



Minnesota Journal

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Spending, hiring control and hard data provide school improvement mechanism

by John Kostouros

State officials have long tried to improve K-12 schools by dictate. Hundreds of laws, regulations and administrative rules have been promulgated to force schools to do things deemed necessary to ensure that students receive an adequate education or to address a pressing social problem.

In the 1990s that command-and-control strategy has come under attack as inadequate at best, wrong-headed at worst. The global trend toward decentralization of authority in all sectors of the econ-

omy has reached public education about the same time frustration was building about the persistence of the gap between what graduates know and can do and what employers and postsecondary institutions say is necessary for success in their worlds.

The pressure to reduce burdensome regulations has left policymakers pondering the question of how to ensure the adequate quality of public schools. Who polices the

schools in a deregulated environment? How will we be sure that some schools aren't falling woefully short of preparing their students for a successful future?

There are several possible answers to these questions and Minnesota has moved in a number of different directions at once:

- Creating state exams administered at several grade levels to all students. This has proven to be not only difficult, but politically

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Public voice needed in health-care decisions

by Reinhard (Jake) Priester

Allocating health-care resources is perplexing to policymakers. Since resources are scarce relative to needs, choices among competing health-care services, technologies and needs are unavoidable.

The Minnesota Legislature has recently changed course in this area. In 1995, it debated the set of health-care services to which everyone should be guaranteed access. This broad initiative—defining a Universal Standard Benefits Set—died with the overall demise of comprehensive health reform. In its stead, legislative action on health-resource allocation has once again become piecemeal: a requirement last year, for example, that all insurers provide coverage for autologous bone marrow transplants for breast cancer and a likely mandate this year for 48-hour maternity stays.

The underlying issue, however, remains the same: the challenge is to decide who gets what when there is not enough to go around.

Need for public participation

The public has so far not been involved in this debate. As a result,

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State's telecommunications landscape marked by network, policy fragmentation

First of two articles. The information buzz in Minnesota is strong and new developments have appeared all over the state—in telecommunications businesses, the community sector, education and government services.

Business developments

The ground rules for businesses have been fundamentally altered. Both the federal Telecommunications Bill of 1996, passed in early February, and the Minnesota telephone deregulation bill passed

by Milda K. Hedblom

last year. A common goal of both bills is to move away from regulating who can be a service provider and from regulating the profits of those providers.

Prices for long-distance service had declined and prices for local service had risen even before these recent legislative changes. That trend is likely to accelerate, but the idea is that the new possibility of competition for local residential

service will eventually make price shopping for the best deal among telecommunications providers a way of life.

These developments are creating new pressures among Minnesota's telecommunications businesses. U.S. West is under fire in Minnesota and has agreed to set up a \$30 million fund to help offset service problems brought to the attention of regulators. The small telephone companies around

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New ways of learning can support new ways of working

Commentators from many perspectives have issued the warning: We in the United States, and in Minnesota in particular, will have to scramble to maintain our high position on the economic food chain. One way to do this is by adding a lot of value to our economy by applying knowledge and high technology. To accomplish this, we must give young people relevant skills, such as the ability to learn and work in teams. However, we also must upgrade the skills of those already in the work force and retrain those dislocated by new technologies or competition.

There are mounting signs that society is on the threshold of major changes in the way learning is organized. Minnesota has taken a few steps toward implementing a new model of distance learning—adding new computer technologies and establishing telecommunication linkages among higher education institutions statewide, for example. But we wonder if Minnesota is preparing for a tidal wave by putting on a raincoat.

Let us take an imaginary journey into a new educational world. In this world, you have a relatively inexpensive computer in your home. From this computer you sign on through the Internet and choose from several hundred courses, each of which can be completed without leaving home. Your assignments, tutorials and materials pass electronically back and forth between you and the instructor. You have the option to meet other students personally when you want to. Inexpensive video cameras and soft-

ware enable you to link your computer with a learning coach and with tutorial groups of up to five students; all of you can work on materials at the same time.

This way of “going to school” might not be for everyone or suitable for all subjects. But it does open up new opportunities—for people who are not near educational institutions or who find it difficult to leave their home or who have full-time jobs or small children or who simply learn better when they can pace themselves.

The future is now. This imaginary journey is one you can take today with at least half a dozen educational providers. The Open Learning Agency of Vancouver, British Columbia (Web address: <http://www.ola.bc.ca/about.html>) and the City College of New York City are just two of several institutions offering on-line courses. This month, software for video conferencing in color was released for under \$100.

A number of institutions in the world have been walking this path for several years. The Open Learning University of the United Kingdom, for example, began in 1969 with paper-based and intensively researched “courses in a box.” To these were added courses from other organizations from Canada to Hong Kong. The Open U has since evolved to multimedia, including video, paper, toll-free telephone support to the Internet and, no

Viewpoint

by Lyle Wray

doubt, soon to video conferencing. The implications of this continuing evolution are likely to be vast. A few areas of impact:

● **Lifelong learning as a reality and not a slogan.** More and more students are continuing their education throughout their working years. Flexible instructional systems help ease the constraints of family responsibilities, limited time and geographic distance. Both the student and the employer benefit from anything that supports skill development on the job.

● **Support of postsecondary funding.** Does it make sense to continue putting most of the public funding into institutions? Or should we instead give individuals learning grants, which they can use to pay for a quality program that best suits their needs? The underlying question is: Are we here to support learners or institutions? In what proportions? How should we make the transition?

There are some indications that for the segment that can use the newer technology, there might be savings of 20 to 30 percent per bachelor's degree. That's not a bad start in an era of tightening public resources for postsecondary education.

● **Organizational forms.** How should we organize to meet this new world? Should we set up a separate, technology-driven postsecondary structure, as has been

done in many parts of the world, or rely on consortia of existing facilities or just let it happen?

● **Credentialing of program.** People may be worried about whether electronic learning opens up the door to electronic diploma mills. That concern is understandable. But the new providers of open learning aren't just johnnie-come-latelies. They include some of the finest educational institutions in the world. How can we justify saying no to, say, a joint MBA program offered by a partnership between a Minnesota institution and a top-notch institution from outside the state, or outside the United States? How should we respond to requests for credentialing from sophisticated corporate “universities,” whose curricula are based on clearly identified skill sets and whose graduates can demonstrate competence? We may need to rethink the way we certify competency, such as by using a portfolio-of-skills approach instead of—or in addition to—a traditional degree.

