



Minnesota Journal

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A publication of the Citizens League

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Shift strategies to face new labor force, new economy, new opportunities in state

Second of two articles.

In the not-too-distant past, people might well have looked on today's tight labor market as something of a dream come true. Today's low unemployment and rising wages are enough by themselves to make most politicians sleep easy at night.

But changes in the labor force and the economy offer both pitfalls and opportunities for employers, workers, the Twin Cities region and the state as a whole.

This week, the Citizens League released a new policy report on the labor shortage, entitled *Help Wanted: More Opportunities Than People*, cochaired by Gary Cunning-

by Ronald A. Wirtz

ham of the Humphrey Institute and Steve Keefe of Honeywell. In its report the League outlines a number of strategies to help government, business and non-profits make the transition to a new labor force and a new economy, including recommendations relating to K-12 and higher education, work-life initiatives, immigration and specific obstacles—like health care, affordable housing, and transportation—that prevent disadvantaged workers from obtaining and retaining good jobs.

But the League's most important recommendations deal with

rethinking economic development—investing limited resources in high-value companies and high-paying jobs and in workforce development to improve overall productivity.

For the last 40 years, public policy has been fixated on creating jobs in an effort to absorb hundreds of thousands of people entering the labor force for the first time. But, as outlined in the article in last month's *Minnesota Journal*, the region and state can expect a significant slowdown in the growth of the labor force in the coming decades. Economic development efforts—both public and private—

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Expansion means new airport at current site

by Mark Hinds

"You have to expect some noise when you live by an airport."
"They knew the airport was there when they moved in."

These are some of the common responses to the plight of Richfield residents from people who live outside the south metro area or in Greater Minnesota. Although there is some truth to these statements, they do not provide a compelling case for inaction.

Yet, inaction is all the City of Richfield has received from the Metropolitan Airports Commission (MAC) and local Federal Aviation Administration (FAA) officials. The city has been asking the MAC and the FAA to mitigate the impacts of the proposed north/south runway since 1991. The MAC wants to place the new runway two blocks from residential homes built for returning World War II veterans. The best the Commission could do was to declare this new noise an unresolved impact in their Final Environmental Impact Statement.

The fact is that Richfield was here

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School districts need flexibility to change

"OK: You folks are serious about kids having to learn. So you'd better get equally serious about letting us create the kind of schools in which kids *do* learn."

That's the message coming to the state in '99 from leaders on the management side of Minnesota public education. "As you (legislators) sharpen your expectations of us you need to relax your prescriptions for us," is the way Don Helmstetter, superintendent in Spring

by Ted Kolderie

Lake Park, puts it. It is a logical response to recent legislation.

What the education associations long feared—and resisted—has happened. The state has put in a set of tests given uniformly statewide with scores published and compared. Students who do not at some point pass the eighth grade Basic Skills Test will not get a diploma and, inescapably, where

kids do not pass, there will be consequences also for the adults.

Helmstetter, president of the state superintendents' association (MASA) in 1997-98, is leading a reform initiative that also includes Superintendents Tom Nelson in Buffalo and Jim Walker in North Branch. The three of them went public November 2 at a Citizens League Mind-Opener meeting in St. Paul. (See box on page 7.)

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Minnesota: Land of more opportunities than people

You can see symptoms of it everywhere. "Help Wanted" signs are bigger and outnumber "Now Open" signs. A single staff member serves two lines of customers in two food counters in shopping malls. Sunday papers have 70 pages of help-wanted ads. Remember trying to get away from aggressive salespeople while shopping? Now you have to try just as hard to find salespeople to get any questions answered or even to pay for your selections. Is this just a sign of a hot economy that will fall away when the business cycle next turns?

What is going on is not a temporary phenomenon. We will experience a mounting labor shortage over the next two decades. To put some numbers around it, we will go from adding about 40,000 net workers to Minnesota's workforce each year during the peak in the 1970s to adding about 4,000 workers to the workforce starting in about 2010. That is a 90 percent reduction in net new workers entering the workforce.

And these labor shortage predictions assume that baby boomers will retire at the same age as their parents, although there are strong indications that many boomers can afford to and want to bail out early.

How did we get into this position?

First, the 67 million baby boomers are moving into a retirement track and the generation behind them is much smaller. Second, population growth has fallen dramatically, not only in the United States, but in every other developed country, as well.

What can we do? The bad news is that we have done most of the things that come to mind. Men, women and youth in Minnesota work at or near the highest national levels of participation. We will not really make a dent in the labor shortage, even if we add to the workforce all adults currently on welfare or persons with disabilities who are not yet working. There is, in short, only a small "reserve labor pool" of people of working age outside the paid labor force.

We need to get more aggressive in the state in moving up the "value-added economic food chain" in key ways. This is the essential punch line of the new report released by the Citizens League on Nov. 11, *Help Wanted: More Opportunities Than People*. We need to shift the focus of economic development from real estate deals and job cre-

Viewpoint

by Lyle Wray

ation to more investments in productivity gains. The *Economist* magazine recently reported that we in the United States have less than a quarter of the industrial robots per worker of the world leaders. This kind of investment will be crucial as we move to an ever tighter labor market.

But one of the major shifts in investment is in improving the skills of the workforce—both existing workers and those coming into the workforce. Tens of billions of dollars a year each are spent by the public sector and the private sector on postsecondary training and education. While there are many laudable programs—we in Minnesota are after all the land of 10,000 pilot programs—we must make sure public investment in these programs meets employer and employee needs in a convenient, timely and quality manner.

In the "new world economy," given our location and relatively high costs, our workforce must be among the best for us to do well into the future. Aggressive pursuit of vouchers for worker training, putting some postsecondary fund-

ing into private-public partnerships around industry clusters and paying for results in training programs are but some of the key moves.

