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Less demand seen for new child-care spaces

by Tom Copeland

Once upon a time in Minnesota there was an almost overwhelming need for more child care for working parents. Those days are about to end. Hard to believe? Consider this:

- While the number of children ages 0-5 grew by 14 percent in the 1980s, this number will decline by 12 percent in the 1990s.

- In 2000, there will be fewer children ages 6-12 than in 1980.

- The 1980s witnessed an unprecedented growth rate of 247 percent in the number of licensed child-care spaces in the state. It is estimated that the state needs only a 25 percent growth in new, licensed spaces during the 1990s. That averages out to a mere 2.3 percent per year.

The estimate is based on assumptions of a projected decline in birth rates and a slow but steady rise in the percentage of children aged 0-12 enrolled in licensed programs (from 20 percent in 1990 to 25 percent in 2000.)

This projection need could be thrown off by several factors, including a higher birth rate, a large migration of new residents to the state or a higher percentage of parents choosing to use licensed child care instead of friends, relatives or neighbors. In addition, new federal child-care funding, if sustained over time, could raise the demand for child-care services by the working poor.

On the other side of the equation, any change in federal or state parental-leave policies that makes it more attractive for parents to stay at home longer with young children will help to reduce the demand for out-of-home child care.

Many find it difficult to imagine that we may soon have too much child care. But here are some signs that foreshadow this future:

- In a fall 1990 survey of more than 450 licensed family child-care providers in the metropolitan area, more than 32 percent of respondents reported that it took them more than three months to fill a space for a preschool (ages 2 1/2 to 5) child and 50 percent said it took more than one month to fill a space for a toddler (ages 13 months to 2 1/2 years). No figures are available to compare this with earlier years, but there is increasing anecdotal evidence that child-

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Pilot project could lead to major reform of state's welfare system

by Natalie Haas Steffen

"She's young and healthy, why doesn't she get a job and support her children instead of collecting welfare? And why didn't their dad live up to his responsibilities, rather than abandoning the family?"

You've probably heard that a dozen times—and you may even have wondered the same thing yourself. Work hard, we've been told, and eventually we will pull ourselves up by our bootstraps.

That's a nice image, but it's not always how the world works. Wages are often low, and the cost of child care is high. Most families rely on two incomes to make ends meet. But that option doesn't exist for the growing number of single-parent families. Instead, they often are pushed into long-term welfare dependency.

One result: More children are poor. The number of children living in poverty increased from 9.7 million in 1978 to 12.4 million in 1988. During that time, the rate of pover-

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Charter schools called natural extension of choice in education

by Ember Reichgott

In 1988, Minnesota became the first state in the country to adopt open enrollment for all its school districts. Under the legislation, students could access more educational choices. It is now our job as legislators to provide more *choices* for students to *access*. Learners do not all learn the same way.

The outcome-based charter-school proposal before the Legislature this year is a natural extension of Minnesota's commitment to choice in education. I became involved in the charter-school concept after learning about it at the

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Legislature can fix the Minnesota Miracle

Muddling Through

by Stephen Alnes

One of the goals of the tax reformers this legislative session is to get a greater degree of "accountability." They want to shift more decisions on taxes to lower levels of government where the spending occurs and make local spenders take the heat for their tax decisions.

Ordinarily, I put a disclaimer at the end of these columns to the effect that the opinions expressed are mine and not those of the Citizens League. In this instance, I make the disclaimer up front because I disagree with some of the approaches in the Citizens League's recent report, *Remaking the Minnesota Miracle,* some of which are embraced by other reform-minded contestants.

I agree that the state-local fiscal system needs an overhaul; for example, we deserve a local-government aid formula based on need rather than on past spending, an easing of state mandates that are not backed by state money and an assumption by the state of the cost of programs that are state, rather than local, concerns. I also think the Legislature's spending record is abysmal.

But I think the system can be fixed within the framework created by the Legislature in 1971 that goes under the name of Minnesota Miracle. And from a political standpoint, I think that is the only place it is likely to be fixed.

The Minnesota Miracle has been defined several ways. My definition is that it substituted taxes that responded swiftly to economic growth and activity and inflation for a tax that did not. For a time, state-collected income and sales taxes grew with so little effort that it was easy to buy down the property tax. That was the miracle. It curdled when economic activity and inflation slowed.

Conditions have changed, but one important fact remains the same: In 1967 when the sales tax was passed, in 1971 when the Miracle became law, in the intervening years and again today, a vocal segment of the populace has *demanded* property-tax relief. The property tax is still the state's most unpopular major tax. And the people think the Legislature is in charge of it.

The Legislature responded by buying down property taxes—at times ineptly, wastefully and almost casually. But it acted according to what it perceived to be the public desire. In that sense, it has been "accountable."

Even so, the locally collected property tax has risen in recent years in comparison with the individual income tax. For a few years in the 1980s, income-tax collections were greater than the property-tax take. But since 1986, the property tax has resumed its historical role as the largest single government revenue source, though not by as big a margin as it had before 1978. The gap seems likely to widen in the near future.

The Minnesota Tax Foundation's *Fiscal Facts for Minnesotans* shows that the portion of cities' revenue coming from their own sources—property taxes, special assessments, hotel-motel sales taxes, licenses, fines and other income—rose from about 57 percent in 1980 to 66 percent in fiscal 1988, the last year in the table. ("Other" income is generally larger than property taxes.)

School districts' own sources accounted for 39 percent of their revenues in 1981, jumped to 55 percent in 1983 and by 1989 had been bought back down to 46 percent. But school spending is a special case; the courts have generally ruled that the amount of money spent on a child's education cannot be solely a function of the wealth of a school district, so the state has to try to even the burden with money. And K-12 education is regarded as a state, rather than purely local, responsibility.

In view of the numbers, it's tough to make a case that local governments have generally been able to raise taxes or other charges without regard to local consequences, although some very likely have.

In proposing to shift more of the tax-raising burden to local governments, some reformers go so far as to suggest the locals should be allowed an alternative to the unpopular and slow-to-respond property tax—either a sales or income tax.