The 1995 Legislature considered but did not adopt a proposal that would have set up an open learning agency for Minnesota. The 1996 Legislature should look at the proposal again. The tidal wave is over our heads and raincoats won't be enough. We need bold action to position Minnesota for the knowledge century.

Lyle Wray is executive director of the Citizens League.

Community must help build assets for healthy children

Edited excerpts of remarks by Laura Lee Geraghty, director, Healthy Communities for Youth Initiative, Search Institute, to the Citizens League on Feb. 6.

We've developed a framework that talks about external assets—those positive developmental experiences that surround youth with support, empowerment, boundaries, expectations and opportunities for structured use of time.

We also talk about a whole series

of internal assets. They include educational commitments, positive values, social competencies, and positive identities that are important to be contributing members of our society.

We found in the city of Minneapolis that of the 5,200 students that were surveyed—these are students in 7th and 8th and 10th and 11th grades—that of these 40 assets, the average Minneapolis student experiences only 18.3 assets. Our kids are asset-depleted and they need assistance in

developing more assets. As kids are getting older and you expect them to be developing more assets, they in fact are decreasing in assets they have. Frequently, the drop is in internal assets.

We've very clearly seen that the number of assets kids have impacts dramatically at-risk behaviors and the choices young people make. Those kids with high numbers of assets have very high percentages of prosocial behavior, affirmation of diversity, educational aspirations

and optimism. The more assets young people have, the greater the opportunity for them to be inoculated against at-risk behavior.

What we need to do is begin to take a look at a very different paradigm in terms of our youth: beginning to look at them as resources and not as problems in our communities and beginning to reclaim our own responsibility as citizens and as communities collectively for raising kids.

Editors urge fostering new college learning technology

West Central Tribune (Willmar) said (Feb. 20) new technology will change the roles of faculty and campuses. “Instead of being the main provider of knowledge and information, the teacher's role will include being a coach or a guide for students navigating the Internet.” **Star Tribune** called on (Feb. 8) the Legislature to support a bill enhancing “distance learning development” in Minnesota higher education. It said other states and for-profit entrepreneurs are far ahead of Minnesota in making college courses and support available to students through new technology, such as the Internet, compact discs, e-mail.

Pioneer Press called for (Feb. 23) a modest, around 10 percent, increase in the minimum wage, perhaps to match Iowa's level of \$4.65. **Rochester Post-Bulletin** said (Feb. 22) arguments against an increase in the minimum wage show “a lack of faith in the same free-market system Republicans usually extol.” **Duluth News-Tribune** called for (Feb. 19) an increase in the minimum wage from \$4.25 to \$5 an hour. The paper said (Feb. 16) legislators could turn down a proposal to require companies getting state economic aid to pay new workers a \$7.21 per hour “livable wage.” **Pioneer Press** called for (Feb. 26) Gov. Arne Carlson to show more flexibility in working to create “a flexible standard that would formalize the state's commitment to

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On Balance

Opinions that are right on (the) line.

favoring companies that create decent paying jobs while making virtually no genuinely worthy project impossible.”

Rochester Post-Bulletin said (Feb. 27), “Excessive control of insurance coverage by legislators can result in unnecessary costs.” It said there would be no harm in a law requiring legislators to investigate the financial and health-care effects of mandating insurance coverage of various health-care procedures. **St. Cloud Times** said (Feb. 22) legislators “need to be more circumspect about mandating exceptions in health care insurance coverage.” It backed a bill proposed by Sen. Sheila Kiscaden (R-Rochester) that would require that an independent oversight board analyze the health and financial consequences of proposed mandates before legislators vote on them. “Decisions must be based on something other than emotion... The cost effectiveness of managed care depends upon eliminating nonessential care.”

Hibbing Daily Tribune said (Feb.

25) the area's state legislative delegation should back off, for at least a year, from a proposal to establish a tax-base sharing program on the Iron Range. It said the proposal would require “another layer of government to support, one that waters down the effectiveness and competitive spirit of Iron Range communities.” It called the proposal a “shotgun approach to regional economic development.”

Mankato Free Press said (Feb. 29) the Legislature should give “serious consideration” to a plan proposed by Sen. John Hottinger (DFL-Mankato) to restructure the property tax system in Minnesota. The plan provides \$600 million in property tax relief by raising \$600 million through a broadened state sales tax and increased taxes on firms from outside Minnesota that do business and make sales in the state. **Star Tribune** praised (March 1) the proposal of Sen. Doug Johnson (DFL-Cook) to boost the state's share of school funding and increase sales taxes. It said Johnson's proposal does not include “one of the best notions for

holding down future city and county property tax increases—basing them on a property's market value, not its use.” **Duluth News-Tribune** said (Feb. 6) the Legislature should not give any further property tax relief to cabin owners. “It's true cabin owners pay higher taxes and get fewer services. But taxes are higher because the state wants to ease the burden on residents' primary homes. We can't afford to help everyone.”

Fergus Falls Daily Journal said (Feb. 28) the Department of Corrections must plan the state's corrections needs for the next 10 years. It encouraged looking at the option of expanding existing prisons or converting a minimum security prison into a maximum security facility rather than building a new \$100 million prison at Rush City. **West Central Tribune** said (Feb. 28) state corrections officials should get over the “bias” they have against the privately owned and operated Prairie Correctional Facility at Appleton. It encouraged the state to contract with the facility when the current contracts with Colorado and Idaho expire. “It's a good example of a public service that can be provided efficiently, economically, and with good quality by private enterprise.”

St. Paul goal: Double downtown value

From the State of the City Address by Saint Paul Mayor Norm Coleman on Feb. 28.

Over 20 percent of Saint Paul's commercial tax base is in the core downtown...(T)he value of that tax base was cut almost in half from 1986 to 1993—a loss of over \$300 million in taxable property...(I)n 1995 the tax base in downtown has begun to rise...

In 1996 we are following a course of action that has been clearly laid by...Director of Planning and Development Larry Buegler.

