

# MINNESOTA Journal

A PUBLIC POLICY MONTHLY FROM THE CITIZENS LEAGUE

Volume 21, Number 4 • April 27, 2004

## Data shows charter schools serving many minority and limited English speaking students well

by Joe Nathan

Minneapolis area charter schools that enroll students from Minneapolis serve a higher percentage of low income and minority students than do the Minneapolis Public Schools. Meanwhile, charters are doing a better job of serving many of these young people. So it's not surprising that while the number of students enrolling in district schools declines, the number in charters continues to grow. These are three of the conclusions from an analysis of data done by the Center for School Change (CSC) at the University of Minnesota's Humphrey Institute.

Let's begin with a look at who charters are serving. Some opponents, such as the Minnesota Education Association, insisted in 1991, "the concept of charter schools is a hoax ... (which could create) 'elite academies.'" Thousands of families disagree. Consider charter school demographics.

School year 2003-2004				
Percentage of students:				
	Eligible for free or reduced Lunch	Racial minority	Limited English	Some disability
Minneapolis district average	68.1	73.7	22.9	13.3
Mpls students attending charter schools	82.8	86.7	23.1	8.6
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Minnesota district average	27.9	19.5	6.3	12.4
MN Charter school average	56.8	52.5	15.6	12.0

Source - Fall 2003 Statistics reported to the Minnesota Department of Education.

Charters (which are regarded legally as a separate district) serve a higher percent of low-income students, limited English speaking and minority students than Minneapolis or the statewide average Minnesota district.

Between the 2001-2002 and the 2003-2004

school years, the number of students attending district public schools declined from 831,535 to 817,793. Meanwhile, the number of students attending charter schools increased from 10,162 to 14,246. The number and percentage of students in Minnesota's charter sector is small—but growing.

What about the academic performance of students attending district and charter schools? Minnesota has a strong civic and economic interest in improving performance of low income and minority students.

Many comparisons can be made. Here's one the CSC did, based on percentage of students making at least a year's worth of progress on the Northwest (standardized) achievement tests Minneapolis Public Schools and the charter schools it sponsors use.

▲ In the 2002-2003 school year, two thirds of charter schools sponsored by Minneapolis (6 of 9) had a higher percentage of students than the Minneapolis district making a year's worth of progress on tests in reading, or math, or both.

▲ Moreover, in the two-year period 2001-2003, the average number of Minneapolis district students making a year's worth of progress was stable in reading and declined slightly in math. Meanwhile, 71 percent (5 of 7) of the charters sponsored by Minneapolis increased percentages of students making a year's worth of progress in reading, math or both.

It is possible to look at statistics in many ways. For example, the Minneapolis district reported that in the 2002-2003 school year in grades two through seven, the average Minneapolis district school reported a greater number of students making a year's worth of progress at most grade levels than the average Minneapolis charter school.

Families choose charter schools for many rea-

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# Business location factors: What determines where businesses locate?

by Anthony Schaffhauser

What makes a community an attractive location for business, anyway? Public policy discussions focus on taxes, incentives, and regulation, but these are only three of the many forces that act on business location decisions. Here we look to the academic literature on firm location decisions to provide a broad and constructive perspective on what businesses want. Features that contribute to lower costs or higher sales largely determine location decisions. How location impacts costs and sales depends on the business, but a number of factors emerge as generally important.

## Market factors

Researchers consistently find that the cost, quality, and availability of workforce are the trifecta of location factors. Businesses will pay more for higher-quality workers with the required skillsets, but would rather have equivalently skilled workers at lower wages. Research consistently finds that higher wages have a dampening effect on growth, if all else is equal. This is not at all surprising. In most industries, payroll accounts for the lion's share of operating costs. Labor cost is much more variable, and thus influential, in global competition than in competition between states. (See tables 1 and 2.)

The availability of high-quality workers is just as important. The availability and quality measures that are most consistently and strongly related to firm location are the presence of educated workers and workers in occupations needed for particular industries: does a base of relevant talent already exist?

Access to markets remains a vital location factor, but it's not your grandfather's transportation costs. Many businesses reap advantages by locating near their customers. Historically, the main advantage in goods production was minimizing transportation cost, but transportation costs have declined steeply relative to other production costs. Consequently, the manufacturing of commodity goods has gone global: now, in many cases, you can build it anywhere.

Still, shortened product cycles and just-in-time inventory systems can raise the importance of a nearby location for manu-

facturing suppliers. Proximity promotes time savings and advantageous collaboration in developing and delivering inputs.