Oh, but that would create undesirable tax "islands." So one idea would be to impose those alternative taxes at the county level or even a regional level and distribute the proceeds. Sound familiar? That's what we do now at the state level. And isn't that just another way to buy down the unpopular property tax?

Yes, we have a sloppy and costly system. Fortunately, we know whom to blame. The Legislature. It should be held accountable. And you know who has to do tha[illegible]s. We don't need and can't afford a big property-tax buydown this time, but we also don't need to junk the system in which the Legislature makes a choice as to the proper mix of taxes.

A water-coordination strategy

From Minnesota Water Plan, *by the Minnesota Environmental Quality Board Water Resources Committee, January 1991.*

Minnesota's water is not evenly distributed. The character of Minnesota's land use, a prime determinant of water quality and use, also varies dramatically across the state. The demands Minnesotans place on water are equally diverse...Recommendations:

• Establish, monitor and refine a Minnesota coordination strategy. The strategy must ensure that coordination occurs between agencies, Native American Nations, and among local, state and federal govenments. • State programs should require approved comprehensive water plans as a condition of eligibility for water-related grants and a factor affecting priorities. • Launch a major environmental education initiative to show people how their actions affect the environment. • Ensure a consistent state approach to fairly and equitably assigning liability for water misuse.

• Upgrade Minnesota's water infrastructure (water and wastewater-treatment systems) with new technology to better safeguard public health and the environment. •Expand revenue sources and options available to state and local units...The cost of water-supply protection must be more fully recovered in fees.

• Develop a strategy for integrated lake management...In the metropolitan area, surface-water management plans should be the vehicle for setting lake-protection, lake-enhancement and lake-management goals.

• Establish and operate a state-local "no-net-loss" program for wetlands. • Reduce the amounts of polluting materials used, wastes produced and pollutants entering the environment. • Ensure that agricultural activities in the state are environmentally sound, and economically and socially viable in both the short and long term.

• Develop a water-conservation strategy for long-term and seasonal water use throughout Minnesota. The recent drought illustrates the vulnerability of both ground and surface waters. • Build consideration of water-protection needs into land-use decisions. The land-use connection is a key to management and protection of water resources.

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Publisher — Curtis W. Johnson
Editor — Stephen Alnes
Associate Editor — Jody A. Hauer
Contributing Editor — Ted Kolderie

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Editors prefer spending cuts to tax hikes

On Balance

Minnesota editorial writers unlimber their heavy canons.

St. Cloud Times said (April 18) Gov. Arne Carlson "deserves better than to be cast as the villain" in the budget crisis. "After a decade of overspending, the Legislature should share the blame," but lawmakers "are balking at leaving the trough."

Duluth News-Tribune said (April 24) Minnesota is in its present budget squeeze because government spending growth has for years exceeded the rate of inflation. "Someone must make lawmakers realize they have consistently spent too much..."

Hibbing Tribune said (April 14) the DFL, "apparently not willing to let Gov. Arne Carlson monopolize all the blame...has come forward with its own ticket to voter disgust...We wonder why when times are bad there are always tax hikes, and when times are good there are not tax breaks."

Red Wing Republican Eagle said (April 19) Minnesota "does not need a tax increase of any sort to balance the ledgers" but rather needs to "scrutinize budgets and restructure the tax system to hold all levels of government accountable for taxes levied and services rendered."

WJON's Andy Hilger said (April 10) the tax system requires more accountability; "the people who make decisions to spend tax dollars should be the ones to raise the tax dollars."

New Ulm Journal, under the headline "Time to get mad" (April 12), said DFL legislators, "who have spent the past decade spending us into this financial mess," should take responsibility for their actions "rather than dipping into our pockets to finance their spendthrift ways."

International Falls Journal said (April 12), "We need to cut back on our expenses instead of asking for more money to pay them."

Worthington Globe urged (April 17) its readers to write to their legislators and "Big City Arne" to protest the governor's proposed cuts in local-government aids.

Pioneer Press said (April 26) the Legislature should make better use of existing highway dollars before increasing the gasoline tax and other road-user charges.

St. Cloud Times opposed (April 25) a bill that would require an equal number of men and women on state boards and commissions.

New Ulm Journal said (April 17) the Minnesota Chamber of Commerce board of directors "hurt its credibility badly" when it voted to reject a compromise on workers compensation worked out by Chamber President Jerry Olson and AFL-CIO President Bernard Brommer.

Republican Eagle said (April 15) the Legislature should approve Gov. Carlson's proposed worker compensation package "if this state is to attempt any semblance of a favorable business climate." **Mankato Free Press** said (April 20) the lesser cut working its way through the Legislature is "step in the right direction," but it would like the Legislature to go further.

Pioneer Press urged (April 18) passage of a moratorium on garbage incinerators, adding that the "immediate answer on the Dakota County burner should be no."

Fergus Falls Journal supported (April 16) a limit on the number of terms elected officials can serve, saying it would be one way to get officials to look further than the next election.

News-Tribune said (April 16) Public Safety Director Ralph Church should not be able to collect his salary of $76,000 at the same time he collects a pension of $42,000 for 33 years on the State Patrol. **St. Cloud Times** said (April 17) the rule should be no retirement, no pension.

Free Press called for (April 16) legislation permitting off-track betting parlors where patrons could wager on horseraces from Canterbury Downs and other tracks.

Star Tribune said (April 22) that riverboat gambling "is an idea that should be sent back down the river."

Pioneer Press said (April 19) the growing feud between Ramsey and Hennepin Counties over light-rail transit "provides new evidence" of the need for a "truly regional approach to transportation planning." It said the Metropolitan Council should be the "lead planning agency."

Taxwise, there's worse to come

Steven Gold, director of the Center for the Study of the States, Rockefeller Institute of Government, State University of New York, at Citizens League meeting April 16.

Even if we were not having a recession, state and local governments would be having a lot of fiscal stress in the 1990s...Because of that fiscal stress, states need to reform their taxes, their spending and their intergovernmental policies...Despite...reforms, I think there's going to be so much pressure on spending in the 1990s that we're going to see rising state and local tax levels...Taxes and user fees are going to be rising faster than people's income in the 1990s...