First, we will establish a best practice public financial institution... Issuing loans that serve the public purpose inherent in PED's mission does not mean giving money away with no demand for results and accountability...

Second, we will work to achieve an 80 percent small business success rate...

Working with the University of Saint Thomas, the University of Minnesota, and metro State University, we are confident that we can turn the 80 percent failure rate into an 80 percent success rate.

Third, we are working to build one of the largest economic development engines in the nation...

(W)e challenged those who sought to do things the old way—give away taxpayer dollars in the form of grants. Instead, we set up a process requiring 60 percent of the sales tax dollars to go into neighborhood economic development in the form of loans...

Fourth, we will continue to clean

up polluted land...

Fifth, we will train our work force...

Finally, we will work to bring back the downtown tax base. To bring the downtown tax base back to 1988 levels, PED is pursuing four strategies: maintaining riverfront and downtown development momentum; filling up vacant office space downtown; securing new headquarters commitment downtown; and improving downtown vitality and appearance...

I am confident that within the next four years we will double the market value in Saint Paul's downtown, and that means tax relief for all Saint Paul residents...

Another view: Intermodal project raises questions

On a state and national level, it's exciting to see what some have described as a renaissance in freight movement planning, policy development and funding. And it's certainly warranted in Minnesota: every year more than 120 million tons of manufactured freight are moved in our state, using water, air, roads and rails. This represents an increase of nearly 25 percent over the last decade. Raw commodities such as grain, coal and crushed rock may double or even triple this figure. Simply put, our freight distribution system is our state's economic lifeline.

So it might make sense to applaud the MIRTS initiative, which partners government with the private sector to plan and build a major new intermodal facility somewhere in the Twin Cities. (See "Group narrows search to 3 sites for truck/train facility," *Minnesota Journal*, Feb. 20, 1996.) Unfortunately, this particular project does not appear destined for a case study in successful urban planning and public/private partnerships. While it would be preliminary to start writing the project's epitaph, substantive and fundamental miscon-

ceptions and misunderstandings must be addressed if the project is to have any future in Minnesota.

Shortsighted data and trends. Two years ago, truck-rail intermodalism appeared to be the simple answer to a plethora of complex freight movement problems ranging from a severe shortage of truck drivers to decreasing railroad revenues. Hence, in a single year, intermodal tonnage growth nationally exceeded 15 percent. That spike is now gone and a recent DRI/McGraw-Hill freight report predicts an annual growth of only 4.7 percent over the next five years. Overall, truck-rail intermodal usage in Minnesota is approximately 1.8 percent of all manufactured freight tonnage moved; certainly well below the 15 percent mentioned in the *Journal* article.

Faulty conclusions. The promise of reducing congestion and pollution through increased use of intermodal traffic is antithetical to the facts. It is correct that trucks would provide short-haul trips, with rail providing trips over 500 miles. Thus, by definition, increased use of intermodalism results in

increased truck activity in and around the intermodal facility. Truck trips are reduced in noncongested, sparsely populated corridors in rural Minnesota, Iowa, Wisconsin and North and South Dakota.

Financial implications. The economic benefit of such a facility to the state must be carefully analyzed. The annual payroll of Minnesota's trucking industry exceeds \$4.8 billion. Will the truck driver jobs lost in the long-haul sector be offset by new rail jobs? If this facility is supposed to provide competitive economic advantages over other regional facilities, will trucks be exempt from paying fees associated with the toll facilities and congestion-pricing schemes that the state Department of Transportation and the Metropolitan Council are actively pursuing?

Public participation process. So far, the project seems to have usurped the state and federal public participation process. The MIRTS group itself is limited to two railroads, Mn/DOT and the Metropolitan Council; that's it. Without sounding too slighted, the trucking

industry, which is obviously a major use of intermodal, has been offered a very limited opportunity to comment on the MIRTS findings, but has received a liberal to fund future MIRTS research. Further, it is amazing to discover that the project's site selection process is almost complete and that developers may soon be approached. According to the article, it appears that public funds may be solicited for the project. Might the taxpayers now have an interest?

Minnesota's trucking industry has a strong history of working closely with government agencies and the private sector to further freight movement, safety and our state's economic standing. We look forward to working with MIRTS to address and resolve these and many other outstanding issues, creating a truly multimodal partnership.

Dan Murray, Regional Manager, ATA (American Trucking Association) Foundation, and Lisa Peterson, Vice President, Government Relations, Minnesota Trucking Association.

Edmonton

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unpalatable. Most Minnesota educators oppose them.

- **Engaging the system more customer driven**, by allowing students to enroll outside their home districts, to take college courses during high school and to attend charter schools created as alternatives to existing schools. (A bill backed by the Minnesota Business Partnership this session would allow students to choose schools *within* districts as well as choosing between districts.) This customer-driven approach has offered alternatives for significant numbers of students, although it has not been embraced by the education establishment.

- **Including noneducators on district and school decision-making bodies.** The hope is that these noneducators will impose a more rigorous evaluation on schools than educators have been willing to impose on themselves, as well as create pressure to adopt new practices that promise better results. Much of this has been developing locally, with schools or districts creating site councils or district committees and involving them with some limited influence over administrative and budgetary decisions.

- **Giving school sites real control over budget and hiring decisions** and making district school boards responsible for oversight of school performance. In Minnesota, only charter schools have this degree of authority now.

Two bills introduced during the current legislative session have addressed these last two approaches. One bill, backed by the major education organizations and sponsored by Rep. Steve Kelley (DFL-Hopkins), would create site councils at all schools, laying out how the councils should operate, who should be on them and what they should focus on. The councils would control something less than five percent of the money spent on their schools, however.

The other bill, backed by the Minnesota Business Partnership, the Quality Schools League and other reform-minded groups, would give school sites control over most education money, without prescribing how

schools would make their decisions. The bill would have the state direct 95 percent of its education funding to school-specific accounts and allow the schools to decide how much authority over that money they wish to retain, how much they would leave with the school district and how they would make decisions about that money. The bill would give each district's school board oversight responsibilities for school performance.

