



JOURNAL

A Public Policy Monthly from the Citizens League

INSIDE

2
Connections

3
Viewpoint:
Rethink and
renew Minnesota's
institutions

4
Dedicated-fund
clauses in the
constitution,
do they serve our
interests?

6
Facts Unfiltered:
Amending the
state constitution

7
Fiscal disparities
helps level the field
in the metro and on
the Range

8
Take Note: Consumer-
friendly health care

9
Around the state
with MAP 150:
Minnesotans share
their thoughts



Minnesota's promise of equal opportunity for all is going unmet

English language learners are being left behind by a system that doesn't meet their needs

by Linda Rodgers, Kathleen Maloney, Douglas Petty, Tim Kenny, Arthur Brown, and Karen Gromala



Over the past 10 years, people from many other countries have come to Minnesota in large numbers to make a new life. But often their English language skills are insufficient for them to achieve economic, social, civic, and educational success. To help newcomers develop English skills Minnesota needs a new statewide approach to English language acquisition.

A land of opportunity

Opportunity is central to the American experience—the opportunity for a better life, the opportunity to contribute to society, and the opportunity to establish and care for family. For hundreds of years the United States has held out the promise of opportunity to newcomers. Because the framers of the Constitution sought to empower the populace with opportunity for all, America not only promises opportunity; it assures equal opportunity under the law.

In 1858, the Minnesota Constitution made binding a promise to provide all of its citizens with an equal opportunity to learn. Article XIII, Section 1 of the constitution charges the Legislature with a single duty: “To establish a general and uniform system of public schools throughout the state.”

One-hundred-ten years later the federal Bilingual Education Act added to that promise, requiring schools to provide equal educational opportunity for

language-minority students, now called English language learners (ELLs).

The 2001 No Child Left Behind Act (NCLB) added teeth: it holds schools strictly accountable for these promises, requiring English language learners to meet the same educational standards as all other students. These laws reflect the inextricable links between democracy, equal opportunity, and education. As Thomas Jefferson stated, “Information is the currency of democracy.” A person with limited English has trouble understanding vital information, communicating with others, or acquiring education. For English language

learners gainful employment and the good life are too often promises unfulfilled.

Are we keeping our promise?

If keeping the promise of opportunity is crucial to Minnesota, the state would be wise to examine how well it serves K-12 students who do not speak English as their first language. The expectation of equivalent academic achievement centers on these youth. Minnesota's goal for all students is high school graduation. Graduation rates of ELL students are a strong indicator of how well the state is keeping its promise. Only 64 percent of Minnesota's ELL students graduated from high school in 2003 (this includes those who

The Minnesota Department of Education estimates that without improvement in ELL graduation rates, some 55,900 students will leave school without a diploma in the next five years.

continued on page 10

CONNECTIONS

Building a League of Citizens



Pam Wheelock and Chuck Denny listen as Lorena Duarte talks about what citizenship and community mean to her at *The Future of Politics*, the first event in our summer policy series, *Where Are We Headed? The Future for Policymaking in Minnesota*.

“Future of” tickets going fast

The first two events (*The Future of Politics* and *The Future of Education*) nearly sold out. Get your tickets now for *The Future of Health Care*, *The Future of the Web and Civic Engagement*, and our series wrap-up *The Future for Policymaking in Minnesota*. Details and registration online at www.citizensleague.net/events/futureof.

Immigration and Higher Education Study Committee update

The Immigration and Higher Education Study Committee is making good progress. The committee has heard presentations on the demographics of immigration in Minnesota (Barbara Ronningen, Minnesota State Demographic Center) and the academic performance of immigrant students (based on research done by Citizens League staff) and has met with a panel of immigrant students from local high schools and colleges. The committee will continue to meet through mid-September and will release its report this fall. If you would like to receive more frequent updates on the work of the committee, contact Victoria Ford at vford@citizensleague.net or 651-293-0575 ext. 17.

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The Community Connections Calendar is your one-stop shop for public affairs events in the Twin Cities.

New members, recruiters and volunteers

New and Rejoining Members

Maureen Cisneros
Mercy Das-Sulc
Larry D. Espel and
Cynthia Hasselbusch
Peggy Gunn
John Hutchins
Gary Jeter
Tammy Kincaid
John Manning
Cynthia Scott
Kathleen Wilson

Firms and Organizations

Blue Cross and Blue Shield
of Minnesota Foundation
Builders Association
of the Twin Cities
Children, Youth, and
Family Consortium
Continuing Professional Education
Corporate Incentives, Inc.
Courage Center
Education Minnesota
Faegre & Benson
General Mills Foundation
GovDelivery, Inc.
Idealogics
Janecek Public Affairs
John W. Mooty Foundation Trust
League of Minnesota Cities
Minnesota Minority Education
Partnership
Minnesota Public Radio
Minnesota State Colleges
and Universities
Northeast Bank
Presbyterian Homes and Services
Prudential Financial
Richardson, Richter & Associates
Richter Properties

Saint Paul Riverfront Corporation
Spring Lake Park District 16
St. Paul Travelers Foundation
Tennant Foundation
Wells Fargo Minnesota

Recruiter

Scott Hutchins

Volunteers

Emelia Carroll
Cal Clark

Members of the Immigration and Higher Education Study Committee:

Wilson Bradshaw, co-chair
Vinodh Kutty, co-chair
Josh Becerra
Lois Bollman
Maureen Bruce
Scott Burns
Maureen Cisneros
Mercy Das-Sulc
John DeSantis
Bright Dornblaser
Leo Espinoza
Saeed Fahia
Meredith Fergus
Gary Jeter
Lily Moua
George Ogbonna
Traci Parmenter
Carl Phillips
Jasmine Shrestha
Stacia Smith
Mike Wan Keulen
Zer Vang
Val Vargas
James Worlobah
Zha Blong Xiong

Corrections

In the July issue of the *Minnesota Journal*, the article “Achieving homes for all: Closing the affordable housing gap in Minnesota,” misstated the percentage of cost-burdened households in Minnesota. The statement should have read as follows: “Between 2000 and 2004, the number of cost-burdened renter and owner households in Minnesota increased by 40.24 percent, from 20.34 percent to 28.52 percent.” The corrected numbers do not change the article’s statement that Minnesota has the fastest growth of cost-burden in the nation.