I think the economy is going to grow slower because of the slower growth of the labor force due to the baby bust. And that means that most of the tax bases the states use are going to grow slower...

The demographic trends are not very encouraging. Nationwide, there's going to be a 43 percent increase in the number of people over the age of 75. And that certainly is going to put more pressure on the Medicaid program. Also there's an increase in the number of school-age kids after a long decrease. The courts are going to be adding a lot of pressure to the states...through forcing higher payments to hospitals under Medicaid, mental health, and a number of states...still have challenges to their school-finance systems. Then you've got AIDS and the drug war, which will be adding a few billion dollars to spending...In the current fiscal year, Medicaid spending is estimated by the federal government to increase 25 percent...

And, of course, corrections spending nationwide is still going up at double-digit rates...School spending is not going up that fast, but it's such a big amount that it keeps adding to the pressure...It's quite possible that this year we will see the biggest state tax increases in more than 20 years...

States need to try to find ways to get a bigger bang for the buck. Three of the themes that go in there...are accountability, targeting and market mechanisms... When I talk about market mechanisms, I mean things like decentralization, taking off mandates on local governments, using vouchers for programs like child care and maybe your choice program for schools...

Big untargeted revenue-sharing programs are not a good use of resources in the 1990s...You should provide aid...based on need-capacity gaps. Also, I think it makes a lot of sense to rely in part on the circuit-breaker as a vehicle for property-tax relief...Even though the governor may have tried to do too much too soon, it would make sense to stick to those principles and build a program based on them...

Many states tax consumer services more than Minnesota does... Things like repairs would make a lot of sense from the point of view of equity and also of achieving more revenue without raising the rates. It's good to keep the rates down if you can and broaden the base...Minnesota is one of only six states that doesn't tax clothing...

You've already cleaned up much of your income tax...It may not be politically feasible, but I think it makes sense to treat all income the same, including even retirement income...Because...the elasticity of the income tax has been reduced by flattening, you might want to add another rate to increase the elasticity...

With the pressure on state and local-government spending, local governments need more revenue options. We're going to see more local sales and income taxes...

Child

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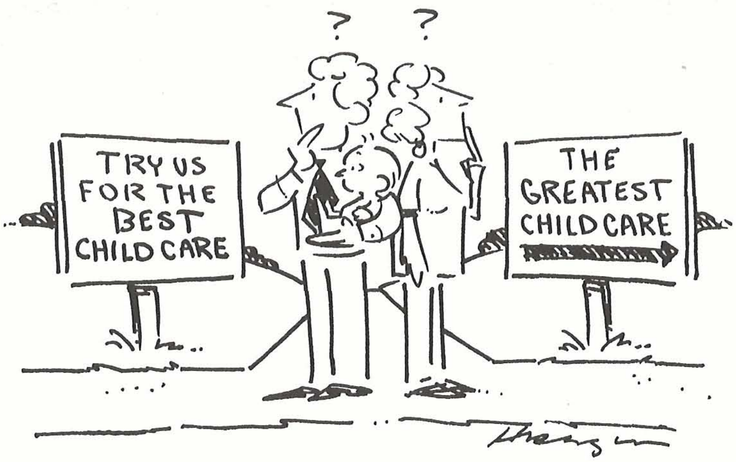
care providers now have many more openings than ever before.

- Recently a group of licensed family child-care providers in Washington County complained to their resource and referral service about the low number of calls they were receiving from parents looking for child care. It was discovered that part of the reason was that these providers wouldn't care for children after 4:30 p.m. The providers were used to being able to care for children of schoolteachers and had not adapted to the changing needs of parents.

- The largest increase in the supply of child care in the last few years has come in response to more specialized needs. In contrast to the early 1980s, for-profit chains now open new centers that serve a higher percentage of younger children (ages 6 weeks to 32 months) in an effort to fill spaces when the children get older. Other operators have opened centers specializing in drop-in care and sick-care services. Public and private schools increasingly offer before- and after-school care.

- Although Hennepin County already has the highest ratio of licensed child-care spaces to the population of children aged 0-12 years, there is now a backlog of about 500 new family child-care providers waiting to be licensed by the county.

Once we have accepted the fact that the demand for child care is leveling off, does this mean that we no longer have to worry about having enough child care to meet parents' needs? Unfortunately not. There will continue to be many



gaps in the supply of care, although these gaps will not be as widespread as in the past.

The pockets of unmet need will tend to be more localized in particular neighborhoods or counties. For example, although it is estimated that the seven-county metropolitan area needs a 22 percent increase in the supply of care in the 1990s, there are wide extremes among the individual counties. At one end is Hennepin County, which needs only a 3 percent increase, while Washington County needs 72 percent more spaces.

In the 1990s, the nonmetropolitan counties are projected to see a 15 percent decline in number of children ages 0-5, versus a 10 percent decline in the metropolitan counties. However, there is a greater need for more child care in rural areas because the current supply lags further behind current demand.

The trends provide some clear implications and recommendations for action that should now be considered:

(1.) As parent demand slows, competition among all child-care programs will increase. We will see more advertising and aggressive marketing to attract parents. Larger, for-profit operators will have an advantage in this area over smaller centers and family child-care homes. The center chains are likely to increase their growing market share.

(2.) As a result of pressures to fill empty spaces, child-care programs are likely to become more focused on customer service. We will see attempts to introduce new, specialized services, such as overnight care, substitute care for providers, transportation services, special-needs care, sick care and others. It is likely that there will be a growing number of partnerships and networks between child-care programs and public/private schools and employers in order to share costs and meet specific organizational and parental needs.

(3.) Faced with the new competition, child-care programs will close at a more rapid rate than in the past. Child-care programs operate on such low margins and pay such low wages that shutting down will be a more realistic option for many than trying to reduce costs. These closings are likely to draw a lot of public attention, and we may hear some heartfelt appeals to keep them open. But it may be very appropriate for some programs to close. Any decision to raise money to keep one open should be made only after closely examining whether the program is meeting a need not met elsewhere.