The two approaches are quite different. The Kelley bill attempts to instill accountability by prescribing the inclusion of outside stakeholders—parents and community members and, perhaps, students—in making limited decisions at each school. The Business Partnership bill attempts to instill accountability by giving each school real control over spending and hiring decisions and giving districts the responsibility of monitoring the performance of schools.

The approach of using a form of representative democracy to improve schools deserves some serious scrutiny. While it is true that parents, students and community members can bring valuable new perspectives to school operational and policy matters, it is also true that just putting a couple of noneducators on a council or committee doesn't guarantee that anything will change.

For starters, the parents, students and community members who choose to serve on these councils usually have little formal training in education and often serve for relatively short terms.

Second, few councils have real authority over the two key operational areas: budgeting and hiring. The Kelley bill would give them authority over some money, but not much.

Third, even when councils have some say over budget and hiring, the few sitting noneducators are asked to represent the interests and reflect the concerns of large, diverse groups. Does anyone really believe that a few parents or students can do that effectively?

And finally, a proposal to invest more administrative decision-making authority in a representative council begs the question: who is

responsible when things go poorly? Districts cannot fire or reassign the parents or students or community members who sit on a council. And a principal working with a council invested with real decision-making authority could reasonably say that he or she shouldn't be punished for the results of a decision others controlled.

Accountability in Edmonton The Business Partnership approach, in contrast, is modeled after the system in Edmonton, Alberta. Schools there control the bulk (over 80 percent) of education money. Since 1979, the Edmonton public school board has placed responsibility for improving schools with principals. The district monitors school performance annually, then works with the principal to identify areas of weakness and develop strategies for improvement. Families may choose to have students attend any school in the district.

A performance review is conducted each year for each school and the results are published for all to see. Improvement goals set the previous year are reviewed and new goals are set for the coming year. A heavy emphasis is put on quantitative measures and goals.

Principals who don't produce improvements are replaced after a reasonable amount of time has been allowed for their improvement strategies to flower. Not surprisingly, most principals have created site councils that include parents, teachers and students in school planning.

Over time the district has developed a detailed system of monitoring performance. It collects and analyzes data on eight measures: progress in student achievement (through district tests), student satisfaction, parent satisfaction, community satisfaction, teacher satisfaction, administrator satisfaction, facilities and financial management.

The satisfaction surveys ask sophisticated questions that delve far deeper than "Do you like your school?" The questionnaire for community members includes 55 items, plus an opportunity for comments. The parent survey has 23 items. The survey for 10th through 12th graders has 30 items.



Some surveys attempt to reach everyone; some use statistically valid sampling methods. Some are done on the phone, some in person, some by mail.

Edmonton tracks scores on a number of tests at a variety of grade levels. The emphasis, however, is placed on trend lines rather than the scores themselves. Are students at a school doing better or worse on the tests compared with previous years and compared with the trends at other schools?

In other words, the district focuses on how well the school is doing with the students it gets, an acknowledgment that some schools end up with more academically promising students than others. The goal is continuous improvement.

A small group of schools in Minnesota is following Edmonton's lead, under the guidance of the Minnesota Academic Excellence Foundation. MAEF's Partners For Quality initiative has several schools developing the kind of quantitative performance indicators Edmonton has been using for two decades.

Peter Little, who directs Edmonton's performance evaluation and planning program, says the approach is now deeply ingrained in the schools. When combined with spending and hiring authority, Edmonton's evaluation and planning process provides a powerful school improvement mechanism with clear roles for schools and for the district.

"When we started this as a pilot, everyone was very suspicious," says Little. "But if we tried to eliminate it today we'd have a revolt on our hands."

John Kostouros is a Minneapolis writer and education consultant. He has served on two school site councils and observed many others.

New law creates one telecommunications industry

Edited excerpts of remarks by Randy Young, government accounts manager, Minnesota Equal Access Network Services, Inc., to the Citizens League on March 5.

Finally, after 10 years of work and a lot of negotiations and philosophical struggles, on Feb. 1 Congress did pass the Telecommunications Act of 1996, which specifically deregulated many elements of the communications industry. I don't think we any longer have a telecommunications industry and a cable industry and a cellular phone industry and now a PCS industry and a radio/paging industry. We now have one industry, both from a technological perspective and from a legal and regulatory sense.

The act is divided into five areas: one dealing with telephone services, another dealing with telecommunications equipment

manufacturing, another dealing with cable TV, a fourth dealing with radio and television broadcasting and a final area dealing with the Internet and on-line services.

In each of these areas, cross-market entry barriers have basically been eliminated, allowing companies providing service in one area to begin providing it in another area. Barriers in the broadcast area—the number of outlets you could own, the concentration you could have—have either been eliminated or relaxed substantially, allowing for higher concentrations of markets, higher concentrations of market power, relaxing of merger rules.

I think we're going to see an interesting transformation take place in the role of regulators, both at the federal level, but more specifically at the state level, over the next few years. Regulators are no longer going to be regulators. They're no

longer going to be regulating who can get into a market and who has to stay out of a market, what the rate of return is, what the price of the services is, what services can they offer.

What we're going to see is regulators becoming referees. They're going to have to begin to look at the marketplace and be that referee to make sure that rules are being adhered to and everyone's playing the game fairly, make sure that the obligations on the incumbents are such that they don't keep new entrants from getting into the marketplace, but at the same time making sure that those obligations aren't so stringent that the incumbents don't have an opportunity to compete with the new entrants into the marketplace.

On the down side, you're going to see a lot more work for state regulators. For consumers, we'll proba-

bly see a lot of confusion in the marketplace. Not only the cable company but your electric company may very well be providing telephone service. We'll see a lot of new entrants into the market. We'll probably see some business failures. We may see some big incumbents fail, too. We'll see mergers galore. We'll probably see a variation of quality of service.

On the up side, we won't see the abandonment of the principles of universal service. It'll change. Everyone won't be supported with the residential service, just those that need to be provided. We'll probably in the long run see prices going down. We'll obviously see more choices in providers and services and options. We'll also probably see new and creative services coming out of the marketplace—services and combinations of services that we've never thought of before.

Healthcare

Continued from page 1

resource allocation decisions are made—in both the public arena and in private settings—without a clear understanding of the public's values and preferences.