Proximity of input supplies holds a place for certain goods-producing industries. Production that refines or separates byproducts, that is, weight-losing production, can save transportation costs by locating near supplies. This accounts for the siting of natural resource processing and food processing in locations near agriculture and mining. However, because most inputs can be shipped all over the globe relatively cheaply, proximity to inputs has become less important. On the other hand, transportation access can play a pivotal role, especially access to an international airport in the increasingly global economy.

## Public policy factors

Taxes and economic development incentives are most consequential at the margin. Taxation would appear to be less important than other cost factors; other cost factors are an order of magnitude larger. However, site selection consultants reveal that basic tax structure and raw rates are given a cursory look early in the process of elimination. For example, some high-tech, capital-intensive businesses won't even look at a state that imposes a tax on personal property. Also, taxes are more or less within policymakers' control, so they take on higher importance in the public policy realm.

The frail consensus among researchers is that taxes generally have a modest impact on firm location from a national and international perspective, but matter more as the area under consideration becomes smaller. Within a region, the other cost factors besides taxes are likely to be similar. Site selection experts report that in-depth analysis of taxes is only performed on the "short list" of most promising locations as a final selection tie breaker. Thus, while skeptics downplay the overall importance of taxes, the research clearly validates concerns regarding tax differences across state lines.

The research shows that customary economic development incentives—that is tax incentives and preferred-rate business loans—are often a tie breaker, but generally matter less than taxes. Economic devel-

## Hourly Compensation and Wages of Manufacturing Production Workers in Selected Countries, 2002

Country	Total Compensation	Wages (Direct Pay)
Germany	\$22.86	\$17.32
Switzerland	\$21.84	\$18.09
Belgium	\$21.04	\$14.83
United States	\$20.32	\$16.14
Japan	\$19.59	\$16.46
Netherlands	\$19.29	\$14.67
United Kingdom	\$16.14	\$13.64
France	\$15.88	\$10.90
Canada	\$15.64	\$13.17
Italy	\$13.76	\$9.81
Israel	\$13.53	\$11.16
Korea	\$8.09	\$5.69
Singapore	\$7.77	\$6.72
Hong Kong	\$5.96	\$5.47
Taiwan	\$5.70	\$5.18
Brazil	\$3.02	\$2.04
Mexico	\$2.34	\$2.08

Source: U.S. Department of Labor, Bureau of Labor Statistics, Foreign Labor Statistics Program, September 2002.

## Production Occupation Wages, Selected Minnesota and U.S. Locations, 2001

Location	Median Wage
Minneapolis-St. Paul Metro	\$14.43
Minnesota (statewide)	\$13.26
Wisconsin	\$13.03
Non-metropolitan Minnesota	\$12.48
Iowa	\$12.20
US	\$11.63
North Dakota	\$11.04
South Dakota	\$10.79

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Occupational Employment Statistics (OES) Program, and Minnesota Department of Economic Security, 2001 Minnesota Salary Survey

opment professionals view incentives as an indispensable tool that can be creatively applied to the mix of factors to tip the scales in the right direction. Economists point out that local shootouts provide no net benefit to a nation or region, and communities may offer incentives solely to nullify other localities' incentives.

*Location continued on page 4*

# Viewpoint

## A 'Transportation Carol' for the Twin Cities

by Sean Kershaw

*Ghost of the Future*, Scrooge exclaimed, *I fear you more than any spectre I have seen.*—*"A Christmas Carol"*



Scrooge was lucky. He had the benefit of spirits to show him the truth about his past and present life, and what would happen in the future if he did nothing. This reality-check inspired him to create a new vision—and reality—for his future and the people in it.

We may have just experienced our own "transportation carol" in the Twin Cities. It remains to be seen what we can learn from it, and whether or not it will allow us to create a new transportation vision—and reality—for our region.

### Vision

Scrooge awoke transformed by his visions. In the Twin Cities, we seem to either have no vision for transit and transportation, or recycled visions from distant places and times.

Without vision regions perish. Improving our transit and transportation systems is fundamentally about improving

our regional quality of life. For a region that depends on quality of life for our economic prosperity and civic well being, we need to be smart, think big and take risks.

We need a new "era of innovation" that provides a range of transit and transportation choices, and recognizes the reality of our unique geography, wealth, and culture. We need to expand our options and our concepts. Let's consider "transit" to be any method that replaces drivers with riders (not just buses and trains). Let's consider "transportation" to be any means of going from point A to point B (not just automobiles v. transit). Let's stop looking to any single big system (roads, buses or trains) for salvation and realize that only a range of options will allow us to achieve our vision.

Let's also stop romanticizing our trollied past in the Twin Cities, and start learning from the vision and leadership that created the system in the first place. Other cities will offer guidance and motivation for our efforts, but our transportation vision must be uniquely Minnesotan in order to capture the political support of our citizens.