(4.) Public and private funders should not support the establishment of new child-care programs unless a clearly demonstrated need can be shown. Although some individuals, churches and corporations may express interest in opening a child-care center, those who are called upon to support such efforts should be careful about planning any new initiatives.

(5.) State and county officials, as well as private funders and employers, should take the opportunity to offer more incentives for child-care programs to meet higher standards of quality before bestowing measures of approval or support. They can encourage child-care programs to compete on the basis of high quality.

(6.) Our society has a vested interest in seeing to it that high-quality child-care programs succeed. Parents will need more education and support to be able to identify high-quality care, and child-care providers will need more training and resources to learn how to ma[illegible] a successful business.

(7.) In the dog-eat-dog world of competition, there is a danger that we could be moving toward a more pronounced two-tiered child-care system divided along lines of parent income.

Minnesota is probably closer to having a generally adequate supply of child care than most other states. This is due to a strong child-care licensing system (administered by the state and the counties), an active support network of child-care resource and referral agencies, support programs including provider associations, and a history of public/private efforts to support the recruiting and development of a wide diversity of child-care programs. Minnesota has the third-largest number of licensed family child-care homes in the country (behind California and Texas) and maintains the largest number of licensed homes per capita of any state.

If the child-care crisis we fac[illegible] the 1980s was a lack of supply, the one ahead of us will be a crisis of quality. The way Minnesota confronts this challenge could be a lesson for other states.

Tom Copeland is information specialist at Resources for Child Caring, St. Paul. The organization is publishing a series of reports on Minnesota child-care trends. For information, write to Resources for Child Caring, 450 N. Syndicate Ave. #5, St. Paul, MN 55104.

Explanation

Editor's note: A faulty editor failed to replace a faulty microphone battery before attempting to tape the remarks of Hennepin County Commissioner Peter McLaughlin and Rep. Charlie Weaver, IR-Champlin, at the Citizens League Mind-Opener breakfast April 23. Thus no excerpts of their remarks appear in this issue. The bad tape made the topic, fiscal disparities, more difficult to understand than usual.

Uncorrelated

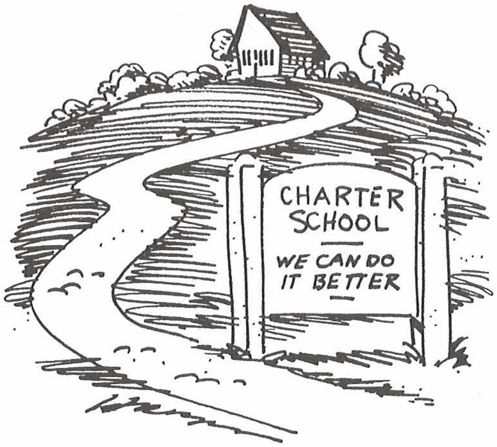
Helen Ladd, professor of public-policy studies, Duke University, to a forum on state-local finance April 16.

Local-government aid for Minnesota cities is currently virtually uncorrelated with city fiscal condition as measured by the need-capacity gap. This clear and striking finding means that cities wi[illegible]h per capita gaps typically rece[illegible] no more aid on a per capita basis than cities with low gaps...The current LGA program is not cost effective.

Charter

Continued from Page 1

1988 Itasca Seminar sponsored by the Minneapolis Foundation. American Federation of Teachers President Al Shanker suggested that groups of public school teachers be allowed to create distinctive schools from which parents could select. He urged that waivers be provided on request of teachers, to allow them to experiment with new approaches. This made sense to me.



The charter-school proposal would allow certified teachers to apply to their local school board or the State Board of Education for permission to establish a school for at least a three-year period. Each authorizing group would have the power to accept or reject the proposal.

The schools would have to be nonsectarian and could not discriminate against students on the basis of previous achievement or behavior. Teachers applying to the state board would be granted waivers from state curriculum regulations. They would be expected to meet or exceed state standards for student outcomes, and their schools would be evaluated.

These ideas have been incorporated into S.F 630/H.F. 773, sponsored by Rep. Becky Kelso, DFL-Shakopee, and me. Both the House and Senate have held hearings on the bill this year. Testimony from people like Jim Walker, the 1990 Minnesota Superintendent of the Year from North Branch, was effective. Walker said, "We are dedicated to becoming more responsive to the owners of the district. We call it putting the public back into public education. This bill is a step in that direction."

Many public school teachers, along with some principals, superintendents and school board members, have come forward to support the charter-school idea. Al Jones, a public school teacher who lives in Center City, told the Senate that this legislation suggests "teachers are professionals with tremendous capability. Allow them to take control of the learning environment, and we should expect dramatic change to occur. It's tremendously exciting to think that my colleagues and I could have the opportunity to design our own school with unique programs."

In my view, this bill offers flexibility and opportunity to address many of the important issues in education today. This bill is site-based management at its best. Teachers and leaders of the charter school have true autonomy, yet they are accountable to their public school board or state board of education sponsor.

This bill empowers teachers. They are closest to the classroom and have the most to offer learners. Yet, they are often frustrated and unable to convince an entire school district of the need for innovation and change. This bill encourages change on a smaller scale; a charter school provides an opportunity to show that new ideas can work and children can benefit.

Outcome-based education is at the center of this bill. Each school must develop outcomes that must be achieved for the school to continue operating. These outcomes must meet or exceed the outcomes eventually developed by the state board of education.

This bill allows teachers to focus on specific needs of learners, whether they be at-risk children, teens reentering after chemical-dependency treatment, or children with a special interest in the arts, math or science. A charter school might also be a year-round school.

Charter schools are a new kind of *public* school. They are not private schools. No tuition can be charged. All learners who apply must be considered on a first-come, first-served basis, or by lot. Outreach efforts are required by the legislation so that students of color are encouraged to participate.

Do we need legislation to do this? Yes. While some excellent alternative and magnet schools now exist, few school districts throughout the state encourage these options. This bill reduces educational rules and mandates and provides full student funding for learners who participate in charter schools. The possibilities for innovation are great.