But the public's perspective is essential. Decisions regarding the use and distribution of health-care services involve both technical information about the services' benefits and burdens and judgments about how these benefits and burdens ought to be weighed. Technical or scientific information alone is not sufficient; value judgments are also necessary.

For example, science can tell us that a new drug costing \$2,000 more than an older drug can reduce the chance of death for heart-attack patients by five percent. But no amount of scientific information can tell us whether the lower mortality rate is *worth* the additional cost: that determination requires a value judgment. And only the public—the current and future patients—should make such judgments.

A new project developed by the Health Futures Institute, an independent, nonprofit organization, is intended to address the lack of public participation by beginning a much-needed public conversation about health-care priorities. The project, "Health Care Priorities: How Do We Decide?", seeks to engage the public in discussions on three fundamental questions concerning the allocation of resources in our health-care system:

- What is a fair distribution of health-care services?

- Should personal responsibility for health affect access to health-care services?
- How should new technologies be used and paid for?

The Health Care Priorities project is designed to focus on underlying principles and values, move the public from opinion to "informed judgment" and bring the public's preferences to bear on resource allocation decisions.

The project incorporates both an educational component and a participatory component involving community roundtable discussions. The two-hour roundtables are roughly divided into equal segments for each of the three fundamental resource allocation issues. At the end of the roundtables, participants complete a survey on health-care resource allocation.

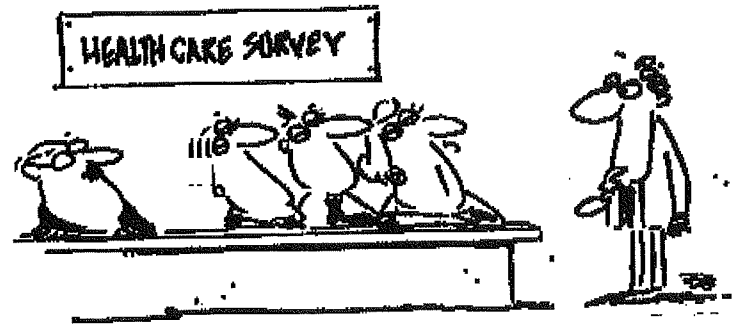
Pilot study

The Health Futures Institute has recently completed the project's pilot study, which included nine roundtables held between November and January: four in Minneapolis and St. Paul, three in the surrounding suburbs and two in Greater Minnesota. Eighty-two participants (over 95 percent of roundtable attendees) completed the survey, often with extensive written comments.

Participants reflected all age groups, a wide range of educational levels, geographic diversity and all walks of life and were mostly laypersons. However, it is important to note that the roundtable participants were self-selected volunteers and thus are not a representative sample of Minnesotans.

Public voice

The public's voice, as expressed



"Are you or have you ever been a member of the medical profession or any other subversive group?"

through this project, is an important one. It represents the views of Minnesotans who have participated in a deliberative process requiring them to talk with one another, so they can understand how fellow citizens think and feel about an issue. The survey then gives participants the opportunity to present their "informed judgment" on health-care resource allocation.

However, before the public's voice can play an influential role in policies on allocating health-care resources, the Health Care Priorities project would first have to involve a larger and more representative sample of Minnesotans. Nonetheless, the pilot study's preliminary findings encompass four themes for health-care resource distribution that policymakers—in public and private settings alike—should consider:

1. Health care is of fundamental importance to our well-being.

Over 75 percent of those surveyed reject the characterization of health care as a consumer good. Over 80 percent of those surveyed agree that since health care is special and of fundamental importance to our well-being, access should be guaranteed to everyone.

2. Limits to health-care resources are recognized and accepted.

Although there is no clear agreement on the level of health-care services to which everyone ought to have access, survey responses suggest people recognize that "everything for everyone" is unrealistic. Furthermore, the public may accept a two-tiered or multitiered system—so long as everyone is guaranteed access to some level of health-care services and people are free to "buy up."

The seeming conflict between these first two themes can be reconciled. Health-care services to which everyone should be guaranteed access are social goods, to be distributed fairly, whereas services above this level are consumer goods, appropriately distributed through the marketplace. An analogy: publicly funded K-12 education is a social good, while private music lessons are consumer goods.

3. Persons responsible for their health problems should pay more for health care.

Over 81 percent agreed that persons whose behavior

or lifestyle puts them in need of health care should pay more for their care. However, while financial rewards and penalties were deemed acceptable, stronger measures—such as denying care to those who don't take care of themselves—were rejected.

4. The public should play a major role in defining a standard benefits set and adopting new technologies.

Fifty-eight percent said the public should have the biggest say in defining the level of health-care services to which everyone should be guaranteed access. Next in order were physicians, chosen as the preferred decision-makers by 18 percent. Similarly, 51 percent said a committee of health-plan members should have the biggest say in deciding whether or not the plan will pay for a new technology; again, physicians were the second choice at 27 percent.

Next steps

Ideally, the Health Care Priorities project should be expanded to more broadly represent all of Minnesota—a possibility the Health Futures Institute is continuing to explore with local media, foundations and community organizations. Similar to the pilot study, a statewide project would include:

- An educational campaign, conducted through the media, designed to raise public awareness and understanding of health-care resource allocation issues.
- Roundtable discussions—ideally, at least one in each Minnesota county—to provide a more in-depth, participatory experience for a more limited audience.
- Conveying to public and private policymakers the public's preferences for allocating health-care resources.

Hopefully, this broad public participation would help guide policymakers in making the tough decisions about who should get what in health care and who should pay for it.

Reinhard (Jake) Priester is a health policy consultant in Minneapolis and principal investigator for the Health Care Priorities project.

Information

Continued from page 1

Minnesota are under pressure to match the faster services—such as Integrated Services Digital Network—that Hutchinson Telephone and Upsala Telephone Cooperative are bringing to homes west and north of the Twin Cities. At the national level, U.S. West bought Continental television, one of the first purchases to take advantage of cross-entry authorized under the federal Telecommunications Bill.

At the same time there is strong interest among potential new providers, such as electric utilities, to be the local provider of services such as telephone, the Internet, high-speed data for businesses and video conferencing for work, school, health care and personal uses.