In addition, the author of that article is employed as a policy analyst by the Minnesota Housing Partnership, not, as we referred to it, the Minnesota Housing Project.



The need for new and renewed institutions:

Rethinking, remaking and restoring Minnesota's real "miracle"

by Sean Kershaw

What Gertrude Stein said about her hometown of Oakland, Calif. could perhaps be said about our policy conversations in Minnesota: there's no "there" there. We're having the wrong debate—and missing the right opportunity in the process. We routinely make two mistakes about the role of institutions in public policy.

First, we talk about public policy as if it just happens. As if it's just the result of white papers, conferences, program proclamations, and/or heroic leadership. But there are no "accidents" in public policy. Policy outcomes don't magically appear like food at a restaurant. There are recipes, a cook, a kitchen, and a supply chain somewhere close by. Real people in real institutions follow real policies and make real governing decisions that produce real public results. We may or may not like these results, but they are no accident. Institutions everywhere make policy happen.

Second, we act as if our existing institutions are sufficient for the future: that our current schools, healthcare, and transportation policies and institutions can get us to 2020. These institutions aren't ready for 2020, and they aren't sustainable in a society that will change as much in the next 25 years as it has in the last 100 years.

Our never-ending debate about taxes and our romanticism about the "Minnesota Miracle" are distracting symptoms of these problems.

If we want different policy outcomes, a healthier democracy—and more miracles—we need a different policy debate. If we don't strengthen the ability of all institutions to respond to new policy opportunities in the future, we'll forever be putting policy Band-Aids on pressing issues and wondering why our "solutions" don't solve problems.

Institutions and investments

Workplaces, non-profits, congregations, schools, governing bodies, and foundations each have a civic purpose in Minnesota: to sustain democratic values, solve problems democratically, and build the democratic leadership capacity of

Investing more won't help if we aren't getting a return on our investment. Let's talk about institutional innovations first.

Minnesotans. And when these institutions don't fulfill their democratic role, we're obligated as citizens to change them so we can sustain democracy for the next generation.

Given this, why are we spending so much time arguing about how much to "invest" in our existing policy institutions? Investing more won't help if we aren't getting a return on our investment. Let's talk about institutional innovations first.

Take education as an example. Public education is critical to the success of our democracy and our economy. But when you consider the need for higher ed readiness, our current K-12 system doesn't work for more than 50 percent of our students. And the connection between more money and better outcomes is weak at best. To make matters worse, costs for public schools are increasing at twice the rate of inflation. How long can we afford to continue to pay more for the same insufficient outcomes? Our K-12 system is financially and academically unsustainable.

Our transportation system is also in crisis. And while everyone agrees we need to spend more in the short term on projects, if we don't improve our transportation pricing mechanisms (from tolls to tax allocations) we'll be in the same situation again in 10 years after wasting billions of dollars.

And as for healthcare, as former state health Commissioner Jan Malcolm's recent presentations have shown us, we have a thriving set of institutions designed to treat us when we're sick, but we don't have the institutional policies and practices to

sufficiently improve our overall wellness before we're sick. It's cheaper in the long term to invest in wellness.

Policy productivity

As Minnesotans, we're proud of Target and its "expect more, pay less" motto for many of the same reasons we're proud of our public policy legacy: both have their roots in innovation, creativity, and improved productivity. Target didn't succeed on the philosophy of "pay more, get the same," (the consequence of spending more on ineffective institutions right now) or "pay less, get less" (the consequence of spending less on institutions that sustain our quality of life).

Pressures from the retiring baby boomers on our pension, healthcare, and long-term care institutions, coupled with the educational needs of the next generation, are likely to produce real long-term fiscal constraints. We can't assume we'll have extra money anyway.

How do we create new schools, or redefine "schooling" for the 40 percent of students failing now, and the workers who will need retraining in the future? How can we reform our transportation pricing mechanisms to be more efficient and encourage innovation and effective choices? How do we promote wellness in our healthcare systems and in our lifestyle choices? How can we get more with current spending?

We can call this increasing our "policy productivity." And this is a much better place to focus our energy than the tired arguments about cutting or raising taxes that have dominated our policy conversations for the past unproductive 10 years.

This approach is also in keeping with the true spirit of our Minnesota Miracle, which wasn't the work of God or of tax collectors, but the product of a healthy civic infrastructure and innovative civic leadership in all institutions. Our future success depends on both to get us there. ●

Sean Kershaw is the Executive Director of the Citizens League. He can be reached at skershaw@citizensleague.net or 651-293-0575x14.



Amending the state constitution is a tricky business

Can dedicated-fund clauses in the constitution serve the state's interest best?

by Mary Jane Morrison

An amendment to Minnesota's Constitution on the ballot this November will dedicate a portion of the revenue from the existing state tax on new and used motor vehicles sales to highways and public transit.

Does this dedicated-fund clause belong in a constitution?

As is true for constitutional amendment proposals that grab headlines—for example, those defining marriage—there is no simple answer as to whether dedicated-fund clauses belong in a constitution, but Minnesota's past experience with these clauses offers some clarity.

Dedicated-fund provisions

Typically, dedicated-fund provisions direct a revenue stream away from the general revenue fund into special funds that are usually available for only defined, limited purposes.

This dedication could be accomplished through statutes, of course, were politicians able to agree and were they and the electorate able to trust future politicians and voters not to change things absent compelling circumstances. But statutes are subject to alteration or elimination by majority vote, and changes to constitutional clauses always require much more political and popular will.

In Minnesota, the adoption of a constitutional amendment first requires that a majority of the legislature agree to send the amendment proposal to the people. (The governor plays no role.) Ratification then requires approval by a majority of those voters voting in a general election. A majority of the voters voting on the proposal itself is insufficient.

Some additions to the constitution are necessary because clauses already in the constitution thwart current plans or policies. For others, as often is true in constitutional debate, answers to the question of whether a clause belongs in a constitution usually come down to traditions, values, and economic or political compromises about them.

The benefit of a constitutional amendment—at least in the eyes of its supporters—is that it allows one generation of voters to preserve and protect their social, economic, political, and normative values and traditions from easy change by subsequent generations.