There is resistance to this bill, just as there was resistance by teacher, administrator, and school board organizations to open enrollment in 1988 and the Postsecondary Options Act before that. However, just recently a House Research Department survey of superintendents found that more of them said open enrollment helped than said it hurt. They reported that one of the most important impacts was that it "compelled greater cooperation." Minnesota also has become one of the first states where rural educators have developed magnet schools—-in places as diverse as Cyrus, Miltona and Randall.

Alternative options for learners *are* effective. The history of "choice" legislation in Minnesota is instructive.

I hope that the 1991 Legislature can build upon our experience with choice and make charter schools a reality. Public school teacher Al Jones said it best, "The charter school system will provide great support for experimentation and development of nontraditional methods of instruction. Where this variety exists, the potential for student success increases."

Ember Reichgott, DFL-New Hope, is a state senator representing District 46.

Starter homes seeking buyers

From Meeting the Region's Housing Needs in the 1990s, *Metropolitan Council, March 1991.*

(T)he aging of the "baby boomers" ...fueled the explosion of markets for apartments and starter homes in the 1970s and 80s. (The boomers were) followed by a much smaller group, the "baby-bust" generation. Rental vacancies have increased to levels not considered healthy for the market. Now, as baby boomers want to sell their starter homes for larger ones, buyers for starter homes aren't as plentiful. These trends will grow in the 90s...

At the same time these market forces are occurring, certain kinds of housing needs continue to grow. (There is) a growing need for affordable housing and housing connected to a variety of support services...

- The state and federal governments need to increase their commitment to housing for people with low incomes in the form of both program appropriations and tax benefits.

The state should expand the existing housing trust fund, which helps provide housing for very low-income people...(using) state income taxes, unanticipated lottery proceeds and a 2 percent sporting and special-events tax...

- The task force developed a (policy framework) to guide the delivery of housing and the implementation of neighborhood plans (including): Maximize existing funding and resources...Existing programs need to be examined critically to determine whether they can be structured more efficiently...Use rehabilitation, maintenance and adaptation of the existing housing as the principal methods to meet regional housing needs...

- A comprehensive planning strategy that involves all government levels and the public and private sectors is necessary because of the strong economic interrelationship of various housing markets in the region.

State pay council backs freeze for officials

Keeping Up

Spring blossoms decorating the Minnesota public-policy roadside.

The Minnesota Compensation Council recommended a pay freeze for the Legislature and top elected state officials.

The House and Senate each passed a workers compensation bill that would produce an estimated 12 percent cut in the cost. The bills were slightly different.

The Senate passed a bill raising taxes $255 million through an increase in income taxes for those earning more than $100,000 and taxes on cigarettes and other tobacco products. The House plan would raise $690 million in new taxes in order to provide more property-tax relief.

A transportation tax package emerged in the Senate that would cost motorists $52 million a year and would include 3 more cents a gallon on the gasoline tax and extend the sales tax to automotive repairs.

The Revenue Department said the $13 million set aside to assist property owners who received property-tax increases of more than 10 percent this year will not be enough. The figure will be closer to $29 million.

The Metropolitan Airports Commission refrained from approving the state's bid to get the Northwest Airlines Airbus and 757 maintenance base for Duluth on grounds the debt could fall on the taxpayers of the Twin Cities and because some commissioners want the base for the Twin Cities.

Members of the Minnesota Education Association and Minnesota Federation of Teachers in the Rosemount-Apple Valley-Eagan schools were talking merger by the 1992 school year.

The Environmental Quality Board did not acquiesce to a proposal from environmentalists and some sawmill and resort owners to impose a moratorium on pulp-mill expansions until a statewide forestry study is completed. **The EQB** staff put forth a report saying Northern States Power Co. could shut down its Prairie Island nuclear plant if it spent $150 million on energy conservation.

First-year sales for the Minnesota Lottery hit an estimated $332 million, more more than $100 per adult resident.

The State Senate killed, 36 to 30, a bill to loosen the law that requires pregnant teenagers to notify both parents before having abortions. The vote was seen as an end to this year's legislative abortion debate.

Golden Valley Microwave Foods, Inc., Edina, will be acquired by ConAgra, Inc., Omaha, in a $500 million stock exchange, if the deal is approved by shareholders. **Boise Cascade** Corp. announced a $23 million expansion facility in International Falls.

Plans were announced for a discount mall with more than 200 tenants, including eight to 12 anchors, at the interchange of I-494 and Lafayette Freeway in Inver Grove Heights, just nine miles from the Bloomington Mall of America. **Norman Green,** owner of the North Stars hockey team, said he will build a shopping mall around the Met Center arena where the team plays and near the Mall of America. **St. Peter** City Council voted against adding more money to a proposed major discount store for downtown, virtually killing the project.

Monticello School District voters approved a $9 million bond issue for a new elementary school. **Milaca School** District residents voted for a $6.9 million bond issue.

Voters in Le Sueur and Henderson approved a plan to combine school districts. **Fergus Falls** School Board approved sharing administrative duties with the Rothsay School District. **Clarkfield School Board** will reconsider its decision against combining with the Granite Falls District.

Albert Lea and Mankato School Boards voted to develop a sharing agreement between their technical colleges.

In an election conducted by mail, Chippewa County residents approved spending $1.5 million of reserve funds on a hospital expansion.

Federal Aviation Administration urged Koochiching County to close and relocate its landfill, now located near the Falls International Airport.

St. Cloud City Council passed a volume-based garbage pickup plan to encourage recycling. **Minnesota Pollution** Control Agency cited the Fergus Falls city garbage incinerator for violating pollution-control laws. **Perham** officials agreed with the operators of the Quadrant garbage incinerator to suspend medical-waste incineration.

St. Louis County Board voted to establish a new law-enforcement center in Hibbing.

Metropolitan-Mount Sinai Hospital in Minneapolis said its phaseout of medical and surgical services will occur over the next two or three years.

Rice Memorial Hospital in Willmar reported a $560,000 profit in the first quarter of this year. **Facing financial** difficulties at the Mountain Lake hospital, the city council received resignations from the city's utility board, hospital board and the town's two doctors.

A coalition set up to stop the abandonment of 100 miles of railway south of Fergus Falls will appeal a ruling of the Interstate Commerce Commission to forgo ordering the Otter Tail Valley Railroad to continue operations.