We also need to recruit and hang onto high- and lower-skilled workers in the state. The idea of removing higher out-of-state tuition in strategically important skill sectors is important—similar to the Georgia HOPE program, which gives high school graduates who earn good grades two years of free tuition in the state's postsecondary system. We must remove barriers for workers with disabilities who want to work and get rid of tax penalties on older people working beyond retirement age. In general, all employers—public, private and nonprofit—must get more flexible to keep workers on the job.

The late Governor Rudy Perpich spoke of Minnesota as the "brain-power state." He had it exactly right on this score. We need to put in place a mindset that we need to move up that economic food chain and not leave anyone behind. In the past, this was a nice thing to do. For our future, it is now a "must do."

Lyle Wray is executive director of the Citizens League.

Editors want fix to broken party endorsement system

On Balance

Now is the time for all good men/women to come to the aid of their party.

citizens and take advantage of new technology to invite participation. **Red Wing Republican Eagle** asked (Sept. 25) whether the precinct caucus system, culminating with the state endorsement conventions, has outlived its usefulness. **St. Cloud Times** said (Sept. 18) primaries are held too late in the election cycle. The paper suggested a June 25 primary, starting with the 2000 election cycle.

Fergus Falls Daily Journal said (Sept. 23) Fergus Falls voters should support a 1/2 percent local sales tax to finance a convention center, conference center and parks and recreation improvements. **Republican Eagle** said (Oct. 6) a local sales tax is "an attractive and relatively easy way to shift the burden for special projects from hometown residents to out-of-town shop-

Mankato Free Press said (Sept. 25) said the process of party endorsement has "deteriorated," extremists often controlling party endorsements and candidates realizing they can take their campaigns directly to the people via advertising and the media. "The downward spiral of the parties has become so great that voters...now completely ignore the party and its endorsed candidates..." [T]he party-endorsement system probably isn't going to be fixed. In practice, the endorsement system is already nonexistent because voters pay no attention to it. It's too bad, but we're already operating under a primary system." **Bemidji Pioneer** said (Sept. 17), "It's obvious that voters, by and large, will pay no attention to the party's wishes and vote for what they want...Minnesota is one of only 10 states that has an endorsement process and it needs change."

Star Tribune said (Sept. 18) the current endorsement system is "bloodied and broken." It said Republicans and DFLers should examine anew the ideas advanced three years ago by a bipartisan commission headed by Secretary of State Joan Growe: move the primary to June, endorse more than one candidate per office at party conventions, give those candidates easy access to the primary ballot, while making it tough for candidates who spurn the party to run, make participation less time-consuming and complicated for

The Minnesota Journal

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Clarification and correction

Following the production of the Oct. 13 *Minnesota Journal*, we discovered that incorrect information on average-value homes for some communities in Hennepin County appears to have been supplied to the state Revenue Department, our data source for the property tax analysis reported in the *Journal*. It appears that some homesteads may have been double-counted in certain communities, resulting in our calculations showing average values for homesteads in those communities lower than they should be. However, no data is currently available to correct the error.

This data error does *not* affect the \$115,000 home analysis for Hennepin or any other counties or any of the *rankings* discussed in the article. It does not affect the average-home calculations in any counties besides Hennepin and it has no effect on any of the nonmetro calculations.

The error does not affect the overall trends and conclusions discussed in the article. It does, however, mean that the best we can say about the average decrease in taxes on average-value homesteads in the metro communities is that it

likely falls somewhere in the range of \$70 to \$90. The error could make a significant difference in five communities—Edina, Excelsior, Medina, Orono and St. Anthony—which showed declines in average-value home values this year in our calculations. We urge caution in the use of the average-value data for those communities.

In addition to these data difficulties, we discovered a rather minor error in our calculation of the taxes on average-value homes in the metro area. The error, in the calculation of the education homestead credit, means that all of the average-value taxes and percentage changes we reported in the Oct. 13 *Minnesota Journal* are incorrect for the metro area. This affects data in two columns of Table 1 ("Taxes on Homes in 108 Metropolitan Communities") in the *Journal* article—the average-value tax and the percentage change in average-value tax from 1997 to 1998. It does *not* affect any of the nonmetro data, nor any of the calculations on the comparison of taxes on the \$115,000 metro-area home.

The error in the average taxes ranges from \$59 too high in Chan-

board because of transportation and budget concerns. **Duluth news-Tribune** said (Sept. 18) charter schools "should be accepted as here to stay, but opponents still fight them." It said charter school organizers must have somewhere to appeal those decisions, which now can be done at the state board of education. When the Legislature abolishes the board, officials should assure that the charter school appeal process is shifted to some component of the state Department of Children, Families and Learning. **Free Press** chided (Sept. 23) the Mankato school board for its skittishness in dealing with a proposal for a K-12 charter school, after rejecting a proposal for a K-6 charter school last spring.

St. Cloud Times said (Sept. 25) we must begin to plan for a coming wave of teacher retirements: more than one-third of St. Cloud teachers nearly one in five teachers statewide will be eligible to retire within five years.

hassen to \$82 too low in Brooklyn Center. The error does not affect any of the major conclusions reported in the Oct. 13 article on the property tax survey, but does make several small differences.

- The average tax on the average-value homesteads is actually \$2,123, only one dollar less than the \$2,124 reported in the article.

- The corrected calculations show that average-value home taxes actually went up between 1997 and 1998 in 25 metro communities (rather than the 23 originally reported), stayed the same in one and went down in the other 82. And property-tax bills for owners of average-value homes actually went down by 10 percent or more in 12 of the metro communities (rather than the 14 originally reported).