Business interests in the state finally shook hands with the Governor in January with the formation of the Governor's Information Infrastructure Working Group. Part of the impetus for the group was the call by the Minnesota High Technology Council to "examine what role the state should play in creating a competitive information environment." Commissioner of Administration Elaine Hansen, who is leading the working group, says "we will take a look at the 10,000 foot level" and aim to complete the group's work by June.

Community access

In addition to their interest in assuring access to the Internet, communities began to explore the option of local networks for integrated community transactions, including both public and private business users. Communities also began to work together so various users could share higher capacity lines—in effect aggregating use so as to reduce costs. For example, telecommunications planning on a wider community basis is under way in Little Falls, Marshall, Redwood Falls and St. Cloud—just to name a few communities around the state.

In Grand Rapids the GrandNet project is building a fiber network to interconnect five community sites and support Internet service from those sites. GrandNet is supported by a grant from the U.S. Commerce Department and matching

local funds.

Community collaboration helped win the federal grant, a collaboration that includes School District 318, Itasca Development Corporation, Itasca Community College, Grand Rapids Library and Itasca County Health and Human Services. The project promises benefits such as electronic transfer of records from school offices to county offices and vice versa; convenient communications among teachers, parents and students through the Internet and access to school and city libraries from home.

School District 318 Superintendent Jim Luoma says, "This is just the beginning. I have a vision of access for all our students to the community and to the world." Frank Allen, executive director of the Itasca Development Corporation and one of the GrandNet partners, says the "next step is to develop an Itasca Regional Network that can connect the regional service area of about 12 communities within and just beyond Itasca County."

The main force behind these community developments is the desire to work together to identify common needs, to find new ways to pool their buying power and at the same time satisfy community needs that otherwise go unmet in the ordinary telecommunications market. The state Department of Administration is one government agency taking the lead in helping communities pool their buying power. It is leading a pilot project in Sibley and Clay Counties to bring all the telecommunications traffic from more than 20 state agencies into each county through a transit pool. According to Administration Commissioner Hansen, "Getting everyone around one table was a challenge, but it leads to cost savings all around."

Education

Education was one of the first sectors to reach out for new possibilities in telecommunications and information technology, initially in higher education and now in K-12. The Legislature appropriated more than \$20 million in 1995 for curricular software and instructional connection (video and data) for the K-12 system. It also began to integrate telecommunications and state education policy by placing both higher education and K-12

telecommunications responsibility in the hands of an umbrella Minnesota Education Telecommunications Council.

In the 1996 legislative session the Governor and both legislative houses proposed additional funding ranging from \$11 million to \$22 million, so additional monies seem assured. This will be another major step toward meeting the goal of video and data service in every school and library.

Fragmentation

An intriguing question is whether the past pattern of policy-making and network building will be adequate for the future. Telecommunications and information needs in the future will be quite remarkably different from the past—so, too, the provision of services. One of the features of the current Minnesota telecommunications and information landscape is the high degree of fragmentation, both in networks and in policy decisions.

Network fragmentation. Looking at networks, critics point to Minnesota's 10 separate statewide communications networks, 13 regional data networks, 35 educational video networks and more, even while acknowledging the high quality of the public-sector system. The unmistakable trend in successful states is toward open systems that allow access and communication among separate systems. This does not happen by accident or just by market forces. It also depends upon public choices.

For example, when the Minnesota Legislature authorized the statewide telecommunications network—called MNet—in 1989, it prohibited the provision of services to the private sector. Only government and educational institutions can get electronic services from MNet. By 1996, it is a first-rate network all over the state, providing high-speed connections for public-sector users.

People are now asking who else should be able to use that network. Should small businesses have access, especially in communities where private providers say it is not profitable enough to lay cables or put in hardware for higher speed services? If not, who will pay the costs for private services? Is it reasonable to duplicate the public sys-

tem? Or are businesses and homes in those communities destined to remain outside the information society?

Decision fragmentation. Fragmentation is equally apparent on the policy side. Legislators say it is difficult—some say impossible—to see the full telecommunications and information picture at one time: education, state networking, state agencies, libraries each get their money separately and telecommunications providers tend to get what they want from their committees.

And telecommunications and information policy is carried out behind a bewildering number of doors: the Public Utilities Commission, the Department of Public Service, the Attorney General's office, the Department of Administration, the Minnesota Education Telecommunications Council and the MNet Advisory Council, just to name some.

New connections

In response to this continuing fragmentation, some new public activity is visible. In the fall of 1995, the University of Minnesota's Humphrey Institute began hosting the Telecommunications and Information Society Policy Forum, where different interests are coming together to tackle difficult issues. Also in 1995, the University's Carlson School launched an Information Industry Initiative to work on problems of Minnesota's information industries. Representatives of the library and nonprofit communities are meeting regularly, as are a number of regional telecommunications groups across the state.

Telecommunications and information services will continue to weave themselves ever more deeply into the fabric of our lives, while the publicly regulated environment disappears in favor of a market environment. The challenge is to make sensible public choices, even as we are increasingly required to identify our own private interests in that dynamically changing world.

Milda K. Hedblom is a professor, lawyer and communications consultant. She convenes the Telecommunications and Information Society Policy Forum at the University of Minnesota's Humphrey Institute.

Legislators consider tax-base sharing for Iron Range

Tax-base sharing on the Range? House and Senate committees have said, "Ya, you betcha." As this *Journal* goes to press, both the House and Senate tax bills include provisions that would establish a commercial-industrial (C-I) tax-base sharing program for the Iron Range.

The program, modeled after the Twin Cities metropolitan area program known as "fiscal disparities," would apply to the communities in Minnesota's Taconite Relief Area—all of Cook and Lake Counties, most of Itasca and St. Louis Counties and portions of Aitkin, Crow Wing and Koochiching Counties.

Since 1977, taxes paid by taconite producers (mostly located in the older cities, such as Eveleth and Hibbing, on the eastern edge of the range) have been shared among all the communities within the Relief Area. Recently, commercial development—mostly of newer, nontaconite businesses—has picked up in the Grand Rapids area and elsewhere on the Range. That trend has prompted debate about how to share more equitably the benefits of all commercial development, whether taconite-related or not. The fiscal disparities idea has been introduced in past sessions, but this is the first attempt that has passed committee muster and been sent to the floor.