Marge Anderson was appointed chief executive of the Mille Lacs Chippewa band, the first female in that post for the six bands of the Minnesota Chippewa Tribe.

Robert Steenson was named editor of the *Fairmont Sentinel* newspaper.

Olmsted County Board approved a policy to allow employee drug testing.

A group of Brooten area residents is giving away 34 lots adjacent to a new golf course to people willing to come in and build homes within 12 months.

Good marks for investment board

From State Investment Performance, *Office of the Legislative Auditor, April 1991.*

In Minnesota, the State Board of Investment (SBI) is responsible for investing the assets of the statewide public pension funds and various state government funds and accounts. At the end of fiscal year 1990, the market value of SBI's portfolio was $16.3 billion...

In general, we found that the board and its staff, along with the Investment Advisory Council, have done a good job in fulfilling their statutory and fiduciary responsibilities...

The overall rate of return for Minnesota's two retirement funds has been below that of a majority of other public and private pension funds...There are two reasons for Minnesota's lower rate of return. First, statutory constraints on the Post Retirement Fund, along with SBI's desire to grant at least a 3 percent benefit increase each year, have resulted in Minnesota's funds holding fewer stocks than most pension funds...

Second, Minnesota's pension funds had lower stock performance than most other pension funds...SBI's lower than average stock performance has resulted primarily because the Basic Fund's stock portfolio has been more reliant on small, growth-oriented stocks than stock market indices and other pension funds...

We recommend that the Legislature should examine alternative methods for determining post-retirement benefit increases...The current benefit increase formula should be replaced with one that (1.) permits SBI to modestly increase the allocation to stocks in the retirement funds, and (2.) provides retirees with an annual increase which is more sensitive to the inflation rate...

MFIP

Continued from Page 1

ty increased from 15.7 percent to (percent. That's a scandal.

Yet for quite some time now, government "help" has only compounded the problem. Our welfare system has not responded to the changing needs of families and has instead set up barriers that discourage work, rather than encouraging economic self-sufficiency.

Minnesota has an opportunity to change all that.

The Legislature is considering a pilot project that, if successful, could lead to sweeping reform of the welfare system. "Sweeping" is the key word. No more tinkering with a system that is clearly inadequate. Aid to Families with Dependent Children (AFDC), Family General Assistance and Food Stamps would be replaced by the Minnesota Family Investment Plan (MFIP)—a more efficient, user-friendly system that will support people as they make the transition to the work world.

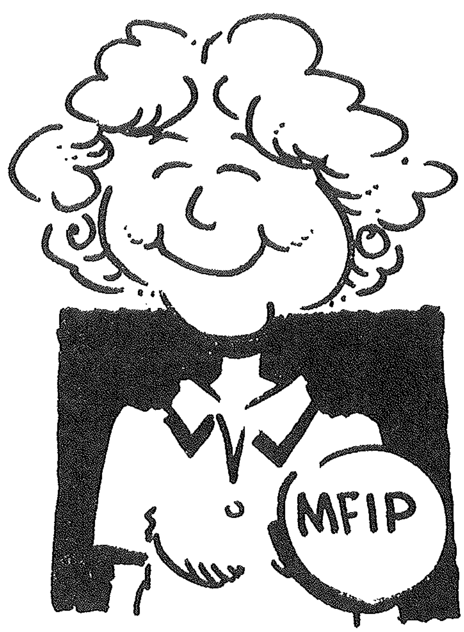
MFIP would restore a sense of ...s to the welfare system by:

- Rewarding work. Under MFIP, taking a job would always be more profitable than not working.

- Requiring accountability. Support services such as child care would be provided. In return, recipients would work toward self-sufficiency; benefits would be reduced if they didn't.

- Helping families stay together. When I say "families," I'm not just talking about Mom, Dad and two kids all living in the same house. I mean families as they are today—people who have a relationship with a child and should be responsible for that child. Rules in the current system sometimes discourage family unity by providing greater economic rewards to single parents than to couples. MFIP, on the other hand, would give young men a greater opportunity to live up to their responsibilities.

Gov. Arne Carlson has asked the Legislature to fund two five-year field trials that would assess MFIP's effectiveness. Cost is expected to be $700,000 in 1992 and $2.6 million in 1993, when field trials would begin. MFIP is projected to cost $9.7 million in 1994, $9.4 million in 1995, $7.8 million in 1996, $6.8 million in 1997 and $5.2 million in 1998.



Four goals have shaped MFIP through its development:

Goal 1: Simplification of the welfare system. Families seeking public assistance will encounter only one program and one set of rules. MFIP shifts the focus from red tape and paperwork to helping clients achieve self-sufficiency.

Goal 2: Support of families moving toward self-sufficiency. MFIP has two ways to make sure work is rewarded: It disregards 38 percent of gross earned income and has a two-tier payment system—the *transitional* standard and the *family wage* level.

The transitional standard is equal to the sum of AFDC plus the full value of Food Stamps and is the basic standard for participating families. The family wage level is equal to 120 percent of the transitional standard; only after earnings have raised family income to this level would earnings begin to reduce the amount of cash aid paid to the family.

With MFIP, an estimated 37 percent of AFDC recipients would be working; 26 percent would be pursuing activities that would lead to self-support, such as education. Currently, only 14 percent of AFDC recipients are in the paid workforce; 18 percent are pursuing self-support.

Goal 3: Prevent long-term dependency on welfare as a primary source of family income. Most families will use MFIP for short-term help. For those families who are long-term or potentially long-term users, case managers intervene to develop employability plans and binding agreements that will lead toward self-sufficiency.

Families headed by minor parents or by 18- or 19-year-olds who have not completed high school must develop an employability plan immediately upon entering MFIP.

Single-parent families are expected to develop an employability plan by their 25th month of MFIP participation.

Two-parent families are expected to develop an employability plan by their seventh month of assistance.

Families who don't develop an employability plan or who, without good cause, don't comply with the binding agreement, would have their grant reduced by 10 percent of the transitional standard.