### The reality of transit present

The ghosts revealed what was really going on around Scrooge, and informed his actions for the future. We need a similar wake-up call.

Let's understand how we got here. We live in an enormous and diffuse community. Wealth and disposable income have increased dramatically over the past 25 years. This means the number of cars, trips, and the length of trips have increased dramatically as well. A million more people are on their way. We can't change these factors, but understanding them helps citizens make better choices.

Let's encourage honest dialogue. Most conversations about transit and transportation are infected with a fundamentalism that makes understanding reality almost impossible. We need less religion

about the evils/benefits of cars, buses and trains, and more information about current reality and future trends.

Let's ask better questions. Who is truly dependent on transit, and who uses it for convenience? Where do they live, and where are they going? What are the true costs of our options: the "real" hard costs, the environmental costs, the lost time and other costs to the quality of life? What are the equivalent benefits? How can we use land use decisions and pricing to match transportation costs with benefits?

Let's focus on efficiency. Our priorities and resources should go to where they will have the most impact. We should put resources where they will create the most benefit over time, and use resources most wisely.

Finally, let's learn from what really happened during the strike. Did people get around? If so, how? Did friends step up? Churches? Employers? Good people clearly did respond. Transit is more than fixed systems and top-down solutions. Could there be effective options (on the margins) that depend more on systems of institutionalized civic responsibility than top-down government-run systems? Let's find out.

### Avoiding the ghosts of the future

We have a choice. We can use this recent strike as an excuse for old ideas and partisan gridlock—the real ghosts of the future. Or, we can think creatively about what we want our region to be, talk honestly about where we are right now, and think systematically about what it will take us to get there.

Will this be tough? Is it worth it? God bless us everyone! **MJ**

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### The Minnesota Journal

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The Minnesota Journal (ISSN 0741-9449) is a publication of the Citizens League, a nonprofit nonpartisan Twin Cities public affairs organization, 708 S. Third St., Suite 500, Minneapolis, MN 55415. Phone: (612) 338-0791. Fax: (612) 337-5919. E-mail: [info@citizensleague.net](mailto:info@citizensleague.net). Web site: [www.citizensleague.net](http://www.citizensleague.net). Dee Long, chair. Articles and commentary are drawn from a broad range of perspectives and do not necessarily reflect League positions on policy questions. The Journal is published once a month. Periodicals postage paid at Minneapolis, MN.

Annual subscription rate for nonmembers is \$40 for 12 issues. Orders may be placed at (612) 338-0791 or by mail at the above address.

Postmaster: Send address changes to the Minnesota Journal, 708 S. Third St., Suite 500, Minneapolis, MN 55415.

Attitude may matter, particularly when it comes to regulation. The research finds relatively stringent environmental regulation is generally a mild deterrent to plant location—of course, depending on how pollution-intensive the business is. However, business managers state that they would prefer quick permitting, consistent regulation, and non-adversarial regulators even if the regulations themselves are more stringent. Economic development professionals point out that with regulations (and incentives), it is important for a business to believe that the government has made a “good faith” recruitment or retention effort.

Right-to-work and workers’ compensation laws have also received attention from researchers. For a business that has decided to locate within the United States, the economic research shows that the interstate differences in workers’ compensation costs borne by businesses are, on average, quite small. But businesses do not see it that way. Economic development professionals view the cost differentials between states as “deal breakers.”

Do public services cost or pay? Public services and infrastructure can make an area more attractive to businesses. Surveys and experts consistently place education as a top priority in firm location decisions. Not only do employers want educated workers, those workers want their kids to have a quality education. Highway infrastructure is found to contribute to business growth, while other public works are important to specific industries and areas.

### Indirect Factors

Quality of life can impact quality of labor. Some quality of life factors, such as low crime, short commutes, and architectural character of the built environment, relate closely to public policy. In addition, natural, cultural, and consumer amenities act indirectly on the availability of quality workforce because areas with desirable features attract workers. Researchers also find that wages can be lower in high-amenity areas. The kicker with a quality of life improvement strategy is that the means are ends in themselves.

Clusters can amass and spill over. Starting position and momentum are factors in the strength of an industry or

group. The concept of “clusters” suggests that firms reap advantages from proximity to inputs, markets, business services, expertise, and skilled workers. Studies show there is a large amount of business concentration that is not explained by natural advantage or chance, and industry clustering explains this. Business development strategies seek to facilitate amassing industry clusters to reap the advantages of spillovers. Spillovers refer to the accrual and exchange of ideas and knowledge, efficiencies and multipliers gained from localized linkages in the supply chain, and the reinforcement of growth in related and supporting industries. Research generally shows an impact from nearby supporting and related industries and localized knowledge, but does not provide any formula to initiate the critical mass that sets off cluster spillovers.