We apologize for the error. A corrected version of Table 1 is available online at www.citizensleague.net or from the Citizens League office at 612-338-0791. (Of course, this corrected version corrects only for our calculation error and not for the data problems discussed above.)

Business involvement spurs affordable housing gains

Edited excerpts of remarks by Steve Cramer, executive director, Project for Pride in Living, to the Citizens League on Oct. 6.

What are some of the examples of things my organization, PPL, has been involved in where there is direct business involvement?

One of the largest areas for business involvement, both in this region and nationwide, is as an investor in what by default has become the nation's main policy to support affordable housing, the low-income housing tax credit. There are a number of businesses, either as a direct investor or by participating in an intermediate organization like the National Equity Fund, who, in essence, become an equity partner in affordable housing projects. This is a very active pro-

gram here in the Twin Cities and across Minnesota—one of the ways to get at truly affordable housing.

A second example is a project in the Phillips neighborhood called Neighbors Helping Neighbors. It is something that Abbott Northwestern hospital has been operating since 1991. They have provided a down payment assistance grant to people who will buy homes in a defined geography around that hospital. Today, that grant can be as much as \$6,500 for an Allina employee and \$5,000 for a nonemployee. Since 1991, almost a hundred homeowners have been assisted through that project.

A third example of something we are involved in is the HOMS initiative—Home Owners Minneapolis Southside. The project is sponsored

by Honeywell. The idea is to go into poor South Minneapolis neighborhoods—Phillips, Central, Whittier, Powderhorn—and create 150 new, affordable ownership opportunities over a five-year period.

We have almost 100 projects underway in these four neighborhoods—25 have been completed and are occupied. The average income for this project is \$26,000 and we've actually reached people as low as \$11,000, because some of these have been Habitat for Humanity houses.

Fourth, I want to talk about the Phillips partnership that we have been the most involved in over the last couple of years.

The project that is underway now is called Portland Place—a compre-

hensive redevelopment of two blocks. Our goal is to redevelop these two blocks into a mixed-income, ownership community, including eight units constructed by Habitat for Humanity for a very low-income buyer population, but also units that really push the market in this neighborhood. Honeywell has really been the main force behind this project.

In the other eight blocks, the ball shifts over to the Allina and Abbott-Northwestern court. Their thrust is a little bit different—to preserve and improve what already exists, including the affordable rental housing in this area. Our challenge here is to take buildings that have really been exhausted and give them new life.

Airport

Continued from page 1

before the airport. Aerial photos from 1957 show New Ford Town, Rich Acres (both since bought out by MAC) and the neighborhoods on the west side of Cedar as fully developed communities. These same photos show the airport without the main terminal, without the Hubert H. Humphrey terminal, without the current runway system and with only a few small planes on the field.

In 1946, the airport eventually to be known as Minneapolis/Saint Paul International Airport (MSP) averaged 84 flights a day. This compares to an estimated average of 1,800 flights a day planned by MAC by 2010. The difference between the amount of noise produced by the older prop-driven planes and the newer jumbo jets has been likened to the difference between a child riding a bike on the street and a train running through your front yard.

In 1986, the Minnesota Legislature initiated the Dual Track Process. This process was designed to study whether a new airport should be built in Dakota County or whether MSP should be expanded. This was the third time in the last 50 years the Legislature has studied whether or not to move the airport. The Legislature ended the Dual Track Process in 1996, with the conclusion that MSP should be expanded at its current site. This decision did not avoid building a new airport, it just mandated that a new airport be built in the heart of the Twin Cities. The result was MAC's 2010 expansion plan, which includes all

of the elements of a new airport:

- A new ground transportation center and a new international arrivals facility, both already completed.
- A parking ramp expansion that will add some 6,000 additional parking spaces.
- At least one stop on the planned light-rail system.
- A renovation of the main terminal concession facilities that will make the airport look more like a Mall of America Too, than an airport terminal.

“MSP has consistently doubled the number of aircraft operations it handles every 10 to 15 years—in essence, providing the metro area with several new airports over its history.”

- A people mover from the ever-expanding Green Concourse to the Gold Concourse.
- A new Humphrey Charter Terminal with six gates and room for 13 more.
- A new north/south runway parallel to the east side of Richfield. The new runway will include new cargo facilities, new taxiways and, by 2010, an estimated 100,000 plus aircraft operations a year. However, the new runway's most important contribution is that it will produce enough low-frequency noise to literally shake 3,000 residents out of their homes.

All in all, MAC's expansion plan will cost around \$1.7 billion dollars, as MAC Chairman Pierson Grieve stated at a recent commission meeting.

MAC has always expanded its airports at the expense of nearby neighborhoods. In 1947, MSP consisted of 614 acres; today MSP has slightly over 3,000 acres. As the airport continues to expand, it is anyone's guess where MAC will acquire the additional land needed for expansion.

Throughout its history MSP has consistently doubled the number of aircraft operations it handles every 10 to 15 years—in essence, provid-

ing the metro area with several new airports over its history. MAC has continued expanding the airport, in spite of study after study stating that MSP will exceed its capacity within the next 10 years.

So, yes, there was an airport here when the residents of Richfield moved in. No, it was not the same airport that is here today. And with expansion it will definitely not be the same airport tomorrow that it is today. This does not mean that Richfield is against expanding the airport. On the contrary, the city understands the importance of the airport to Minnesota's economy and the reasoning behind expanding the airport.

All that Richfield has been asking for is that MAC be a good neighbor and that the Legislature—the body who mandated the expansion of MSP—be responsible and mitigate the impacts of the expansion. This is really a disagreement over whether having residential neighborhoods located two blocks from a runway is a compatible land use.