Goal 4: Help families increase their income. More than three-quarters of MFIP families will see their incomes rise.

The greatest winners will be working families. An estimated 26 percent of families will gain income by going to work or increasing earnings from jobs they already have. Another 12 percent of families currently working will experience an increase in cash aid and the introduction of Medical Assistance.

Other families will receive a more modest increase in income resulting from the combination of AFDC and Food Stamp allowances.

Those four goals—along with input from community leaders, government officials and welfare recipients—shaped MFIP.

Broad agreement signaled the time for change, and bipartisan sentiment supports MFIP as the vehicle for that change. MFIP also has strong federal backing.

Moral support we have. It's money we need. MFIP is expensive. But I'm willing to argue that doing nothing is more expensive in terms of the negative effects on Minnesota families.

This was a difficult budget year at the Department of Human Services. Money for an unproven program such as MFIP might have been a logical target. Yet, when the broad spectrum of competing needs was weighed, MFIP remained a funding priority at DHS and with Gov. Carlson. We hope it will be a priority among legislators as well.

MFIP is not a short-term, razzle-dazzle program. It is truly an investment—one that will take time and commitment to realize its benefits. MFIP is not magic, either. Not everyone on welfare will become entirely self-supporting. But most will become working families, even if they need some public assistance to supplement their wages. That's one of the things I like best about MFIP. It puts dignity into a system that has offered only handouts.

It's no picnic being on AFDC. In Minnesota, benefits declined 30 percent in purchasing power between 1972 and 1989. Is it any wonder there is a long waiting list for Project STRIDE, our best effort yet at giving welfare recipients the help they need to get a job?

People want to get off welfare. Let's create a system that will give them that chance.

Natalie Haas Steffen was an Anoka County commissioner before being appointed commissioner of human services by Gov. Carlson in January.

Minnesota Journal

A publication of the Citizens League

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May 7, 1991

Less demand seen for new child-care spaces

by Tom Copeland

Once upon a time in Minnesota there was an almost overwhelming need for more child care for working parents. Those days are about to end. Hard to believe? Consider this:

- W[illegible]le the number of children ag[illegible]5 grew by 14 percent in the 1980s, this number will decline by 12 percent in the 1990s.

- In 2000, there will be fewer children ages 6-12 than in 1980.

- The 1980s witnessed an unprecedented growth rate of 247 percent in the number of licensed child-care spaces in the state. It is estimated that the state needs only a 25 percent growth in new, licensed spaces during the 1990s. That averages out to a mere 2.3 percent per year.

The estimate is based on assumptions of a projected decline in birth rates and a slow but steady rise in the percentage of children aged 0-12 enrolled in licensed programs (from 20 percent in 1990 to 25 percent in 2000.)

This projection need could be thrown off by several factors, including a higher birth rate, a large migration of new residents to the state or a higher percentage of parents choosing to use licensed child care instead of friends, relatives or neighbors. In addition, new federal child-care funding, if sustained over time, could raise the demand for child-care services by the working poor.

On the other side of the equation, any change in federal or state parental-leave policies that makes it more attractive for parents to stay at home longer with young children will help to reduce the demand for out-of-home child care.

Many find it difficult to imagine that we may soon have too much child care. But here are some signs that foreshadow this future:

- In a fall 1990 survey of more than 450 licensed family child-care providers in the metropolitan area, more than 32 percent of respondents reported that it took them more than three months to fill a space for a preschool (ages 2 1/2 to 5) child and 50 percent said it took more than one month to fill a space for a toddler (ages 13 months to 2 1/2 years). No figures are available to compare this with earlier years, but there is increasing anecdotal evidence that child-

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Pilot project could lead to major reform of state's welfare system

by Natalie Haas Steffen

"She's young and healthy, why doesn't she get a job and support her children instead of collecting welfare? And why didn't their dad live up to his responsibilities, rather than abandoning the family?"

You've probably heard that a dozen times—and you may even have wondered the same thing yourself. Work hard, we've been told, and eventually we will pull ourselves up by our bootstraps.

That's a nice image, but it's not always how the world works. Wages are often low, and the cost of child care is high. Most families rely on two incomes to make ends meet. But that option doesn't exist for the growing number of single-parent families. Instead, they often are pushed into long-term welfare dependency.

One result: More children are poor. The number of children living in poverty increased from 9.7 million in 1978 to 12.4 million in 1988. During that time, the rate of pover-

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Charter schools called natural extension of choice in education

by Ember Reichgott

In 1988, Minnesota became the first state in the country to adopt open enrollment for all its school districts. Under the legislation, students could access more educational choices. It is now our job as legislators to provide more *choices* for students to *access*. Learners do not all learn the same way.

The outcome-based charter-school proposal before the Legislature this year is a natural extension of Minnesota's commitment to choice in education. I became involved in the charter-school concept after learning about it at the

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SL Citizens League Matters

May 7, 1991 News for Citizens League Members

Welcome new members

- •Steve Bosacker
- •Steven J. Kluz
- •John Manahan
- •Sue Sandidge

Thank you recruiter

- •Dan Peterson

Thanks to renewing corporate (me)mbers

- •Juster's
- •KTCA-TV
- •Kraus-Anderson, Inc.
- •Leef Brothers, Inc.
- •Leonard, Street and Deinard
- •Lindquist and Vennum
- •Lutheran Brotherhood
- •MN Association of Realtors
- •MN Chamber of Commerce & Industry
- •MN Private College Council
- •MTI Distributing Co.
- •Mackall, Crounse and Moore
- •Maple Island, Inc.
- •Marsh & McLennan
- •McGladrey & Pullen
- •Medtronic Founda-
- •(M)erchant, Gould, Smith, Edell, Welter
- •Metropolitan Waste Control Commission

Marketing Committee pushes participation options

Committee plans to finish year by scrutinizing Matters

The League's Marketing and Communications Committee, chaired by **Carol Thacher**, will recommend to the Board that the League provide a continuum of activities to the membership when the next study committee begins.