History, politics, and dedicated funds

Dedicated-fund constitutional clauses have begun in most states as attempts to secure an asset for multiple generations, if not perpetually.

For example, Minnesota's constitution began with dedicated-fund clauses. Congress required the state to establish and maintain a public school system and transferred federal lands to the new state to sell to support that system. Congress accepted Minnesota's constitution in part because it contained dedicated-fund clauses to protect these lands—and the proceeds they eventually would generate—for the support of the public school system in perpetuity.

Answers to the question of whether a clause belongs in a constitution usually come down to traditions, values, and economic or political compromises about them.

This generational focus continues today in attempts to secure the equivalent of non-renewable resources through dedicated-fund constitutional clauses. Montana's constitution, for example, currently dedicates at least 50 percent of its coal severance tax to a fund that requires a three-fourths vote of the legislature before it can be spent. Similarly, Louisiana put the one-time payment made by tobacco companies to settle litigation into constitutional funds dedicated to health, education, the environment and other similar needs.

Minnesota's choices in this area show we sometimes make politically-driven policy choices. Our legislature put only some of Minnesota's tobacco-settlement proceeds in dedicated funds, and all of those funds are embodied in statutes, not in constitutional clauses. Similarly, Minnesota's constitution has an "environmental and natural resources trust fund" clause, which restricts

spending to those purposes. It attempts to protect the principal by limiting spending under a complex formula tied to the market value of the fund. But the revenue for this fund is contingent on a state-operated lottery—the creation of which required a constitutional amendment—and the dedication of those lottery revenues to this fund ends in 2025.

Other dedicated-fund constitutional clauses in Minnesota and elsewhere are designed to address fairness concerns by protecting certain taxes that have the character of "user fees" from being wholly streamed as general revenue. Thus, many states dedicate some, if not all, of the revenue from motor vehicle fuels and license plates to the repair, maintenance and construction of highways and streets.

In Minnesota, proceeds of these taxes go into the "highway user tax distribution fund." The constitution then apportions 62 percent to the trunk highway fund, 29 percent to the county state-aid highway fund, and 9 percent to the municipal state-aid street fund—but allows the legislature first to designate 5 percent for distribution under a statute with a different formula, which will apply for six years to future 5 percent statutory distributions, if there are any.

The 5 percent power builds in a level of flexibility, and the six-year rule about the 5 percent addresses fairness concerns about political opportunism.

Minnesota's "internal improvements" ban and public highways

From the beginning, Minnesota's constitution has banned the state from being "a party in carrying on works of internal improvements except as authorized by this constitution." The original exceptions allowed the state to, for example, repel invasion or make "capital improvements" or help political subdivisions make them. The purpose of the ban was to protect against bankrupting projects and to protect taxpayers from having to pay for improvements from which they might not obtain a valuable equivalent use. The latter was probably especially important in a mostly rural state with a mostly non-cash economy.

To build public highways without risking constitutionality issues, Minnesota therefore amended its constitution in 1920,

continued on page 5

Constitution

continued from page 4

adding a public highways article that included several related dedicated-fund clauses. Clauses in this article expressly say trunk highways, state-aided county highways, and state-aided municipal streets “shall be constructed, improved and maintained...” Minnesota also amended the list of exceptions to the ban on state involvement in “works of internal improvements” expressly to allow the state “to establish and maintain public highways...”

But amendments themselves also often create problems, and this particularly is true for dedicated-fund clauses.

The actual clauses involved in the election this November do not expressly say the state shall construct or help subdivisions construct public transit, although they will say that the revenue designated for this fund “must be allocated” 60 percent to the highway user tax distribution fund, 38 percent to a “metropolitan area transit fund established by law”—which means, established by statute—and 2 percent to a “greater Minnesota transit fund established by law.”

But there is a little disconnect here.

The constitution in 1920 established the first of these funds to which the new clauses will refer and, under several of the 1920 clauses, the constitution expressly requires the state (or its political subdivisions) construct, maintain and repair highways and streets, not just put the revenue into funds that can be spent solely for these purposes.

Of course, presumably, the legislature will establish the two new “public transit” funds, and presumably public transit will actually be built.

But constitutional tradition—if not also constitutional demand—would be better served if the proposed clauses expressly required construction of public transit, as is true for the highway/street and school dedicated funds.

And constitutional tradition—if not also constitutional demand—also would be better

served if the proposed clauses expressly and clearly lifted the ban on state involvement in “works of internal improvements” as to public transit, as is true for state involvement in public highways/streets and public schools.

Other problems with dedicated funds in constitutions

As has been true in Minnesota, amendments to constitutions often are necessary to solve constitutional problems. But amendments themselves also often create problems, and this particularly is true for dedicated-fund clauses.

The fundamental problem is that constitutional clauses require constitutional amendments to change, of course. When economic emergencies arise, tax monies are tied up in dedicated funds that can’t be diverted without a constitutional amendment, which takes time and energy better spent elsewhere.

Another problem is that dedicated-fund clauses in constitutions are often vaguely worded. Does a dedication for “wildlife” cover non-game wildlife? If a fund’s revenue stream comes from taxes on the “sales” of new and used motor vehicles, will the fund also automatically receive the “use tax” that substitutes for Minnesota’s sales tax when a resident buys a car in Wisconsin for use here?

A contrary problem is that dedicated-fund clauses often involve extreme detail more appropriate to statutes. One sentence in Minnesota’s “permanent university fund” clause, for example, contains 168 words. And that is not the worst example of constitutional “dedication” prolixity—from 1920 to 1974 Minnesota’s constitution contained detailed descriptions of the beginning and ending points of 70 state highways.

Worse, some of these clauses are virtually opaque. Consider this language from Minnesota’s environmental and natural resources trust fund: “The amount appropriated each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to 5-1/2 percent of the market value of the fund on June 30 one year before the start of the biennium.” (Got it?)

And having dedicated-fund clauses in constitutions often invites further constitutional amendments. Witness Minnesota’s environmental and natural resources trust fund—it entered the constitution in 1988 but was amended in 1990 and again in 1998.

Dedicated-fund clauses can also leave some projects awash in cash and lead to profligate spending. Yet, if the revenue stream dries up, the projects the fund used to support will be starved for cash.