During this process Richfield has been forced to do the work that the MAC and the FAA should have been doing, studying the environmental impacts of the new north/south runway. These studies,

conducted by a nationally recognized noise expert, have shown that the city stands to have 13 percent of its housing stock made uninhabitable because of low-frequency noise. Low-frequency noise is a low rumbling sound caused by take-offs, landings, and run-ups for engine maintenance. Overall, through airport expansion Richfield stands to lose over 4,000 residents, 500 of whom are school children.

In response to these reports, the city has prepared a mitigation plan, believing that on such a vital livability issue the community is better off being prepared, rather than just arguing with MAC about who is responsible. The city's mitigation plan calls for redeveloping the area west of Cedar with airport-compatible structures, understanding that as the airport changes, so must the communities surrounding it. Richfield's planning commission developed this mitigation plan after hosting a series of community meetings last spring.

The mitigation plan calls for wood-framed, single-family housing to be replaced by a mixture of high-density office, commercial and multi-family residential buildings. The buildings would be constructed at a cost of about five percent over standard building costs—to withstand the low-frequency noise impacts of the new runway. Studies have shown that buildings made of bricks and concrete do a better job of absorbing the sound energy emitted from aircraft operations than do 50 year-old wood-framed houses. Richfield's mitigation plan has been carefully designed to try to hold Richfield's population and tax base at current levels.

This plan is not cheap. It will cost an estimated \$330 million to redevelop this area. Although this figure does not include the money developers would be willing to pay for the land once it is acquired, what other choice does the city have?

The most important thing Richfield's mitigation plan does is to provide stability to a community that has been and will be located next to whatever airport MAC decides to build at MSP, today and into the future.

Mark Hinds is the special projects aide for the City of Richfield on airport issues.

Labor

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must, therefore, shift their focus away from job creation to improving the productivity of workers and companies.

The region and state now have the enviable task of moving existing and future jobs to higher levels of productivity and pay. But this isn't just icing on the cake. We must take these steps or face the very real threat of stagnant productivity in the region. With a slow-growing workforce, there are fewer new workers to grow the economy. As a result, economic growth in the state and region—along with our standard of living—will depend on getting proportionately more productivity from tomorrow's workforce.

Public and private economic development efforts, then, should expressly target growth of high-skill, high-paying jobs and focus resources on workforce development that gives workers the necessary skills to be productive in these jobs.

Use industry cluster approach
One strategy is to move to an “industry cluster” approach for economic development. Industry clusters are groups of interdependent firms operating in related lines of business. Successful industry clusters in the Twin Cities region include computers and software, printing and publishing, financial services, medical devices and machinery and metalwork—each of which offers higher than average wages and strong wage growth over the last six years. (See accompanying tables.)

AVERAGE JOB GROWTH		
Twin Cities Cluster	Total Growth 1992-97	% Growth 1992-97
Computer/Software	15,126	23%
Medical Devices	4,580	32
Financial Services	12,235	12
Machinery/ Metalwork	7,957	14
Printing/Publishing	2,642	7
Clusters total	42,542	23%
Twin Cities (all jobs)	185,854	14%

Source: Department of Economic Security

The value of an industry cluster lies in the ability of government to target limited resources to high-value, high-growth industries and, thus, to the creation of high-skill, high-paying jobs.

Critics of the cluster approach argue that it puts government in the position of picking “winners and losers.” But traditional economic development routinely picks winners and losers by virtue of giving subsidies directly to individual businesses in a wide variety of fields, often with little thought to the broader, long-term benefit of such investments.

“Public and private economic development efforts should expressly target growth of high-skill, high-paying jobs and focus resources on workforce development that gives workers the necessary skills to be productive in these jobs.”

A cluster approach to economic development broadens the focus of public investment from individual businesses to a portfolio of related businesses and leverages resources to build the collective and individual competitive advantage of regional businesses in today's global markets. Such a strategy opens up new investment vehicles—training partnerships or upgraded technology infrastructure—that benefit many businesses, instead of a select few, and is critical for small and medium-sized companies, who are responsible for much economic activity, but often lack the capital necessary for growth.

Several states are implementing the cluster approach more aggressively, including Oregon and Connecticut. Tucson and Northeast Ohio have adopted region-specific cluster strategies and California has established a regional cluster approach in each of its major metro areas.

AVERAGE WAGE COMPARISON			
Twin Cities Cluster	Average 1997 wages	% over ave. TC wages	Wage increase 1992-97
Computer/Software	\$50,473	48%	25%
Medical Devices	49,445	45	32
Financial Services	47,413	39	29
Machinery/ Metalwork	42,215	23	19
Printing/Publishing	38,030	11	30
Twin Cities average	\$34,194	—	20%

Source: Department of Economic Security

For its part, the Minnesota Department of Trade and Economic Development (DTED) has used the

subsidies for economic development might or might not include physical plant improvements, but more often than not, should include technology (bringing more good-paying jobs, to boot).

Develop workforce skills
Any attempt to expand high-paying jobs is futile without addressing the skills of the workforce, because worker skills are key to improving productivity.

Although awareness is growing in both the K-12 and higher education systems of the importance of worker training, the League notes in its report that there is much room for improvement and offers some next-step suggestions. However, given that the League released an entire report last year on the topic of K-12 outcomes, the new report puts more emphasis on training programs for low-skill and dislocated workers that, as a system, are not serving workers or employers very well.

Today's workforce development system is widely criticized as fragmented and insufficient at providing workers—existing workers, displaced or underemployed workers and future workers—with marketable skills. With employers scrambling for anything resembling skilled workers, there is little excuse for low placement, poor retention and slow advancement rates for graduates of any training program, whether they be job-readiness programs targeting disadvantaged populations or customized training programs at vocational and technical schools.