Under the program 40 percent of the growth in C-I tax base after 1990 would be shared among Relief Area communities. If the proposal becomes law, the program would go into effect for taxes payable in 1998.—*Janet Dudrow.*

Suburban hospitality. In the debate over affordable housing and livable-wage jobs, many suburbs have received not-so-flattering press coverage regarding their hostility to low-income people and families. One suburban community, however, has taken the proactive approach in helping families succeed.

The City of Eden Prairie, in conjunction with the Met Council, has set up a "family mentoring" program to provide friendship and support to help low-income families move into livable-wage jobs in Eden Prairie.

Since its inception last May, the

Take Note

"Friends share all things."—Pythagoras

HOPE program (Housing, Opportunities, Partnerships, Employment), has matched 15 low-income families with volunteer families.

—*Ron Wirtz.*

The Legislative Auditor's new report should put to rest a lot of the scare talk about Minnesota's program to let juniors and seniors overlap high school and college. The students do take serious courses and do perform well. High schools have responded by offering more challenging courses themselves: the number of schools offering Advanced Placement courses has more than doubled and the proportion of students taking AP tests has tripled since the postsecondary option came in, in 1985.

The program somewhat complicates life for the high schools. But the kids like it *a lot* and it's nice to find that most—not all, but most—high school administrators put the benefits to the kids ahead of the inconvenience to the schools.

—*Ted Kolderie.*

Talk about policy schizophrenia. One bill before the state Senate's Taxes and Tax Laws Subcommittee on Property Taxes creates lower property tax rates for landlords who convert warehouses to apartments or renovate downtown apartment buildings that are at least 20 years old. The bill's author, Sen. Carol Flynn (DFL-Minneapolis) said that the bill might relieve congestion because if people "lived downtown, we wouldn't have to build any more capacity."

Apparently, Flynn's message was lost on the subcommittee, as it also approved a proposal, sponsored by Sen. Leonard Price (DFL-Woodbury), to allow tax-increment financing (TIF) to be used to develop land previously given "green acres" property-tax relief. Green acres laws are designed to delay development and help family farms remain viable in areas with rising land values. The bill allows TIF to be used to locate businesses on green acres land in the metro area.

Tax incentives for eating up farm-

land, most of it on the fringe of the region...So much for relieving congestion.—*Phil Jenni.*

The state's plans to expand the use of managed-care arrangements for Medicaid recipients may turn in an unexpected direction this legislative session. Having established managed-care programs in the seven metro-area counties, the Minnesota Department of Human Services has begun to add counties in Greater Minnesota (four counties around Duluth and three around St. Cloud) to the program. It has also started planning in earnest to develop managed-care arrangements for Medicaid recipients with disabilities or in long-term care.

However, bills supported by the Association of Minnesota Counties would turn over to counties much of the responsibility for planning that expansion and contracting with managed-care companies or provider organizations. The bills have progressed in both the House and the Senate.

Provider organizations have not objected to the bill because they think it would create opportunities for direct contracting. Others point out that the introduction of a new county layer of administration might leave fewer dollars for payments to providers.

—*Allan Baumgarten.*

You've heard of intelligent transportation systems...now there are way-too-smart-for-their-own-good parking meters. Governing maga-

zine (February 1996) reports the latest high-tech public service gadget, now being tested in a dozen cities across the country:

The new parking meter uses motion sensing, infrared and molecular compression to detect when a car arrives and leaves, how many cars park in a given spot and exactly how late the guilty parker is. The meter shows the exact moment the time expires and flashes a red light to hail the parking enforcer. The information is later used to fine the motorist and to help city officials analyze patterns and fine-tune parking enforcement.—*J.D.*

Coming soon to your town: While construction of affordable housing units is occupying much of the region's attention, the Met Council HRA has begun a program called "HomeChoice" that moves families in high-poverty areas to locations with low poverty.

Similar to the Gautreaux program in Chicago, eligible families must receive Section 8 rent assistance and live in a Minneapolis or St. Paul neighborhood with more than 30 percent of families living in poverty. The Met Council provides additional support, including counseling, job training and transportation access.

This year, the program involved only a handful of families. But the Council hopes to serve 100 families in 1996.—*R.W.*

"Take Note" contributors include Minnesota Journal and Citizens League staff members and Allan Baumgarten, a consultant on health-care policy and finance.

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Citizens League Matters

March 19, 1996

News for Citizens League Members

Welcome New Members

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Bernadine Feldman
Laura Lee Geraghty
Mary Hipp
Brad Larsen
Kathy Marker
Colleen Moriarty
Nancy Rys-Nicol
Louis Smith
Evan R. Stanley
Melanie Tyler
Jennifer Windsor

Thanks to recruiter
Mike Christenson

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

National experts headline regionalism series

Congestion. Low-density, large lots. The MUSA line. *Urban sprawl.*

Regional growth and development is a hot topic in the Twin Cities. The Citizens League will add some light to the heat of this topic by exploring regional governance in a month-long series featuring speakers from Toronto and Manitoba, Canada, Portland, OR and Indianapolis.

The Twin Cities metro region has a reputation for a high quality of life. Our region has low unemployment, higher than average household income and lower than average cost of living. Life by most accounts is very good here.

But increasingly, people are asking whether current growth and development patterns are undermining our long-term regional health. Urban decay, political fragmentation, and other pressures have created fiscal, environmental and social problems that overlap rigid, municipal boundaries.

We are not alone. Cities nationwide are increasingly looking to regional governance for solutions to problems that plague them.

Just what should be the role of metropolitan government in managing regional growth and development? The Metro Council is still a model for regional government. But its jurisdiction includes only seven counties. The Twin Cities area

now encompasses as many as 24 counties. How do we meet the planning and administrative needs of the *real* region?

This special four-week Mind-Opener series will feature five meetings, and explore a variety of issues concerning regional governance. The series will feature two breakfasts and three lunches (see box for exact dates and times).

On April 9, Phil Wichern will lead-off the series with an overview of regional government models in North America.