They also tend to proliferate. Minnesota’s original ones for public education have expanded to include a dedicated-allocation clause for an ore-occupation tax, the environmental and natural resources trust fund, and the three highway/street funds and associated highway user tax distribution fund. This is nothing. Louisiana has gone from one fund to fourteen.

Finally, the whole point of putting funding systems in dedicated-fund constitutional clauses is to remove the system

Another problem is that dedicated-fund clauses in constitutions are often vaguely worded. Does a dedication for “wildlife” cover non-game wildlife?

from ordinary majoritarian processes. But there is a soft underbelly here. When the revenue source is user fees, sales taxes or severance taxes, the Legislature can always reduce or eliminate those charges. Minnesotans discovered this in 2000 when the Legislature reduced license plate fees and then had to make up the shortfall for highways with an appropriation from the general revenue fund.

So is there a place in Minnesota’s constitution for another dedicated fund? I guess we’ll find out in November what the voters think. But stay tuned. The courts may have the final say. ●

Mary Jane Morrison, J.D., Ph.D., is a Professor of Law at Hamline University School of Law. Copyright Mary Jane Morrison 2006

FACTS UNFILTERED

Amending Minnesota's Constitution

Minnesota's two constitutions

Minnesota's constitution was written during the summer of 1857 by a divided constitutional convention. Delegates from the Democratic and new Republican parties were elected to serve at the convention, which met in Minnesota's original capitol building in St. Paul. But, the two groups refused to meet together, so each group drafted its own copy of a Minnesota Constitution. A single constitution was approved by both sets of delegates after a bipartisan committee managed to reconcile the differences. Members of the two parties still wouldn't agree to sign the same document, however, so each party wrote its own final version (the Republicans on white paper, and the Democrats on blue), which varied only in spelling, punctuation, and a few non-identical words.

Minnesota voters approved the constitution in October 1857. The tale of the two constitutions was not yet complete, though. While the territorial secretary, a Democrat, sent a certified copy of the Democrats' constitution to the U.S. Senate for approval, it was the Republicans' copy that came back from Washington that made Minnesota a state.

Q. When was Minnesota's Constitution written?

A. Minnesota's constitution was written in the summer of 1857 and approved by Minnesota voters that October. Minnesota began amending its constitution right away. Voters approved the first amendments in a special election about three weeks before Minnesota became a state on May 11, 1858.

In 1971, the Minnesota Constitutional Study Commission was established to consider whether the constitution should be revised to consolidate the accumulated amendments and meet current challenges. The commission decided that relatively few changes were needed, and the resulting constitutional amendments, which reduced the constitution's length by about one-third, were approved in 1974.

Q. How are constitutional amendments approved?

A. Constitutional amendments begin as proposals in the Minnesota Senate and House of Representatives. Proposed amendments must be approved by a majority of all elected members of the House and Senate. As was the case during this year's legislative session, many amendments are proposed, but few gain the votes needed to put them on the ballot. Once approved by the Legislature, proposed amendments are placed on the next general election ballot where they must be approved by a majority of voters casting ballots in that election.

Prior to 1898, amendments could be presented at either a special election or a general election and they only needed to win a majority of those who voted on the issue for passage. Amendments enacted in 1898 brought two major changes that are in force today:

- To limit the influence of what we'd call single-issue or special interest groups today, voters approved a proposal requiring that amendments be voted upon during a general election.
- To make approval of amendments more difficult, voters approved a proposal requiring that each amendment receive approval of the majority of all voters casting ballots in the election, not just a majority of those voting on the question. This margin (called the extraordinary majority requirement) means that, although a proposed amendment may be approved by majority of those voting on it, it is rejected if too few voters vote on the particular ballot question.

Q. How often has the Constitution been amended?

A. A total of 211 amendments have been presented to Minnesota voters since 1857, and 118 (more than 50 percent) have been approved. Of the total, 68 were proposed between 1857 and 1898—before the extraordinary majority language was approved. These early

amendments dealt with topics including voting rights for blacks, the sale of swamp land, the length and frequency of legislative sessions, the length of terms for judges and office holders, issues related to business, and other topics.

From 1898-1974, 185 amendments were put to voters; 99 were approved and 86 rejected. The amendments reflected Minnesota concerns and issues receiving nationwide debate. For example:

- An amendment allowing women to vote for and to serve on library boards in 1898 (although there has been no Minnesota counterpart of the 19th Amendment that gave women the vote in 1920);
- Amendments in 1918 and 1920, respectively, which failed to meet the extraordinary majority requirement, that would have prohibited the manufacture and sale of liquor and authorized a state income tax.

Since 1974, 60 percent of the amendments proposed have been approved. These have dealt with a wide range of issues—from a measure to allow creation of a court of appeals, to one to allow the Legislature to authorize a state-operated lottery, to an amendment (approved in 1998) to preserve the "hunting and fishing heritage" of Minnesotans. Others, including measures to establish initiative and referendum and to permit off-track betting on horse racing failed. No amendments went to voters between 2000-2004.

Q. What constitutional amendments were proposed during the 2005-2006 biennium?

A. During the 2005-2006 legislative session, more than 60 amendments were proposed in the House and Senate, many of them identical or virtually identical versions of the same proposal. Of this total, only one was approved and will appear on this November's general election ballot. (An article on page 4 discusses the proposed amendment which would dedicate a portion of the revenue from the existing state tax on new and used motor vehicles sales to highways and public transit.) ●

SOURCES

Minnesota Secretary of State www.sos.state.mn.us.

The Minnesota State Constitution, a Reference Guide, Mary Jane Morrison, Greenwood Press, 2002.

"Minnesota State Constitutional Amendments: Frequency, Number, and Ratification Rates," Research Department, Minnesota House of Representatives, Nov. 2004

"Let this one stick to timeless basics," Lori Sturdevant. *StarTribune*, April 2, 2006.



Minnesota's fiscal disparities program continues to strengthen regional economies

by Bob DeBoer

Minnesota's unique system of property tax-base sharing, commonly referred to as the fiscal disparities program, has been part of the Twin Cities regional economy for more than 30 years, and has now been a part of the Iron Range economy for a decade.