The federal Workforce Investment Act (WIA), passed in August, offers the state an unprecedented opportunity to remake its training

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“See all those lights and high buildings? ...That's Minneapolis and St. Paul... Now see that town with a bubble-dome over it sitting in the middle of all those runways? That's Richfield!”



Labor

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programs for this population. The labor shortage provides a good test ground to see what programs truly work for employers and workers alike.

The WIA consolidates the morass

of 100-plus federal programs into three block grant programs, giving states considerable flexibility and authority regarding spending and program design. With this new control and authority, the state now has a prime opportunity to introduce more competition and put "performance teeth" into the work-training system.

Specifically, the League says the

"Yes sir, I am the new person in charge of data processing. I look familiar to you because I used to be your janitor..."



Education

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Their initiative has significant political implications. Reform Party Governor-elect Jesse Ventura says he wants to reduce taxes, reduce the scope of government as regulator, strengthen local decision-making and have the best public schools in America. If so, the superintendents' initiative is logically his reform.

Basically, the superintendents are asking the Legislature to provide an adequate system. Under current rules, they say, districts cannot change learning programs quickly enough to help kids not doing well and cannot protect revenue for program and class size against the demands of the salary settlement.

"Adequate"—the hot word in education policy these days—means money to many people. Saint Paul's "adequacy" lawsuit against the state is clearly about money. And MASA and MSBA (the school boards association) have Augenblick and Myers, big-time

education-finance consultants, trying to determine how much more it will cost to educate a child to meet state graduation standards.

But the lawsuits brought in Minneapolis by the NAACP and by groups of black and Hmong parents are probably not about money. This isn't the tobacco litigation, where the plaintiffs get the money. The parents wouldn't get the

state should put programs at risk for funding. Performance data must be collected and published to allow the state, employers and the philanthropic community to fund or patronize only those programs that actually produce good outcomes.

The League also points out that jobs and skill training for low-skill workers are wrongly seen as mutually exclusive. For people with no work experience, the most fundamental skills are those that can only be learned on the job. Initial training for these workers often involves searching for and obtaining jobs, along with "soft" skill training (e.g., promptness, proper attire, relationships with coworkers and supervisors).

Additional skill development for these workers is critical, but training programs often lose contact with trainees after they are placed in a job. This often leaves low-skill workers in jobs with few career ladders or opportunities for better paying jobs in the future.

the Minneapolis Urban League demanded of the board of education "Where did all that money go?" Ventura echoed that complaint, especially about class size.

A big part of the answer, MASA said in 1992, is that districts cannot control their costs. Boards, unwilling to take a strike they feel they cannot win, routinely overspend the increase the Legislature votes

"The state really has no alternative. Having said kids must learn, it now cannot deny the districts the freedom to create schools different enough to ensure learning happens."

money: The district would get the money.

And that's the complaint: The city districts, especially, have been getting the money, lots of it, and still way too many kids haven't been learning. This was Gary Sudduth's complaint in April 1997 after the release of the results of the Basic Skills Tests. The late president of

them. Superintendents then reallocate money to compensation, raising class size and trimming program to fit.

Rep. Becky Kelso (DFL-Shakopee), outgoing chair of the House Education Committee, criticizes boards for not standing up for the public's interest as aggressively as the unions work for their mem-

Training programs for low-skill workers must be redesigned and melded with the workplace, combining short-term "work readiness" training with long-term support for skills development to satisfy both immediate needs for self-sufficiency and long-term prospects for self-improvement.

Without better outcomes in economic and workforce development, the labor shortage will jeopardize the region's standard of living. But proper action by business, government and nonprofits can turn this problem into an advantage for employers and workers alike.

Ronald A. Wirtz is a research associate with the Citizens League and staffed the committee that produced the report, *Help Wanted: More Opportunities Than People*. Copies of the report are available at no charge to League members and for \$10 to nonmembers by calling 338-0791.

bers' interest. Boards say it's legislators' fault for not financing them "adequately." But what is the concept of filling a bucket that has a hole in the bottom?

Clearly there's more to "adequacy" than money. You know this every time people talk about the bad things that ought to be stopped and the good things that ought to be done; nobody disagrees with any of it, and everybody has heard it all before.

If good people who want to help kids know and agree on what should happen and it doesn't happen even with more money, there clearly is an 'X' factor the state needs to change.

For the reform superintendents the X-factor is the flexibility to change. Kids failing the tests probably do need a different kind of school, rather than simply more of what doesn't work for them now. This means fewer regulations, the freedom to buy-in programs and maybe a new approach to staffing and that applies the concept of licen-

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Education

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to programs, as well as to individuals. It also requires the dynamics of student choice and student-based financing.

In 1999 this management push for flexibility is likely to run head-on into the drive by the unions to get a bigger say for teachers in deciding what school is. They have long wanted to make "professional issues"—class size, teaching methods, assignments—a mandatory subject of bargaining.

This is now opposed fiercely by the MSBA. Its lobbyist, Bob Meeks, told the membership August 14 that if boards give up this last management right, they will have no role left.

Traditionally Democrats would be expected to side with the unions, which try always to preserve the status quo. They are the Democrats' contributing constituency. But the politics of education are changing. Increasingly, Democrats have to think about their voting constituency.

It is in the heart of the Democratic constituency (as Gallup polls for the Kappan magazine show) that support for choice, for example, is highest and rising rapidly: in big cities and rural areas, among people of average income, people who haven't gone beyond high school, people of color, public-school parents, people whose kids are not doing well, younger people, women.