### Conclusions

For sure, economic recovery will generate new business activity, and eventually, new jobs. The question is: why should these jobs be in Minnesota? Businesses will site their facilities and business activity in places that provide identifiable advantages. Minnesota’s quality of life and labor is impressive, and the not-so-cost-sensitive businesses will respond to this. But it is vastly cheaper to operate in Mexico or Malaysia.

In a global economy we can ship product and direct information anywhere. Manufacturers are trying out the foreign competition, and they like what they see in India, China, and the Pacific Rim. Even call center and back office service workers are in competition with workers in Australia, India, and the Philippines. We can make the case that American workers are superior in many respects. But consumers respond to price, shareholders respond to profits, and businesses must respond to consumers and shareholders.

On a positive note, those goods or services that producers need to be close to their material supplies, their customers or both, can thrive in Minnesota. What’s more, global markets hold vast opportunity in addition to stiff competition. Minnesota manufacturers in highly specialized markets making customized products can tap emerging markets. The

Internet can provide access to finer and finer market segments in the vast web of potential customers. We can also hold onto companies that are industry leaders or that have unique, cutting-edge, industry-leading technologies, companies that call the shots in their market specialty and don’t feel threatened in the short-term. The suppliers and service providers for the above types of manufacturers may also reap advantages from clusters in United States locations. The rest of the manufacturing sector is in jeopardy. We can’t compete with developing countries on price, and we don’t want to. But even foreign-based manufacturing needs finance, marketing, and other business services. Metropolitan areas of the United States vie for this business.

While Minnesota’s JOBZ program is not the central focus here, a new experiment is kicking off. The program promises to radically reduce the tax liability of new and expanding businesses in Greater Minnesota. What we’ve learned, of course, is that taxes are not the sole challenge. Workforce development and the quality of life in a community are clearly important and can also be influenced through public action. While these levers are more unwieldy from the policymakers’ end—indeed, aspects of local character can take decades to change—they are significant among the objects that are not pushed solely by cost. The Greater Minnesota communities that get the most from the JOBZ program will be the communities that can exert influence on their quality levers and unique assets along with the force mustered by JOBZ.

Whether or not a JOBZ zone is coming to your community, an economic development strategy informed by a comprehensive look at location factors is required. **MJ**

*Anthony Schaffhauser, a Regional Economic Analyst with Minnesota WorkForce Centers in Northwest Minnesota, compiled this review of the business attraction literature for Minnesota Economic Trends, online at [www.MnWFC.org/lmi/](http://www.MnWFC.org/lmi/).*

# Midwest economy lags behind the nation in job growth

by Ann Markusen

Recent reports indicate that the national economy is rebounding, with robust growth in gross domestic product (GDP) and productivity and an energized stock market. GDP grew at 8.2 percent for the third quarter of 2003 and 4 percent in the fourth quarter. And in March, the economy finally added a decent number of jobs. Even as the country's economy has shown significant improvements overall, the five states in the Upper Midwest (Minnesota, Wisconsin, Iowa, and South and North Dakota) face significant and, in certain respects, unique challenges on several fronts, including job creation and the lack of fiscal stimulus from defense spending. Budget constraints have prevented state and local governments from offering much help. These economic and fiscal challenges in the Upper Midwest have contributed to widening economic discrepancies between rural and urban areas.

## The jobless recovery

Until the recent recession, the region's job growth closely paralleled the nation's. Between 1992 and 1998, Minnesota and South Dakota outpaced the nation in adding new jobs, while the other states mirrored national job hikes. Thereafter, Minnesota and South Dakota quickened their lead modestly while Iowa, Wisconsin, and North Dakota fell behind.

But the big story in the Upper Midwest is the failure of even its most dynamic state—Minnesota—to recover from the recent recession at a rate comparable to that in past cycles. The “jobless recovery” was evident nationally, and Minnesota has lagged slightly behind even this slow rate (Figure 1). In October 2003, the state's total employment was nearly 2 percent below that of February 2001, while, nationally, the loss was closer to 1.7 percent. Had Minnesota's employment rebounded at the rate it has after past recessions, it would have posted job growth of 2 percent, if compared with the 1990 recession, or 5 percent, if compared with five previous recessions. And this March, when jobs rose nationally, Minnesota actually lost 500 jobs.