In 1969, the Citizens League published the report, "Breaking the Tyranny of the Local Property Tax." What "tyranny" was the Citizens League talking about? The study committee that produced the report identified that tyranny as "fiscal fragmentation," which they saw as the variations in property tax resources from community to community that result in differing property tax burdens for citizens receiving roughly equal services.

Fiscal fragmentation also results in something less evident but more important as a region experiences growth: an incentive for local governments to improve their own tax base at the expense of their neighbors. Dependence on local property taxes to fund local government services, therefore, provides an incentive for fiscal fragmentation.

The key benefit of using property taxes to fund local government services is that taxpayers have a more direct connection to the local officials who are making taxing and spending decisions in their community. One of the key drawbacks to reliance on local property taxes, however, is that it produces incentives that actually discourage intergovernmental cooperation, in other words: fiscal fragmentation.

For example, if two communities are competing to locate a high-value business property in their communities, one might offer big subsidies to attract the development and the benefits it brings, regardless of whether any subsidy is needed.

In another example, a community that has prime land for a regional park or open space might not be willing to use the land that way if the community's top goal is to maximize land use to gain more property taxes. The community's actions, however, could work against the benefit of the region.

The fiscal disparities program seeks to reduce the incentives for fiscal fragmentation by enabling everyone in a region to share in some of the growth in property tax base across the region. Tax-base sharing reduces fiscal pressure, allowing municipalities to support the development of regional resources that do not provide property tax base (parks, educational institutions, etc.) and reduces the need to compete for property tax base (high-value business properties)—resulting in greater benefits to the entire region.

The recommendations from the Citizens League report were enacted in 1971 and implemented in 1975 after legal challenges failed. The basic idea is to share 40 percent of the growth in commercial-industrial tax base throughout the seven-county metropolitan region based on the property wealth of individual communities.

The following six objectives were largely enacted into law:

- Provide a way for local governments to share in the resources generated by the growth of the area, without removing existing resources from local governments.
- Increase the likelihood of orderly urban development by reducing the impact of fiscal decisions on the location of business and residential growth and transportation facilities.

- Establish incentives for all parts of the area to work for the growth of the area as a whole.
- Provide a way for the area's resources to be available within the existing structures of local government and decision making.
- Help communities in different stages of development by making resources increasingly available at early stages of development and redevelopment when financial pressures are greatest.
- Encourage protection of the environment by reducing the impact of fiscal considerations and encouraging flood plain protection and the preservation of land for parks and open space.

Table 1: Twin Cities Fiscal Disparity Reductions

| | Tax Base Per Capita Before Sharing | Rank | Disparity | Tax Base Per Capita After Sharing | Rank | Disparity |
|----------------------------|------------------------------------|------|-----------|-----------------------------------|------|-----------|
| <i>Under 1,000 pop.</i> | | | | | | |
| Minnetonka Beach | \$3,990 | 1 | 26.3 | \$3,976 | 1 | 6.1 |
| Landfall/Hilltop | \$152 | 41 | 26 to 1 | \$649 | 41 | 6 to 1 |
| <i>1,000 to 5,000 pop.</i> | | | | | | |
| Wayzata | \$3,938 | 1 | 6.2 | \$3,553 | 1 | 4.8 |
| Lexington | \$632 | 62 | 6 to 1 | \$745 | 62 | 5 to 1 |
| <i>Over 5,000 pop.</i> | | | | | | |
| Orono | \$3,238 | 1 | 4.6 | \$3,218 | 1 | 4.0 |
| St. Paul Park | \$708 | 78 | 5 to 1 | \$810 | 78 | 4 to 1 |

Source: House Research Department, Calculations by the Citizens League

Table 2: Range Fiscal Disparity Reductions*

| | Tax Base Per Capita Before Sharing | Rank | Disparity | Tax Base Per Capita After Sharing | Rank | Disparity |
|-----------------|------------------------------------|------|-----------|-----------------------------------|------|-----------|
| Lutsen Township | \$5,394 | 1 | 28.7 | \$5,353 | 1 | 23.3 |
| Marble | \$188 | 162 | 29 to 1 | \$230 | 162 | 23 to 1 |

* Does not include 28 cities and towns.

Source: House Research Department, Calculations by the Citizens League

The fiscal disparities program has been effective in reducing the disparity in tax base wealth in the Twin Cities Metro Area. Tax base is the measure of property wealth in a community that indicates the relative ability to afford services. By measuring tax base on a per capita basis, we can compare communities across the Metro Area. By looking at highest and lowest tax base communities in the Twin Cities before and after tax-base sharing occurs we can see the leveling effect of the fiscal disparities program.

Of the 181 cities and townships that participated in the fiscal disparities program in the seven-county Metro Area in 2006, Minnetonka Beach in Hennepin County has the highest property tax base per capita at \$3,990. Landfall in Washington County has the lowest property tax base per capita at \$152. The disparity in tax base between these two communities is 26 to 1.

When the formula for tax-base sharing is applied, the disparity between the highest and lowest communities is reduced by

continued on page 11

TAKE NOTE

Innovative Policy Initiatives From Around The World

Germany begins pilot tests of new high-tech health care cards

In January 2004, in an attempt to control the rising costs of healthcare treatment, lawmakers in Germany initiated a healthcare reform program. One piece of this reform initiative is a new, more technologically sophisticated healthcare card for medical insurance policyholders. The new card has the ability to encrypt and store patients' entire medical history, prescription information, insurance information, billing status, and more. It is expected to help save lives by allowing doctors fast access to a patient's complete history.



The gesundheitskarte, or literally “good health card,” has a built in microprocessor which allows for data encryption and greater data storage.

The gesundheitskarte was designed to improve the overall quality of health services. At their most basic level, the cards will preserve patient data confidentiality and improve the efficiency of administrative processes: The cards contain a photograph imprint of the cardholder and an electronic signature, allowing for patient verification at a glance. Patients can add or delete information on the card and control access to that information. The security functions alone are expected to lower healthcare costs by reducing fraud—estimated at between 800 million and 2 billion euros each year.

Beyond these functions, the cards must also contain prescription information, allowing for paperless transmission of prescriptions. Estimates place fatal drug interactions in Germany at 30,000 to 60,000 per year. German officials hope the e-prescription feature will reduce deaths caused by incompatible medications.