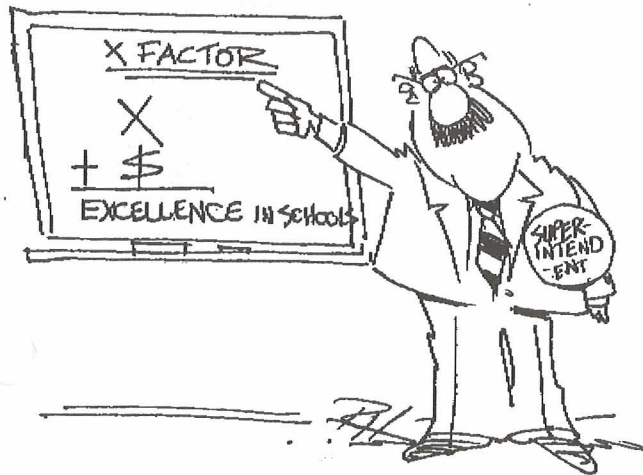
The nature of that—always central—issue of choice is changing, too. Advocates for the poor are stripping away the romantic rhetoric about "public education," insisting on the reality that *the district system is a choice system now*. People can send their kids wherever they want. Those with money do: They move. The poor cannot. This inequity, as it becomes clear, will also change the politics.

It is this constituency—denied choice—that has the biggest stake in change. The recent survey by Public Agenda makes it clear that among black parents a quality education comes first—ahead, even, of racial integration.

Beyond the politics of it: The state really has no alternative. Having said kids must learn, it now cannot deny the districts the freedom to create schools different enough to ensure learning happens.

With good will a deal can be struck on this. Unions want those professional roles for teachers. Boards will want to talk about the accountability teachers would give back in return. A constructive discussion should be possible.

Breaking out of the district public-utility arrangement in which teachers have to be employees and boards have to be employers does not "destroy public education." In the September issue of his magazine, the executive of the American Association of School Administrators, Paul Houston, was explicit about the distinction between the principles of public education and the institution of public school. Asked about it, he said:



A Minnesota agenda

● Treat all education institutions the same. Eliminate all the rules that exist in the public sector that are not regulating the private sector. It is time to risk deregulation. If there is to be true competition, the rules must be consistent for all.

● Embrace choice for parents and students. Public education must be able to compete for students by offering quality options for students and parents.

● Empower parents to direct their children's education revenue to the school of their choice, within a range of choice options in the public and private, nonsectarian schools.

● Accept rigorous standards and statewide testing. The state's role is to set high standards. It is the responsibility of the local school boards to ensure the standards are met.

● Establish a new order where staffing options are flexible and performance and risk-taking are rewarded. Meaningful change will not occur in the current model until traditional union and management relationships are transformed. Student-to-staff ratios must include more than the traditional teacher.

● The length of the school day and school year must be allowed to vary. Achievement must remain constant, but time must be used more flexibly.

● Encourage school boards to purchase or buy-in any of the district services, including instructional services, from an open market, driven by economics and demands for high-quality results.

● Promote technology as a means to deliver education meeting individual needs. Recognize the tremendous potential of technology to alter our notion that placebound instruction is the only option.

● Develop and support a variety of licensure options for programs, individuals and services. There is a need to provide greater flexibility in the delivery of programs and services, while assuring quality standards are met.

Presented to the Citizens League on Nov. 2 by Superintendents Don Helmstetter of Spring Lake Park, Tom Nelson of Buffalo and Jim Walker of North Branch.

"I'm now trying as hard as I can to explain to my people the difference between keeping the faith and preserving the church. If we hold to the principles of public education, it will be OK to change the church. The church is not the faith."

Robert Chase, president of the National Education Association, was asked at a dinner at Harvard University September 23 what "public" means in "public education."

"Paid for by the public", he said. "Accountable to the public. Open to the public." And that is all he said.

Ted Kolderie is contributing editor of the Minnesota Journal. The remaining speakers in the Citizens League Mind-Opener series on the role of school boards include Wendy Wustenberg, Farmington school board member, on Nov. 16, and Sen. Larry Pogemiller (DFL-Minneapolis), chair, Minnesota Senate K-12 Budget Division, on Nov. 23. Call the Citizens League at 612-338-0791 for more information.

Eliminating counties could leave cities unconnected

An article in the October issue of *Governing* magazine highlights an interesting trend in New England—the elimination of county governments. Connecticut did away with its county governments years ago, followed by Rhode Island and now Massachusetts. Plagued by inefficiency, waste and debt, people are electing to completely eliminate, rather than recreate, their county governments.

The article's author, however, argues that states without counties have cities without connections. For example, the cities of Bridgeport, Hartford and New Haven, Connecticut, have no counties to connect the affluent suburbs with the declining inner cities. The author suggests that complete elimination of county governments is not the answer—instead they must be transformed into regional entities to address the problems of sprawl, pollution and public transit plaguing metropolitan communities across the country.—*Kris Lyndon*.

Crunch this: Light-rail advocates have traditionally pooh-poohed the low-density argument here in the Twin Cities. But some statistics are (hopefully) hard to ignore.

For instance, a comparative study showed that urban densities in Canadian metropolitan cities are almost double those of American cities—26 people per hectare compared with 14 per hectare in a sample of 13 major U.S. cities. Transit made up nine percent of all motorized travel in Canadian cities, versus just three percent in U.S. cities. Similarly, Canadian city dwellers on average drove 40 percent fewer kilometers than their US counterparts.

Two information nuggets to overlay this scenario: Per capita transit ridership levels in Canada have plummeted almost 20 percent just since 1990 and the Twin Cities region is among the least dense of all metropolitan regions in the low-density United States.—*Ron Wirtz*.

In all the media fun about our new governor, the comment by former state Sen. Gene Merriam that Jesse Ventura will probably be able to “do what needs to be done” sounds quaintly old-fashioned. What is this about what needs to be done? Hey, it's a story!