The failure to regenerate jobs is the result of significant changes in the dynamics of the region's economy. After hunkering down during the recent recession, fewer firms and agencies than ever chose to re-open or re-hire after the recession ended. Several factors are at work. Significant cuts in state and local spending—the product of state tax cuts followed by large deficit—have pounded local government jobs, and, to a lesser extent, jobs in education. Part of the added income from tax cuts may have dissipated into the purchase of imported goods and services rather than fueling business investment or job creation in the region. Growing import

competition is eroding manufacturing. Given the states' low share of federal military spending, their economies are benefiting only marginally from this largest new stimulus in the economy. Finally, a rapid increase in Latino workers may be associated with a shift of low-paying jobs into the informal, uncounted portion of the economy, especially in the Twin Cities.

The failure of the region's economy to rebound has closed the gap between its historically low unemployment rate and the nation's. In 1992, the unemployment rates in Upper Midwestern states were at least two percentage points below the nation's jobless rate of more than 7 percent. Today, the Upper Midwest has lost its edge. Since the late 1990s, Wisconsin's jobless rate has converged with that of the country as a whole, while those of the other Midwestern states have narrowed. Wisconsin remains by far the most manufacturing-intensive of the five states, and heavy industrial job loss could be driving this convergence.

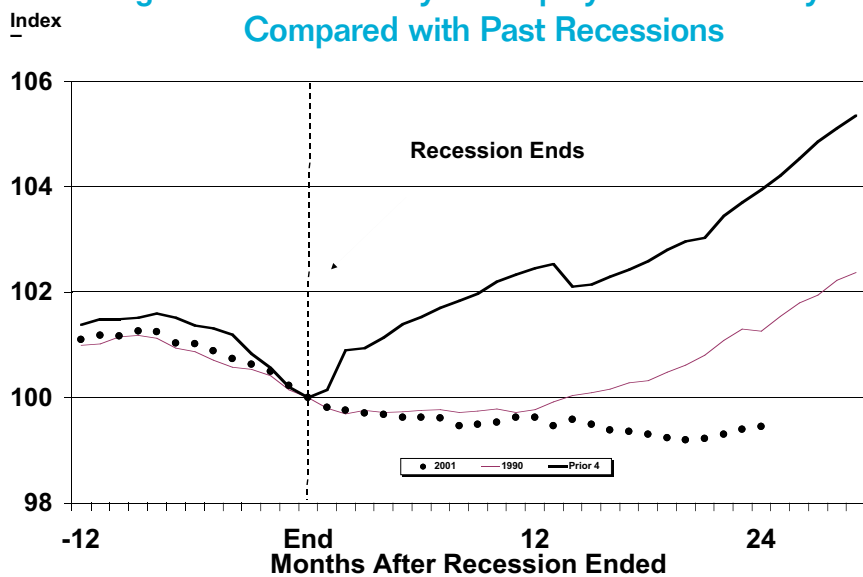
## Missing out on the military stimulus

The impact of federal tax cuts have not yet generated jobs nationally or in the Upper Midwest at the rate anticipated and new deficit-financed federal spending on the military, which is helping in some parts of the country, is not a positive factor in this region. The acceleration in security spending after the 9/11 terrorist attacks has not stimulated the economy in the Upper Midwest because the region has low levels of military production and fewer military bases than other parts of the country.

After the Cold War, military spending fell 36 percent from \$462 billion in 1985—near the Reagan-era peak—to \$295 billion in 1998 in real terms (2003 dollars). The Upper Midwest economy was better insulated from military cuts than the New England, West Coast, and Intermountain West regions, the post-World War II “gunbelt.”

When military spending rose 29 percent to \$389 billion in 2003 (with an additional rise to \$410 billion expected by 2007), the Upper Midwest missed out on much of the associated stimulus. Each of the five Upper Midwest states account for less than 60 percent of the national average per

**Figure 1. National Payroll Employment Recovery Compared with Past Recessions**



Source: Thomas Stinson, Minnesota State Economist, presentation on December 17, 2003

Economy continued on page 6

capita prime contracts (Table 1). These differentials are quite large. In 2002, Minnesota businesses won military prime contracts awards of just over \$300 per capita, while Virginia firms won eight-fold more (nearly \$2,500 per capita).

**State and local governments can't offer much help**

The national government has not offered much help to the Upper Midwest through increased defense spending, and state and local governments have not been able to do much either. Extraordinarily constrained budgets have tied the hands of states for the past two years.

Because important state revenues are tied to federal tax structure and the Bush administration's tax cuts most benefited those in the highest income brackets, the tax reductions hit states like Minnesota—which had a progressive income tax structure—particularly hard. In addition, governors and state legislatures in some states, most notably Minnesota, had chosen to return the surpluses of the late 1990s to citizens in the form of tax cuts they were not willing to reverse. When the recession hit, these states were poorly positioned to absorb the large revenue losses in sales and income tax receipts. These losses were made worse with sharp declines in the stock market and the whittling down of the inheritance tax and other federal taxes. Worst hit in the region was Wisconsin, where revenues lagged expenditures by 2.6 percent during the 2003 fiscal year.