Basic cardholder information and prescription information are mandatory for the new cards, but patients can decide how much additional medical history to include. Medical records, blood type, heart conditions, and allergy information can be stored on the card, which allows doctors faster access to patient information and eliminates the need to hunt down

records from multiple locations. Officials believe this will reduce the number of duplicate tests, x-rays, and examinations, and help doctors to more quickly assist patients in emergency rooms—where a rapid diagnosis can make the difference between life and death.

The government is expected to roll out the cards for general use in 2007.

Maryland's hospital guide for consumers

Health plans are becoming more like high-deductible insurance policies, often linked to tax-sheltered savings accounts (so-called “consumer-driven” plans). A national survey released in June found that 28 percent of employers are currently offering consumer-directed plans, up from 22 percent last year and up from nearly zero the year before. As patients become responsible for more of their own health care costs, it is clear they need to know more about what they're buying.

In an effort to provide more meaningful information, the Maryland Health Care Commission recently expanded its hospital consumer guide. But their efforts reveal that the level of reporting on the quality of hospital care is still years away from providing consumers with “systematic and useful information.”

Currently, the hospital consumer guide includes price comparisons of the 15 most common in-patient diagnoses. The difference in the average charge in Maryland hospitals for the care of a newborn baby, for example, vary from \$792 to \$2,844 per infant. These “prices” do not include physician professional fees or control for factors such as:

- Wage levels and the price of goods and services in the hospital's area,
- the amount of teaching the hospital does, and
- the amount of uncompensated care the hospital provides.

Quality measures must be developed in order for consumers to have meaningful information, but measuring quality introduces another set of complexities. For example, medical records and claims records will show if a patient survived a surgery, but not if the patient's knee feels better.

The work currently underway in Maryland is considered Phase 1 in hospital reporting: the reporting of hospital process measures. This includes measures on things such as whether or not patients received the recommended treatments. The consumer guide also includes data on re-admission rates, but what consumers ultimately want is information about actual outcomes. ●

For more information, go to, “State unveils guide to hospitals,” June 30, 2006, *Baltimore Sun*. www.baltimoresun.com

Or read the Maryland Hospital Guild at <http://mhcc.maryland.gov/consumerinfo/hospitalguide/index.htm>

THE BOTTOM LINE:

High tech medical card and hospital consumer guides are making health care systems more efficient, more accountable and more consumer friendly.



On the road with MAP 150

Student journalists tour the state to hear what's on Minnesotans' minds and their suggestions for the future

by Laurie Stern

Like the people we're interviewing, we wear many hats. We are graduate students in journalism at the University of Minnesota. We are contractors for the Citizens League. We have families. We are Minnesotans. Other than that, the four of us are very different.

But one thing we have in common, we are all helping to facilitate a conversation with and among Minnesotans as part of the Citizens League's Minnesota Anniversary Project (MAP 150). The goal of MAP 150 is to engage the state's citizens in creating a sesquicentennial anniversary agenda: plans for action on some of the state's most pressing problems, the first steps of which could be accomplished by May 11, 2008, the state's 150th birthday. As part of that, we're touring the state this summer to get the conversation started. Our job is to get a sense of what's on people's minds and gather their suggestions on how to move forward.

My teammate, Alan Butterworth, was raised overseas and is a relative newcomer to Minnesota, though he's about to marry a Minnesotan. Yes, she will be Mrs. Butterworth. Hao Sun is an accomplished television reporter, who began his career at the Xinhua News Agency in Beijing and covered the Afghan War. He is working with Rhonda Loverude, a long-time scholar and natural comedienne who has professional theater experience, too.

I've lived here for more than 30 years, and worked in TV at KARE, WCCO and TPT. In 1997, my husband and I started our

own production company, Hard Working Pictures. I went back to school in 2005.

So how do you cover the state with four part-time journalists and 12 weeks? We divide the state into congressional districts, and then flag some geographically-based issues and listen for them. We decide to spend two to three weeks in each district, blogging and vlogging along the way.

We have a set of project expectations. We want to learn what's working and what's broken in the lives of Minnesotans. Who helps them? Who should? Do they know what to do about problems they face? What's important to them? Where do their values come from?

We are learning many things these first few weeks. When we explain what we're doing, most people are eager to talk. Some of their answers are "top of brain;" on other questions they have to dig deep. This is what we hoped would happen. All of us, including the Citizens League team, are doing some hard thinking about these important questions.

We started with the state political conventions to test our equipment and our questions on people we knew would have opinions on the role of government. We were pleasantly surprised by the diversity and thoughtfulness we found in both parties. If there were themes to be distilled, they were the importance of self-reliance from Republicans, and concern for the eroding safety net from Democrats.

Since then we've completed a couple dozen interviews, ranging in length from a minute or two to 45 minutes. It's too early

to draw any conclusions, but the two concerns we heard from the conventions are coming through loud and clear.

Our subjects haven't said what party they belong to, but almost to a person, they feel individually responsible for their welfare (the Republican mantra) and they are also worried about eroding social programs (the Democratic refrain.) Some are worried because of personal circumstance, others are concerned for people they know, or the social well-being generally.

When we ask about issues, people mention health care, education, the environment and crime. A few say they hate the war in Iraq. More say they deplore politics or politicians.

When we ask whose job it is to fix whatever problem, almost everyone says it's his or hers. The sense of personal responsibility runs very deep.

There's a flip side to this. People who have problems say they feel alone with them. They're not sure where to turn or who can help them.

It's early yet and we have three congressional districts to explore. We'll have to get used to the time constraints; it's frustrating to drive past whole neighborhoods and know how many stories will remain untold. We have to trust that our sample will be in some way representative, and that the chorus of voices we collect will strike resonant chords by summer's end. ●

For more information about the MAP 150 project or to participate in the discussion, go to www.map150.org

MAP 150: What we heard

"We don't get anything back from the feds the way we used to. Young people, think of the debt you young people are going to have. I had my day in the sun but you folks are getting clobbered."