Take Note

“We moderns are all too good at getting with record-breaking speed to where we don't want to be when we get there.”—H. Cleveland

The new notion of public affairs as Pop came through also in a wonderfully revealing comment by WCCO-TV personality Don Shelby on election night. Around the studio, he said, we advise each other: “Vote the story.”

Ah, civic journalism.—*Ted Kolderie*.

The labor shortage, part I: The new federal Workforce Investment Act has already been lauded as long overdue (see article on page 1), but here's a little piling on by the General Accounting Office about the Job Corps program, a federal training program aimed at addressing employment barriers faced by disadvantaged 16- to 24-year-olds.

In 1996, only 14 percent of program participants had completed all program requirements, according to a July GAO report. The Labor Department, which administers the program, also reported that 62 percent of participants found employment that matched the vocational training received in Job Corps—but the GAO noted that 41 percent of these placements were “questionable.”—*R.W.*

The demand for warm bodies, part II: A survey of metro businesses indicates that employers are eager to hire “good people” in the old-fashioned sense. Over 2,200 businesses responding to the survey said they had more than 28,000 full-time and part-time jobs available for welfare recipients. When asked to rank the relative importance of various skills, hard skills like math, science, speaking, writing and reading comprehension all ranked comparatively low. In contrast, soft skills—dependability, integrity, cooperation and initiative—were given significantly more value by employers.—*R.W.*

Anybody wondering what difference the standard-setting the state has unleashed on schools over the past few years has made might find the October issue of the Minneapolis Southwest High School parent newsletter of interest. This issue was clearly the most substantive

we've seen as parents now in our sixth year at the school.

The lead article by Principal Robert McCauley reported on progress toward goals established by the school's Leadership Council. One of those goals was to help students pass the state standards tests in reading and math or, at least, to show major improvement toward passing.

McCauley reported in frank terms on the outcomes of the basic skills testing for ninth, 10th and 11th graders. For example, he noted that 36 percent of the 204 ninth graders who took the reading test passed and 34 percent of the 202 ninth graders who took the math test passed—an improvement over the percentage of ninth graders who had passed the previous year.

We knew that a number of students took the skills tests last year and that the school had made a major effort to help kids pass—tutoring, contacting parents, setting aside an entire floor of the school as a quiet area for testing. But reading the newsletter article was the first time we learned that roughly half our son's freshman class last year entered the school without having passed the basic skills tests, either because they hadn't taken them or they had failed them as eighth graders. It was also the first time we learned the outcomes of the testing by grade level.

It's valuable stuff for a school community—staff, students and par-

ents—to know about itself. And that kind of self-reporting and self-testing wasn't happening before.

—*Dana Schroeder*.

Reducing class size is a popular idea. The public instinctively feels it'd help kids (though research shows other strategies are more effective in improving learning). Teachers would just as soon have fewer kids at a time, all other things being equal. Unions like the new jobs and dues-flow. Politicians are delighted with anything both parents and unions like.

But “class size” doesn't come up in the abstract: it comes up as a trade-off about money. For years, *given the choice*, teachers—at least in the metropolitan area—have been willing to accept larger classes in order to get higher salaries. The most conspicuous example was in the '91 bargaining round in Forest Lake, where the union told the board upfront it would sacrifice 31 teachers' jobs in order to generate the revenue to pay a raise to those more senior.

Where—as in Minneapolis—additional local taxes are conditionally known, class-size reduction and the board knows it's dead if it breaks the deal, the pressure to “cash out” class size for salaries can be resisted. But where it's the new revenue provided by the Legislature, the money is up for grabs. The union wants a raise for its members and the board wants to avoid a strike; shaving a little off class size is a tempting way to settle. Then blame the Legislature for the “cuts” and class sizes that result.—*T.K.*

Contributors to “Take Note” include Minnesota Journal and Citizens League staff members.

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PERIODICALS
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AT MINNEAPOLIS
MINNESOTA



Citizens League Matters

November 17, 1998

News for Citizens League Members

Welcome

New and returning members

Silvia Pratt Conger
Steve Cramer
Thomas Eggum
Tom Fulton
Greg Handberg
Mary Sue Hansen
Clell Hemphill
Luanne Koskinen
Rob Meysembourg
Tom Nelson
Clark Rieke
Michael Rivard
Amy Ryan
Jim Stanton
Virginia Sweatt
Steve Thomas
Imogene Treichel
John Tunheim
Bill Vanderwall
Jim Walker
Avisia Whiteman

Thank you recruiter:
Mary Ann McCoy

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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.

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

Board task force to select new study topic

In October, the Citizens League Board of Directors appointed a task force to consider and recommend potential topics for the next study committee. The task force's first meeting was Wednesday, November 11 and it is expected to meet two more times before the end of the year.

The task force will be chaired by past president **Mary Anderson**, and include Board members **John Adams, Marcia Avner, Scott Brener, Andy Brown, Bill Diaz, Jim Dorsey, Linda Ewen, Steve Keefe, David Olson, Randy Peterson, Orlan Thorbeck, Jane Vanderpoel, and Lee Pao Xiong.**

Citizens League members are invited to suggest topics to the task force by filling in the bottom portion of this page and mailing it to the League. Suggestions can

also be made by email to info@citizensleague.net.

"We would love to hear from League members who have ideas about what our next topic ought to be," said Anderson. "One of the criteria the League typically uses in selecting a topic is the likelihood that our members will be interested in serving on a committee examining that topic."

When selecting a topic, the League typically asks: 1) what issues does the community need to have addressed? 2) on what issues can the League make the biggest difference? and 3) in terms of "maturity" of an issue, where on the bell curve is this issue located?