Philip Wichern

University of Manitoba
Tuesday, April 9
7:30 - 9:00 a.m.

Ken Greenberg

Toronto
Thursday, April 11
11:45 a.m. - 1:15 p.m.

Beverly Stein

Portland, OR
Thursday, April 18
7:30 - 9:00 a.m.

John Krauss

Indianapolis
Tuesday, April 23
11:45 a.m. - 1:15 p.m.

David Gurin

Toronto
Wednesday, May 1
11:45 a.m. - 1:15 p.m.

Wichern is a visiting professor at the University of Minnesota, coming from the University of Manitoba, where he has studied and published extensively on Canadian and American models of regional government.

Ken Greenberg, a principal in a Toronto planning firm, will talk on Thursday, April 11 about urban revitalization and densification, and the role of the environment and public transportation in urban life.

On Thursday, April 18, Beverly Stein, chair of the Portland-area Multnomah County Board, will talk about the role of regional citizenship in creating government that works.

John Krauss, former deputy mayor of Indianapolis during its consolidation into the Unigov city/county government, will speak on Tuesday, April 23.

The series will wrap up on Wednesday, May 1 with David Gurin, the acting commissioner of planning for Metropolitan Toronto. He will speak about tools to manage growth, and about how Toronto dealt with problems now being faced by the Twin Cities.

The meetings will be at the University Club, 420 Summit Avenue, St. Paul. The cost is \$10 for members and \$15 for non-members. Space is limited, so we encourage you to preregister. For more information call the office at 338-0791.

Legislative Network Breakfasts off to a fast start

A diverse group of about 40 gathered on Friday, February 23 for the first of the League's Legislative Network Breakfasts. Rep. Alice Johnson (DFL-Spring Lake Park), Chair of the House Education Finance Division and Rep. LeRoy Koppendraye (R-Princeton), ranking Republican member of the same committee, discussed education reform issues.

Their conclusion: Meaningful education reform is not likely this year. They cited the short Legislative session as one reason. More importantly, real opportunity for change usually comes in the budget-building year of the biennial cycle (odd-numbered years), they said.

Rep. Koppendraye reviewed the dire economic predictions. With federal funds drying up, and more of the state budget going into prisons and seniors' health care, it's unlikely the Legislature can commit new funding to K-12 education. In that funding environment, reform must occur without more money, he said.

But the money issue aside, Koppendraye insisted that the system is not working. Real reform must involve greater accountability. He said that's why he agreed to carry much of the governor's reform agenda: more charter schools, statewide student testing and the graduation rule, open enrollment, site-based management, year-round schools and vouchers.

Rep. Johnson said people who want schools to look like those in their parents' generation are unrealistic; schools reflect the community they're part of but must prepare youngsters to be tomorrow's wage-earners. She said that while actual spending

is up, the percentage of the state's budget that goes to K-12 education is shrinking and likely will continue to do so.

She argued that even though the Legislature rejected vouchers, it did consider many other reform ideas such as charter schools, open enrollment, site-based management and the new graduation rule. She said the Legislature will provide funds to try some new, promising programs. Among them are: a "discipline" pilot project aimed at preventing kids with behavioral problems from being expelled, all-day kindergarten, early intervention and prevention programs, accountability and improving technology in schools.

Transportation was the topic for the next Legislative Network on March 8 with guests Sen. Carol Flynn of Minneapolis, chair of the Senate Transportation and Public Finance committee, and former Rep. Bill Schreiber, who now heads intergovernmental relations for MnDOT and sits on the Metropolitan Council.

Sen. Flynn outlined the stalemate that for years has prevented movement on the issue of transportation and transit funding: Rural legislators want a higher gas tax, which is constitutionally apportioned to building new roads and bridges, while metropolitan legislators are holding out for a larger share of tax revenue for an improved metro-area transit system.

Sen. Flynn advocated a transit system supported by an expanded sales tax, not the current property tax, and contended that most successful large urban systems are operated that way. However, she said, that idea appears dead for this session

and the Legislature instead will tinker with lesser issues.

Mr. Schreiber said it's clear the state cannot afford to build enough highways to meet the demands of commuters and rural citizens. Instead, he suggested, a mix of carpools, traffic management using advanced technology, encouraging employers to let workers telecommute, mass transit, and some improved capacity should be funded. He considers a metro-area tollroad inevitable -- the only remaining question is where the first one will be.

He said to be successful, transit systems must be more user-friendly and the new GPS technology could help get buses where they're supposed to be on time so connections are more reliable.

Schreiber noted that the Metropolitan Council would be updating its transportation plan for the metro area this year, and said he's advocating changes in the philosophy to loosen restrictions on capacity. But he argued that transportation issues are not what drives people's desire to live further and further away from the central cities. He believes that freeway development occurs after settlement in new areas due to demand, not the other way around.

The Legislative Network Breakfasts continue on Friday, March 22 when Sen. Gene Merriam (DFL-Coon Rapids) and Rep. Dave Bishop (R-Rochester) will discuss fiscal reform. The Legislative Networks will end April 12 as leaders from both houses review the Legislative session. Meetings are from 7:30 to 9:00 a.m. at the University Club of St. Paul.

Snared on the Web

A League milestone was recorded on March 11 when our first new member joined the League through an application found on the League's new WorldWideWeb site.

The League's home page on the Web features information about the League, how to get involved, a list of reports and statements and news of upcoming events. We also intend to post transcripts of interesting presentations.

Special thanks to Diane Gibson for her help in designing and implementing the Citizens League home page. Visit us on the Web at <http://freenet.msp.mn.us/ip/pol/citizen/>

Phone Fun

Have baby-boomers and Generation Xers retreat from public life?

An intrepid group of younger League members tackled that question in an informal phone survey conducted on March 9 at the offices of Spano and Janecek.

The Leaguers called more than 60 people, most younger than 35, to find out what motivates or prevents them from getting involved in public policy.

This is the first step in a project to help the League connect with the next generation of civic leaders.

Volunteer callers were: Mark Chapin, Linda Ewen, Dyane Hang, Kelly Johnson, Sean Kershaw, Louis Smith and Board members Mike Christenson, Jim Dorsey, Marie Grimm and Sara Janecek.