Vincent Carraher
Belle Plaine
DFL Convention-Minneapolis

"We have a shared responsibility to let people know who we are, why we are here and how they can benefit from our energy and our determination to succeed. And also to learn from us that we are no different from them. Their ancestors came to this country for the same reason. The only difference is we are a different color."

Ramón León
Latino Economic Development Center
South Minneapolis

"I would just like people to remember what this country is based on. I think people are taking religion and God out of everything and I don't think that's the answer. I believe in God, I'm a Christian and I would like to let my views be known... if I want a Bible on [my] desk, I want to have it there. If you're gay or whatever that's what you believe in. I don't believe in that, and I want to be able to say that."

Elaine Moore
Nicollet Mall

"The youngest is 22. She's living around the Uptown area. She doesn't have a car. She doesn't make a lot of money. She's struggling. She called me last week, said, "I don't have any money," so I had to take her to the grocery, buy her groceries. It's really hard for young kids to make it on how much rent and everything costs."

Cindy Scattergood
Richfield Miracle Mile
St. Louis Park

"I've always had an addictive personality and become addicted to drugs. I can't tell you why, but I can tell you I've made some pretty bad choices and that's why I am here and I'll take responsibility for it."

Mary Brinkhaus
South Minneapolis

"I'm concerned about, like myself, government doesn't provide health care, but people who sit all day long and do nothing, they get paid by the government and they get health care from the government."

Charles Vang
Nicollet Mall

Find out more about what your fellow Minnesotans have to say at www.map150.org. Click on the MAP 150 voices weblog.

Minnesota promise

continued from page 1

previously dropped out and returned to finish), down 4 percent from 2002 and 2001. Compare that with the No Child Left Behind annual yearly progress graduation target rate for all schools of 80 percent, and the current average statewide graduation rate of 87 percent. The Minnesota Department of Education estimates that without improvement in ELL graduation rates, some 55,900 students will leave school without a diploma in the next five years.

Table 1:
Minnesota's High School
Graduation Rates, 2001-2003

| | 2003 Graduation Rate (%) | 2002 Graduation Rate (%) | 2001 Graduation Rate (%) |
|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| All students | 87 | 88 | 87 |
| Limited English proficient | 64 | 67 | 67 |

Source: House Research Department

The price of failure

The negative societal impact of students dropping out of school before graduation is significant and quantifiable in two main areas: economics and crime. Employment choices are profoundly limited for those who do not speak English because jobs today require more sophisticated communications skills and a higher level of education than in previous generations. Those with only a high school education or less now qualify for fewer than 20 percent of all new jobs, according to ProLiteracy America, the largest adult literacy organization in the United States. Sixty percent of dropouts are unemployed; about 47 percent of adult welfare recipients have not graduated from high school.

The 40 percent of high school dropouts with jobs earn an average annual wage of \$16,640, slightly above the federal poverty line for a family of three. Of those age 25 to 34, high school dropouts are more than three times as likely to receive public assistance than high school graduates who did not go on to college. Perhaps more significant are the missed personal, economic, and civic opportunities—all of which have a compound economic impact on the state. High school dropouts will generate less income and less tax revenue than if they

had a diploma. According to the National Center for Public Policy and Higher Education, “if all ethnic groups had the same educational attainment and earnings as whites [in Minnesota], total personal income in the state would be about \$1.4 billion higher, and the state would realize an estimated \$507 million in additional tax revenues.”

High school dropouts are 3.5 times more likely than high school graduates to be arrested in their lifetime, and 74 percent of America's state prison inmates dropped out of high school. The correlation is so strong that California uses high school dropout rates to project how many prisons the state will need. Society also pays the price for crime when victims' earnings are diminished due to injuries that cause a loss of time on the job or the loss of a job, resulting in decreased revenue for the state. At the same time state and local governments must spend more tax dollars on investigation, prosecution, and incarceration.

Tick, tick, tick

During just the 1990s, Minnesota's foreign-born population more than doubled from 110,000 to 240,000. According to a report by the Minneapolis Foundation, this population is spread throughout the state, in the urban core, the suburbs, and in rural areas. In several Minnesota school districts a majority of students speak English as their second language. These students represent Minnesota's future workforce and taxpayers.

In addition to obvious difficulties that differences in language, cultural, and learning style create, families of ELL students often share a number of characteristics that increase students' risk of dropping out of school: the effects of trauma from moving to a new country, and in some cases, arriving as refugees; fewer educational opportunities or scant educational attainment in the home country; health problems; poverty; and high residential and school mobility. “‘Dropping out’ is a simple label for a very complex phenomenon,” according to a 2001 report by the Citizens League Committee on School Completion Rates. “It is more accurately described as a gradual process of detaching from school and community.”

It is important to note that immigrant families offer important assets to their children as well. Most of these families are highly motivated to succeed and are willing to

sacrifice for a better future for their children. Two-parent and extended immigrant family support is more common than in other American families. These are assets to build upon. However, the introduction of high stakes tests are likely to raise the dropout rate due to language difficulties with the tests. “The greatest challenges of the movement toward standards-based instruction for English language learners surround assessments that are being used to make high stakes decisions for students (e.g., graduation and promotion exams),” according to the National Center on Educational Outcomes.

Why we aren't making the grade

There are three main reasons why Minnesota isn't making the grade with regard to ELL students. First, the responsibility to educate ELL students falls on local districts and their resources. The state does provide an additional annual per pupil support of about \$700 per ELL student (plus \$250 more in cases of concentrated enrollment). But the aid stops after an ELL student has generated funding for five years or passes the cutoff score on the Test of Emerging Academic English or reaches age 21. Yet law dictates that appropriate services must continue even though a student may not be funding eligible so districts have to provide financial support from their general budgets.

Second, educational standards are a moving target. Minnesota's educational standards have changed under each of the last three governors, and federal regulations are in continual flux. In fact, an expected 80 to 100 percent of elementary schools will fail to make adequate yearly progress under ever rising federal standards by 2014. The capacity of teachers, administrators and others to adapt policies, curriculum, materials, staff development, and parent communication to address the learning needs of students and their communities has been overwhelmed.