Expatriate Canadian Lyle Wray is fond of the Wayne Gretzky hockey metaphor, "skate to where the puck will be." Similarly, the League tries to select topics

that anticipate problems and opportunities before they reach the apex of the curve.

Other formal criteria used to evaluate potential topics include level of importance to the community, urgency of finding a solution, prospect for implementation of recommendations, and whether or not the problem is capable of being resolved by reasoned debate.

Finally, the next topic will likely fall within the League's recent portfolio of issues: 1) urban issues; 2) economic and education issues; 3) tax and finance issues; and 4) public leadership.

The Board of Directors is expected to review the recommendations of the task force and approve the charge for the next study committee in the next few months. Recruitment of committee members will begin in early 1999.

What's Bothering You?

Thinking of good League study committee topics can be a formidable undertaking. Former League associate director Paul Gilje said that sometimes the best start is to just think of things that bother you; that identifies topics which leads to policy options which leads to issues. And issues lead to the next League study committee. So go ahead. Tell us what's bothering you. Fill out the form below and mail it to the League office or send us an email.

I think the next League study should be:

Name _____
Address _____
City, ST, Zip _____
email _____
daytime phone _____

Mail to Citizens League 708 South 3rd Street, #500, Minneapolis, MN 55415 or email info@citizensleague.net

MIND-OPENER POLICY FORUMS

Retrofitting Economic Development: From Labor Surplus to Shortage

The December Mind-Opener series will showcase the Citizens League's latest report on the labor shortage, *Help Wanted: More Opportunities Than People*.

Tuesday, December 1

STEVE KEEFE, GARY CUNNINGHAM

co-chairs, Citizens League study committee
Help Wanted: More Opportunities Than People

The remaining sessions will highlight the report's two major recommendations regarding economic development: that Minnesota adopt an **industry cluster** approach and that **workforce development** efforts must be improved to increase the productivity of the existing workforce.

Meetings in this series will be at the Holiday Inn Metrodome in Minneapolis from 7:30 - 8:30 a.m.

The Role of School Boards: Time for a New Lesson Plan?

Monday, November 23

SEN. LARRY POGEMILLER

(DFL-Mpls) Chair, Senate K-12 Budget Division

Meetings in this series are at the University Club of St. Paul, 420 Summit Avenue from 4:30 to 6:00 p.m.

Cost for Mind-Opener meetings is \$10 for League members and \$15 for non-members. For more information please call 338-0791. Audio tapes of Mind-Opener meetings are also available at a cost of \$8.

New League report released

The Citizens League released its latest report, *Help Wanted: More Opportunities Than People*, at a Capitol press conference on November 11.

Committee co-chairs **Gary Cunningham** and **Steve Keefe** and president **George Latimer** participated in the news conference.

League representatives have been busy making presenta-

tions at conferences and meetings with business, government and non-profit leaders in the Twin Cities to brief them of the report.

Cunningham, Keefe, Latimer and Executive Director **Lyle Wray** have done the lion-share on the sessions. Committee members **Cal Clark** and **Janna King** are also helping spread the word.

Conference presentations

MN Public Employee Labor Relations Association, Duluth
DTED's Economic Summit
University College Policy Conference
St. Paul Workforce Development Council
A Rural Perspective on the Labor Shortage, Fergus Falls
Twin Cities Area Labor Management Fall Conference
Dakota Co. Economic Development Partnership Annual Meeting
MN Economic Development Association Winter Conference

Briefing sessions

Marty Adams, Twin Cities Economic Development Group
Duane Benson, MN Business Partnership
Bill Blazar, MN Chamber
Bernie Brommer, AFL-CIO
Emmett Carson, Mpls Foundation
Ron Clark, Pioneer Press Editorial Board
Glenn Dorfman, Minnesota Association of Realtors
Larry Dowell, St. Paul Chamber
Tom Ebert, Employers Association

Tony Goddard, Greater Minneapolis Chamber
Sam Grabarsky, Minneapolis Downtown Council
David Hage, StarTribune Editorial Board
Sue Haigh, Ramsey County Chair
Clarence Hightower, Minneapolis Urban League
Kris Jacobs, JOBS NOW Coalition
Sen. Steve Kelly (DFL-Hopkins)
Steve King, Dakota Co. Economic Development Partnership
Michael Kramer, MN Real Estate Journal
Kevin Maler, CityBusiness
Rep. Dan McElroy (R-Burnsville)
Michael O'Keefe, McKnight Foundation
Sen. Ed Oliver (R-Deephaven)
David Olson, MN Chamber
Wayne Olson, Capital City Partnership
Pete Rode, Urban Coalition
Kaye Rakow, Twin West Chamber
Steve Rothschild, Twin Cities RISE!
Bobby Wangaard, MN High-Tech Association
Liz Wolf, MN Real Estate Journal
Sen. Deanna Wiener (DFL-Eagan)

Help Wanted

The Citizens League is getting first-hand experience with the current worker shortage. We're looking for a part-time or full-time receptionist/secretary. Duties include answering the phone, processing registrations, clerical support for League study committees and maintaining the League's data base. The position has been open since Gayle Ruther left in June. The League has relied on

a variety of temps since then. We're willing to think creatively about the position and would entertain part-time, flex-time or job-sharing arrangements. This is a great opportunity for someone who is interested in policy and knows the League to return to part-time work. If you are interested or know anyone who is interested in talking about the possibilities, please contact the League office.

www.citizensleague.net

New stuff can be found regularly on the League's web site. For instance, you can find the League's new report, *Help Wanted: More Opportunities Than People*, on the front page. Also new to the site is a directory of regional civic organizations (RCOs) around the country and information about RCOs and how they operate. Check it out.

Email League staff

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