. Along with public forums, it also commissioned a study focusing on business and crime coverage in the two major local dailies compared with the *Seattle Times*, which represented an area perceived to be similar to the Twin Cities.

The study found that the business sections of all three newspapers were largely positive, but that changed dramatically when business news made the front page. Seven out of 10 front-page business stories in the *Star Tribune* were rated negative, compared with half for the *Pioneer Press* and one-quarter for the *Seattle Times*.

There was a similar disparity for crime coverage. Over four nonconsecutive weeks covering a four-month period, the *Star Tribune* printed 1,632 column inches of crime news—more than 40 percent more than the *Pioneer Press* and almost triple the crime coverage of the *Seattle Times*. Crime rates? The study said that according to FBI Crime reports, serious crime is more prevalent in Seattle than in the Twin Cities.—R. W.

**The now quite-visible** spread of billboards up and down the Interstate highways across Minnesota is

not the result of the cities expanding their limits. It results from companies now being able to put up signs in areas the cities zone "commercial," even if the land is used only for growing corn.

The Department of Transportation used to be able to prevent this use of its highways for advertising. But a legislator took away MnDOT's ability to deny a permit for a sign in an area not truly *used* for commercial purposes. The effect is what you see.—T.K.

**Can we at least agree to disagree?** Last December, the Minnesota Education Association (MEA) conducted a survey of educators and voters to find out what each group thought about various suggestions for improving education. The most popular suggestion of educators was to decrease class size (which ranked fifth out of five options for voters), while voters wanted more parental involvement (which was second on educators' list).

The widest disparity between the two groups involved emphasis on basics and improving teacher quality. Seventy-seven percent of voters believed more emphasis on basics was needed to improve education, and 74 percent agreed that improving teacher quality was needed as well. Fewer than half of educators believed similarly in these two suggestions.—R. W.

"Take Note" contributors include Minnesota Journal and Citizens League staff members.

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# Citizens League Matters

June 16, 1998

News for Citizens League Members

## Citizens League

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

Suggested dues for membership are \$50 for individuals and \$75 for families. Please call 338-0791 for more information.

## League explores "What's on the Public Agenda?"

### Peter Hutchinson and Joan Growe lead new League study

The League's new study committee, "What's on the Public Agenda," is moving off the drawing board and into the second stage of an experimental three-part study design.

The study, which comes out of last year's Public Leadership Initiative (see below), will investigate the extent to which the public's agenda—

those issues the public says are important and in need of attention—matches the "official" agenda of public bodies and the unofficial daily agenda of elected officials and administrators. Equally important, if these agendas don't match we want to find out why.

This study is using a different methodology from traditional League study committees. The League Board of Directors approved this study several months ago, but recognized that the subject matter presented an unusual challenge. **Peter Hutchinson**, who urged the League Board to approve the study, was appointed co-chair along with retiring Secretary of State **Joan Growe**.

A steering committee led by Hutchinson and Growe has spent the last couple of months discussing the committee process and the scope of the issues. They recommended interviewing public officials before the usual study committee starts its work.

Members of the steering committee included **Jean Harris**, **Sally Evert**, **Marie Grimm** (all League Board members), **Jim Rickabaugh**, **Carl Holstrom** and **Tom Johnson**.

The interview phase of the study will be conducted like last summer's Public Leadership Initiative. The League Board of Directors will conduct about 60 interviews with county, city and school district officials in the metro area. Jurisdictions were chosen based on geography, representativeness and size of constituency.

The interviews will be done by the end of July. The results of the interviews will be synthesized and a study committee charge will then be drafted.

A "regular" League study committee will be recruited sometime in late August-early September to conduct the third, and final, stage of the project. A focus group of the public officials interviewed will provide additional input and reaction to the committee.

## Welcome

### New and returning members

**Bert Amdahl**  
**Cornelius Boganey**  
**Richard Bringewatt**  
**Ann Burkholder**  
**Cynthia Chamberlain**  
**Paul Curran**  
**Allen Desmond**  
**Humphrey Doermann**  
**Noor Doja**  
**Jane Dorsey**  
**Bill Drake**  
**Julie Dyste**  
**Char Ellingson**  
**Evan Ellison**  
**Elizabeth Fennelly**  
**Jerry Geis**  
**George Gribble**  
**Joan Anderson Growe**  
**John Hagman**  
**Chery Hays**  
**Don Helmstetter**  
**Vicki Hooper**  
**Ernest Jenkins**  
**Daniel W. Johnson**  
**Terri J. Johnson**  
**Benjamin J. Kanninen**  
**Mary Keel**  
**Audra M. Keller**  
**Frederick Knox**  
**Kyle Knutson**  
**Betsy Kremser**

**Jim Larsen**  
**Daniel Luthringshauser**  
**Carlos Mariani**  
**Anne McLaughlin**  
**John Mohr**  
**Barbara H. Montgomery**  
**Forrest G. Moore**  
**Kent Morrison**  
**William Nelson**  
**Jerry Newton**  
**Jim Nystrom**  
**Mary Orr**  
**James A. Payne**  
**Jeanne A. Powers**  
**Robb L. Prince**  
**Arthur M. Pry**  
**Fred Rose**  
**John C. Rosholt**  
**Anne Rozga**  
**Peter Sammond**  
**Karen Scott**  
**Ames Sheldon**  
**Harlan M. Smith**  
**Eric P. Stoebner**  
**Lucas Van Hilst**  
**Fran Voerding**  
**Roberta Weltzin**  
**Deborah Wexler**  
**Judy Woodward**  
**Suzanne Yerg**