Federal government initiatives not only helped to drain revenues from state government coffers, but they also added new burdens on states that fell especially hard on the Upper Midwest. Over the years, the burden for Medicaid, poverty programs, education, childcare, and job training has shifted increasingly to the states. The Medicaid burden is particularly onerous, resulting in a proposal by a coalition of states for a one-time \$110 billion aid infusion; in the fiscal year 2004 budget, they got just \$20 billion spread over two years. This is a particular problem in the Upper Midwest because of the disproportionately high share of people over 65 in four of its five states (Minnesota being the exception).

How did the states respond? Nationally, states cut between \$20 and \$40 billion

dollars in spending over the past two years, contributing negatively to the economy's growth rate. Upper Midwest states cut spending in step with the nation. In 2003, Minnesota slashed most state agency budgets by 15 percent. South Dakota and Iowa were able to rely on rainy day funds, at least in 2003. Minnesota and Wisconsin also froze hiring and laid off workers or imposed furloughs. These state government cuts were complemented by even deeper cuts by local governments and have continued into 2004. These cuts are major contributors to the decline in jobs in the region. Continued battles over spending and taxation can be expected throughout the election year.

**The growing economic divide**

The gap in the per capita income (PCI) between Upper Midwestern metropolitan areas and their non-metropolitan neighbors has widened over the past decade.

Growth in income, especially in better-paying "high road" jobs, has been concentrated in a few metropolitan areas, the Twin Cities region and Rochester's "medical alley," in Minnesota, and in Madison, the home of Wisconsin's state's capitol and flagship public university campus. The economic vitality of these three metros has pulled talent from smaller communities and other states; the weaker economic performance of Iowa and the Dakotas has contributed to more than one in five single, college-educated residents aged 25 to 39 years old leaving these states in 2000. A few other metros in the region have managed to increase their per capita incomes—Milwaukee, Sioux Falls, Cedar Rapids, Iowa City.

Most troubling is the growing per capita income gap between metro and non-metropolitan areas, which has widened over the past decade in all five states in the Upper Midwest. In Minnesota, metro per capita income is almost 50 percent higher than non-metro; South Dakota has the smallest gap (20 percent). Differences in the costs of living narrow the gaps a bit but still leave substantial discrepancies. Job gains that some rural areas had achieved in the 1990s have evaporated in the recent downturn, and rural farm communities have been hit harder than non-farm rural areas.

**Index of Military Prime Contract Awards Per Capita to U.S. Norm**

State	1970	1980	1990	2002
District of Columbia	275	298	496	770
Virginia	124	196	228	452
Connecticut	297	424	321	296
Alaska	197	213	189	257
Arizona	113	102	164	223
Maryland	121	146	177	217
Hawaii	98	136	111	209
Missouri	133	239	250	184
Massachusetts	154	214	273	139
Georgia	124	56	59	123
California	195	193	161	123
<b>United States</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
North Dakota	100	39	37	59
Minnesota	100	83	82	55
South Dakota	9	15	22	46
Wisconsin	52	31	42	36
Iowa	45	32	33	34

Source: Jennifer Ebert, Pingkang Yu, and Ann Markusen, Project on Regional and Industrial Economics, Humphrey Institute of Public Affairs, University of Minnesota, from data from "Military Prime Awards by Region and State," U.S. Department of Defense. Calculations based on constant 2004 dollars

The recession and ineffectiveness of the recovery in generating significant new jobs have hurt not only rural areas but also lower-paid workers. When unemployment was relatively low during the 1990s, workers who were less well-educated and were not highly skilled saw their wages rise. These gains are now fading. Compensation for workers with less education is stagnating or even declining, especially as the costs of health care coverage are shifted from employers to employees.

**Economic recovery in Upper Midwest**

National economic recovery has not boosted job growth and income in the Upper Midwest as it has in the past. Many of the economic development and employment security tools that worked well in the 1990s—job training, displaced workers' programs, manufacturing extension services, and safety net programs—have been defunded at both national and state levels. Voters in the Upper Midwest, whether rural or urban, will be paying close attention in the coming months to candidates' track records and proposals for jobs and wages. **MJ**

*Ann Markusen is Professor of Urban Planning and Public Policy at the Humphrey Institute of Public Affairs, University of Minnesota, and Director of the Project on Regional and Industrial Economics.*

# OnBalance

## Views From Around the State

*Unbalanced budgets and short-sighted education funding practices have fingers pointing*

Are balanced budgets a thing of the past? wonders the **Bemidji Pioneer** (3/28). “There seems to be a disturbing trend in both state and federal government—to be too anxious to give away tax revenues without filling budget holes ... even after last year’s effort to solve a \$4.5 billion budget shortfall without raising taxes ... the state still suffers structural budget problems that mean it spends \$1.4 million a day more than it collects.” Noting that at the federal level the budget approved by House Republicans “largely follows what President Bush wants—a call for more tax cuts,” the *Pioneer* argues that the GOP-controlled Senate has a better approach by “making it harder for Congress to enact future tax cuts without paying for them...”