A lack of a coordinated curriculum is the third reason Minnesota is failing ELL students. Each Minnesota school district must develop its own plan and curriculum for ELL students. Most ELL students are highly mobile and likely to change school systems. As a result they are often thrust into differing curriculums between districts. Moreover, distinct ELL systems serve

continued on page 11

Minnesota promise

continued from page 10

preschool, K-12 and adult learners. Each system has separate funding, administration, access points, and rules. In each system, English acquisition is a goal that has been added piecemeal to a longstanding set of broader goals. The state has not developed—and districts have little in the way of resources, incentives, or direction to develop—a life-long continuum of English language acquisition.

A better way

Research has produced a number of simple strategies to meet the diverse academic, linguistic, and cultural needs of English language learners. One important strategy is partnership between classroom teachers and English as a second language teachers. Regular collaboration between teachers helps identify and facilitate understanding of each student's comfort zone in using English. Research also shows there is much room for improvement in the preparation of classroom and content area teachers with regard to ELL students. Teachers who

become knowledgeable about language learning are better communicators and understand the kinds of errors and the kind of progress that ELL students can be expected to make.

A second strategy is to partner with parents in English acquisition. When parents spend time in literacy programs, their children are more likely to attend school regularly, achieve higher IQ scores, and complete their education.

We recommend that Minnesota integrate the ELL service system, providing effective access points, continuity, and transferability from one place of learning to the next. To address the needs throughout the continuum of English language learning, and to shine a spotlight on the issue, we recommend that the Legislature establish and fund a Minnesota Center for Educational Linguistics. The center, which should have independence from the Minnesota Department of Education, would advance five major strategies critical to improving ELL instruction:

- Ensure the design and implementation of school-family partnerships.
- Accelerate professional development efforts for English as a second language, classroom and specialist teachers.
- Identify and promote ELL best practices specific to classroom teachers, ELL staff, schools, and districts.
- Increase coordination of K-12 ELL programs with other language instruction providers and agencies with a stake in language learners' success.
- Promote the sharing of information and resources between community and cultural organizations and schools to co-create relevant, accessible, and appealing opportunities for English acquisition.

We know the way to keep Minnesota's promise. Now we need the will. ●

Linda Rodgers, Kathleen Maloney, Douglas Petty, Tim Kenny, and Arthur Brown are masters of public affairs students at the Hubert H. Humphrey School of Public Affairs at the University of Minnesota and Karen Gromala is a Humphrey graduate.

Fiscal disparities

continued from page 7

more than four times, to 6 to 1. The community with the most tax base per capita (Minnetonka Beach) sees a \$14 per capita reduction, but continues to have the most tax base per capita. The city with the least tax base per capita after fiscal disparities is Hilltop and represents an increase of nearly \$500 to \$649 per capita (see Table 1).

Minnetonka Beach, Landfall and Hilltop are also three of the 41 communities in the Metro Area with fewer than 1,000 residents. To look more closely at the impact of fiscal disparities, we have made additional comparisons for communities with populations between 1,000 and 5,000 and communities of more than 5,000 people. In both groups, the disparity of tax base wealth is reduced, but to a lesser degree (see Table 1).

Wayzata, at \$3,938, has the highest tax base per capita of the 62 cities and towns with populations between 1,000 and 5,000. Lexington has the lowest tax base, at \$632 per capita. The disparity between the two is more than 6 to 1. Once the fiscal disparities formula is applied, Wayzata (\$3,553 per capita) remains the highest and

Lexington (\$745 per capita) remains the lowest, but the disparity between them is now less than 5 to 1.

Of the 78 cities and towns with populations greater than 5,000, Orono has the highest tax base per capita before fiscal disparities at \$3,238; St. Paul Park the lowest at \$708. Orono has 4.6 times the tax base of St. Paul Park. After tax-based sharing, both communities retain the same relative ranking, but the disparity between them shrinks to 4 to 1. (Orono now has \$3,218 of tax base per capita and St. Paul Park \$810.)

Iron Range Fiscal Disparities

The fiscal disparities program has also been an equalizer among Iron Range communities. Of the 162 cities, towns and unorganized territories that wholly take part in the Iron Range fiscal disparities pool, Lutsen Township has the highest tax base per capita at \$5,394 and the city of Marble has the lowest tax base per capita at \$188.

After the fiscal disparities formula is applied, the disparity between Lutsen

Township and Marble is reduced from almost 29 to 1 to about 23 to 1, although both retain their rankings as the highest and lowest in the pool (see Table 2). Lutsen Township's tax base per capita is reduced to \$5,353 and Marble's increases to \$230. There are 28 cities and towns that partially take part in tax base sharing, so per capita calculations cannot be made.

The redistribution of tax base from the fiscal disparities formula does not fundamentally change the relative wealth of the communities at the top and bottom with regard to property tax base per capita, but it clearly fulfills the goal of reducing disparities across the Metropolitan area and the Iron Range.

This innovative fiscal mechanism continues to strengthen the fabric of regional economies in Minnesota by reducing the sometimes dramatic disparities in property wealth among communities. ●

Bob DeBoer is Director of Policy Development at the Citizens League. For further information and data on both the Twin Cities and Iron Range fiscal disparities program, visit the Citizens League website at www.citizensleague.net.

08/08

The Future of Health Care: Shifting the Focus from Treatment to Prevention
With **Steve Parente** (Deputy Director, Medical Industry Leadership Institute, Carlson School of Management) and **Jan Malcolm** (CEO, Courage Center).

Will predictive medicine soon get so good that the insurance industry's risk-pooling business model will no longer work?

The Forum at MPR. Registration at 7 a.m., program at 7:30 a.m. Free parking!

08/22

The Future of the Web and Civic Engagement: What Happens when MySpace meets Our Space?

With long-standing civic leaders **Tom Swain** and **Jean LeVander King** and tech innovators **Jen Alstad**, **Steve Corsch** and **Garrick Van Burren**.

How will new social networking applications transform civic engagement as we know it—and create new generations of civic leaders?

The Forum at MPR. Registration at 7 a.m., program at 7:30 a.m. Free parking!

09/07

The Future for Policymaking in Minnesota: Series Wrap-Up

Join "Future of" series moderator **Jack Uldrich** for an interactive session zeroing in on what needs to be done now to achieve our public policy agenda for the future.

Varsity Theater. Registration at 5 p.m., program at 5:30 p.m.

PERIODICALS



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