## The Public Leadership Initiative

Last fall, League Board of Directors approved an initiative to look at the state of public leadership in the Twin Cities metropolitan region. The League defined public leadership as the intersection of the government, business, non-profit and civic sectors where the region's public business is conducted. Through its publications, meetings and study committees, the League hopes to raise awareness of issues of public leadership, define what public leadership is in meaningful terms for today's political and social climate and come up with tangible, practical steps to develop and support public leaders.

# Janet Dudrow leaves the Citizens League staff

Senior Research Associate Janet Dudrow has left the Citizens League to join Allina Health Systems as a communications specialist. Dudrow, who has been a research associate since January 2, 1992, will be writing and developing communications strategies that reflect what the Allina Foundation is doing in the community.

Under League past president Mike Christenson, the Allina Foundation has been very aggressive in connecting its initiatives with policy changes. Part of Dudrow's new job will be to find the policy implications in those initiatives and then push the policy agenda forward. Christenson said that Dudrow's skills and experience make her the perfect fit for a job that requires communicating information that is sometimes quite complicated.

While at the League, Dudrow was the lead staff person and principle author of five League study committee reports: Minnesota's Budget Problem (1993); The Case for a Regional Housing Policy (1994); Choose Reform, Not Declining Quality (1995); Compete Globally, Thrive Locally (1996); and Straight "A"s for Minnesota's Schools (1997).

Dudrow was recruited to full-time work at the League after serving as an intern for the first budget study in 1992 while in graduate school at the Humphrey Institute. She was no stranger to the League, however, serving as a volunteer on several study committees, and as a contractor for several League projects including the DeSantis Series of forums on neighborhood issues and the League's 1988 annual report.

Dudrow was also the Assistant Editor of the *Minnesota Journal* and the liaison between Editor Dana Schroeder and the League office. She contributed countless articles, helped in the preparation and dissemination of the annual tax surveys and was a consistent contributor of *Take Notes*. Dudrow was also a familiar smiling face at the registration table for most League events.

A party was held in Janet's honor recently where she was presented with some lovely parting gifts from the League's policy boutique—a Get-A-Life T-shirt and bound copies of her study committee reports.

Janet Dudrow's contributions to the League's members and staff will be greatly missed. Thank you, Janet, for a job well done!

## League news

### Board election set

All League members should have received their ballots for the annual election of the Citizens League Board of Directors. Eight of the 12 candidates will be elected to a three-year term beginning this August. Ballots are due at the League office by Monday, June 29. An Election Committee eagerly awaits your decision.

### Thanks, Cargill

A hearty thank you to Cargill for hosting the Citizens League and Active Citizenship School's recent Citizenship Matters forum on June 3. And a special thank you to **Toni Green** of Cargill's public affairs staff for giving up a June evening to make sure that everything went all right.

### Help Wanted

The League is currently reviewing resumes of candidates for the position of Research Associate. A job description can be found on the League's web site. Interviews will be conducted by the end of June with a decision sometime in July.

The League is also in the market for clerical help. Receptionist Gayle Ruth is leaving the League to work closer to her home in the northeastern part of the metro region. Our web site also has the details for this job. If you, or someone you know, is interested in applying for either job, please send a cover letter and resume to:

Citizens League  
708 South 3rd St., Ste. 500  
Minneapolis, MN 55415

## Don't forget

[www.citizensleague.net](http://www.citizensleague.net)

to keep up online

## Youth group presents to labor study committee

A group of Minneapolis teenagers, organized by the Downtown YMCA and Summit Academy OIC have spent the last several months working on the problems and opportunities that the labor shortage represents for teens.

In May, the "Youth Citizens League" presented their findings to the League committee studying the issue.

The participants all were rewarded with a certificate and a special T-shirt designed for the project. Participants and their high schools were:

**Monique Barnes**, South High School; **Terri Ervin**, Roosevelt High School; **Maurice Evans**, North High School; **Tyesha Harris**, South High School; **Oumkarn Isreepersaud**, Washburn High School; **Chrishenda Kazee**, Roosevelt High School; **Terrell Oliver**, North High School; **Maria Overton**, Roosevelt High School; **Roger Pettis**, North High School; **Cameron Taylor**, Cooper High School.

Special thanks to **Makeda Zulu-Gillespie** of the YMCA

and **Terrall Lewis** of Summit Academy OIC. Citizens League members **Jennifer Bloom**, **Archie Spencer**, **Matthew Ramadan**, **Jim Dorsey** and **Gary Cunningham** also acted as advisors.

The youth group will also present their findings to the Twin Cities Economic Development Group (TCED), chaired by Rebecca Yanisch of the MCDA, on June 10. The presentation was arranged by TCED member and League Board member Matthew Ramadan.