The **Rochester Post-Bulletin** (4/7) takes issue with Minnesota’s budget process. “By law, state budget forecasts do not add inflation to expenses. However, inflation is rolled

into tallies for state revenues. What this creates are budget forecasts that undercount expenses by a significant amount, but pad revenues.” Such accounting practices are deceptive, the *Post-Bulletin* chides. “The 2001 law that mandated such a delusion has been called a ‘structural imbalance.’ Self-deception, though, can’t really explain why lawmakers would have approved such arrogant accounting. Given that Capitol insiders know full well that spending and revenue forecasts have this irreconcilable conflict, the slyness seems aimed outward.” This practice makes it even tougher for local governments to budget, charges the *Post-Bulletin*. “For the 2006-2007 biennium, the failure to accurately count revenue and expenses creates an intentional budget error that masks what could be a \$1 billion state budget deficit...”

The **St. Cloud Times** (3/9) wants business leaders to hear about “an investment oppor-

tunity that will yield a long-term return of anywhere from 7 percent to 16 percent. It’s perfectly legitimate, benefits the state in countless ways, and has nothing to do with the Internet or a former leader of the Congo Republic. The investment is putting adequate public dollars toward early childhood education. ... Every business leader who has ever sought ways to bolster his or her respective economy needs to not only understand the benefits of early childhood education, but clearly see that Minnesota is divesting, not investing, itself from this critical issue. That’s right. Public early childhood education programs are in the middle of a two-year \$86 million state funding cut, thanks to our two most recent governors and a majority of legislators. Minnesota’s once nationally known early childhood education programs have withered to the point of mediocrity.” **MJ**

## Charter schools *from page 1*

sions. Here are a few:

▲ Until the current (2003-2004) school year, Minneapolis provided a bus to bring 35 to 40 Somali American students from the north side of Minneapolis to Sanford Middle School on the south side. Somali families like Sanford because the principal has visited Africa to learn more about their heritage, the faculty includes several highly respected Somali-Americans, and the entire faculty has had training on how to work with Somali students. No middle school on the north side has done all this. But the district declined to provide a bus (at a cost of about \$10,000 per year) to bring these students to Sanford this year. Parents urged the district to reinstate the bus, but the district declined. So about 35 of these students enrolled in charter schools featuring Somali-American faculty. Because many of these students are not native English speakers and are from low-income families, they produced more than \$180,000 for the district.

▲ One of the most remarkable stories in urban education, not just in Minneapolis,

but also around the country, is Harvest Prep, a charter founded by Ella and Eric Mahmoud on the north side. The school enrolls 76.8 percent low-income students, and 100 percent African American students, both above Minneapolis district averages. And yet the percent of third graders at Harvest Prep scoring at or above grade level on statewide tests was 87 percent in math and 96 percent in reading. That was higher than district averages, not just in Minneapolis, but also in Bloomington, Hopkins, Lakeville, and other communities with far lower percentages of African American or low income students.

▲ In 2002-2003, Cedar Riverside, a charter located in the housing project, enrolled 97 percent of its students from low-income families, and 57 percent learning to speak English. Both figures are well above district averages. But 50 percent of the school’s students made a year’s worth of progress in math (just 1 percent below the district average), and 64 percent of its students made a year’s worth of progress in reading (10 points higher than the district

average of 54 percent).

A recent *Star Tribune* editorial urged replicating successful charter ideas. This makes great sense. Strong public schools—whether in the district or charter sector, are good news for the city.