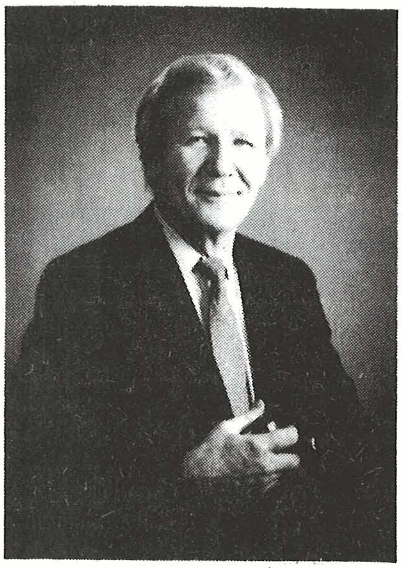
Buoyed in part by the success of the activities sponsored by the League in conjunction with last winter's study of the political party caucus system, the Marketing and Communications Committee will recommend that the League offer activities that require less commitment than an eight- to ten-month research committee. Some opportunities should require no more than reading a special newsletter. Some should require feedback from people but not involve leaving home. Others should require progressively more interaction and effort.

The committee wants to compare the reaction to these opportunities with the experiences of those who participated in the special activities associated with the caucus study. It will then decide whether these participation opportunities should become a regular part of the Citizens League program.

The committee will also recommend two information-gathering sessions wherein League members' opinions are solicited. One would help identify issues and would take place at the start of the study committee; the other would test reactions to the committee's conclusions and occur near the end of the committee.

As its final responsibility for the 1990-91 year, the Marketing and Communications Committee will examine how the League uses the *Matters* to communicate with its members. It will look at the content, format, scope and frequency of the newsletter, as well as how it fits in the League's overall communication strategies.

A tribute to League member David Graven



David Graven, longtime member of the Citizens League, died at his home on April 28. The League will miss him, his wit, insight, and exuberance. After joining the League in 1964, Graven helped shape the organization and lead it over several decades. He made invaluable contributions to the League, particularly during his term as president in 1986-87, and as a Board director on and off since 1965.

Graven served on League standing committees, including the Community Information Committee since 1980, and the Program Committee intermittently between 1975 and 1989. He chaired two study committees: One produced the report *Enlarging Our Capacity to Adapt: The Issues of the '80s*, a 1980 look at what issues would engage the public affairs community in the decade ahead. This report was critically important to defining the League's organizational strategies. The second analyzed "Commitment to Focus," the University of Minnesota's plan for improvement.

Graven participated on several other League studies, including ones on transportation, tax and finance, the Metropolitan Council, and judicial selection. He was an effective fundraiser and a generous donor in his own right.

Among his many memorable attributes was his savvy in cutting to the heart of complex issues.

The League expresses its sorrow and condolences to his family.

Final Mind-Openers to seek transportation answers

Breakfasts focus on I-35W and bus transit

In the final two breakfasts of this program year, on May 14 and 21, the Mind-Openers will highlight transportation issues that affect nearly everyone who travels through the center of the Twin Cities metropolitan area.

John Riley, commissioner of the Minnesota Department of Transportation (MnDOT), has been invited to discuss the plans for changing I-35W between the Minnesota River and downtown Minneapolis.

These issues affect nearly everyone who travels through the center of the Twin Cities.

Following its recent announcement that a plan proposed by a Minneapolis neighborhood group would create safety concerns, the department is proceeding with its review of adding additional lanes to I-35W. MnDOT said the plan would divert many motorists from the interstate onto local residential streets, creating too much traffic and safety problems. Riley has been asked to describe how the department plans to proceed.

Michael Christenson, the new chief administrator of the Metropolitan Transit Commission (MTC), will talk about his vision for the future of the MTC, particularly in light of current legislative sentiment on transit issues. The MTC is short of operating funds to run the buses. Although light rail transit is still on the table, regional or state funding for building LRT appears stalled.

Throughout the LRT planning process, the MTC has supported building LRT. But if LRT is not built, what changes or improvements can the bus riding public expect?

All Mind-Opener breakfasts are held at the Central Lutheran Church, 333 East 14th Street, Minneapolis from 7:30 to 8:30 a.m. Call 338-0791 to make your reservations.

Board election set for June

Citizens League members will vote to fill eight positions on the League Board of Directors in June. All members will receive a ballot with names and biographies of candidates running for the Board.

The nominating committee, headed by **Dan Peterson,** is now identifying and seeking candidates to nominate for the director positions. The nominees will be announced in the next *Matters*.

Members are reminded that they may nominate themselves for a director position by submitting a nomination petition. Citizens League bylaws allow members to submit a written petition containing twenty-five signatures of League members.

The petition and a picture must be in the League office by **Monday, May 13** to be included on the ballot.

Board members discuss ideas for future League study committees

Members of the League Board of Directors met informally on April 25 to discuss possible topics for future League studies. This meeting resulted from the strategic planning of a year ago that recommended involving the Board more in developing the ideas for League studies.

The meeting, led by **President Buzz Cummins** and **Program Committee Chair Jan Hively,** focused on themes for possible studies. One of these was how changes in governmental organization could improve the delivery of public services. A second was the difference in two approaches to public services: *bettering* peoples lives or *empowering* people to improve their lives through their own capacities.

The Program Committee will incorporate the ideas generated by Board members into its upcoming discussions, and plans to recommend a slate of study topics to the Board in June.

CL Calendar at a Glance: May 6 - 17, 1991

Monday	*Tuesday*	*Wednesday*	*Thursday*	*Friday*
6 **Program Committee,** 5:30-7:00 p.m., MN Department of Health, Minneapolis	7 **Mind Opener,** 7:30-8:30 a.m., Central Lutheran Church, Minneapolis	8	9	10 **Community Information Committee,** 7:30-9:00 a.m., Tay Do Restaurant, St. Paul
13 Members who wish to nominate themselves for a director position must submit a petition by today. See article above.	14 **Mind Opener,** 7:30-8:30 a.m., Central Lutheran Church, Minneapolis	15 **Executive Committee,** 7:30-9:00 a.m., Town & Country Club, St. Paul	16 **Marketing & Communications Committee,** 7:30-9:00 a.m., Thresher Square, Minneapolis	17