Forty-one other states and the District of Columbia have adopted the charter idea, which originated in Minnesota. While every chartered school does not produce outstanding performance, several things seem clear:

- ▲ Minnesota charters are a growing choice for students from low income, limited English and minority families.
- ▲ Performance at many of the charter schools is encouraging.
- ▲ Legislators of both parties have wisely decided that a strong charter sector is good for students, and good for the state. **MJ**

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# TakeNote

## Policy Tidbits

*Is our historical ignorance doomed to repeat itself?*

**Historical ignorance among teens** isn't growing—it's always been dismal, education Professor Sam Wineburg argues in the March *Journal of American History*. This comment comes in response to a report from the 2001 National Assessment of Educational Progress, which states that six in 10 high school students lack even a basic knowledge of American history. Wineburg argues that, "The only thing growing seems to be our amnesia of past ignorance." He blames both flaws in testing and a lack of qualified history teachers. He explains that current testing mechanisms, geared towards ranking students according to a symmetrical bell curve, don't really test general knowledge, but instead the ability to remember specific minutiae. He also points out that unlike English or math teachers, less than 20 percent of today's history teachers have studied that discipline in depth in college. In Pennsylvania, for example, teachers can qualify to teach American history in high schools having last studied the subject in the seventh grade. Wineburg's prescription? Dump the current multiple-choice based tests and focus instead on helping students build a narrative on which they can base their understanding of contemporary affairs. <http://news-service.stanford.edu/news/2004/march31/history-331.html>—Dan Gilchrist.

**Plans to build a dedicated four-lane "truckway"** along Virginia's 325-mile portion of Interstate 81 are in the works. Traffic along this stretch of road has more than doubled in the last decade with the adoption of NAFTA, as it provides one of the only non-stop routes to Canada in the Eastern United States. More than 40 percent of traffic on this, one of the most dangerous sections of America's roads, consists of trucks. U.S. Rep. Don Young (R-Alaska), chairman of the House Transportation and Infrastructure Committee, sees I-81 as a launching point for his vision of a national network of truckways that he hopes will expedite the process of moving goods across the country. Critics of the project argue that there are serious design flaws, including the fact that for all but 45 miles of the highway, cars and trucks would be separated only by rumble strips. There are also only six spots along the truckway where trucks could enter and exit without crossing through car lanes. Opponents also argue that pollution from increased

truck traffic in the state would threaten the fabled blue sky over what AAA has voted one of the nation's most beautiful highways. [www.washingtonpost.com/wp-dyn/articles/A30021-2004Mar27.html](http://www.washingtonpost.com/wp-dyn/articles/A30021-2004Mar27.html)—Will Goldstein.

**Minnesota cities still struggling** to rebound from the latest recession. According to the 2004 "State of the Cities Report," published by the League of Minnesota Cities (LMC), Minnesota had the sixth worst budget shortfall during FY2004 of any of the 46 states that reported shortfalls. Eighty-one percent of the 397 cities that responded reported to be less able to meet financial needs in 2004 than in 2003. Those cities also reported that they had responded creatively to budget cuts and the recession by reducing staff, drawing down reserves, implementing and raising fees and/or property taxes, and increasing cooperative agreements, among other strategies. The LMC reports that, while short, the most recent recession was the most severe for state and local budgets since World War II. The report also finds that the long-term trends of rising health care costs, globalization of the workforce, and an aging population will produce ongoing challenges to the ability of cities to fund and deliver public services. View the full report at [www.lmnc.org/library/stateofcities04.cfm](http://www.lmnc.org/library/stateofcities04.cfm)—Stephanie Lake.

**The battle over control** of state legislatures is more intense than at any point in recent memory. The GOP currently holds a mere 60-seat advantage in the more than 7,500 legislative seats across the United States, and 25 states have legislative chambers that could switch party control with a shift of three seats or less. Steven Schier, professor of

political science at Carleton College argues in the *Christian Science Monitor* that, "These crucial, very close races in so many state legislatures are a big deal because they will show if the GOP's recent gains continue or move backward." The decisive nature of these races will likely bring hot-button issues to the forefront, an increase in money spent on campaigns, and many more of those ever-present political ads. [www.csmonitor.com/2004/0330/p01s01-uspo.htm](http://www.csmonitor.com/2004/0330/p01s01-uspo.htm)—W.G.

**More Americans are living in politically homogenous communities** than ever before, according to statistical analysis of voting records by the *Austin American-Statesman*. This clustering is a new phenomenon seen with a vast social shift in the United States since the 1970's. Whereas in the 50's and 60's, most U.S. counties were evenly split between Democrats and Republicans, now 60 percent of Republican voters live in counties that have voted Republican in each election since 1980, and 60 percent of Democratic voters live in counties that have voted Democratic since 1988. Because of this shift, voters are becoming more partisan and less independent, while their representatives are being pushed to be more extreme in their positions, leading to less cooperation with their co-workers across the aisle. This analysis supports a study from the Pew Research Center for the People and the Press released late last year which reports that the U.S. "remains a country that is almost evenly divided politically—yet further apart than ever in its political values." [www.statesman.com](http://www.statesman.com)—W.G. MJ

*Take Note contributors include Citizens League members and staff.*

PERIODICALS  
POSTAGE PAID  
AT MINNEAPOLIS  
MINNESOTA