

Choices for Educational Success

On May 5, 1998, Pioneer Institute celebrated its tenth anniversary with the inaugural Lovett C. Peters Lecture in Public Policy. Governor Arne H. Carlson of Minnesota delivered the keynote address. In 1997 Governor Carlson, with bipartisan support, pushed through the most comprehensive education reform in the nation despite fierce union opposition. He spoke of the critical need to improve education for America's children, and how Minnesota is working to do just that. His reform package included expanded education tax deductions, creation of tax credits for lower income families, expansion of charter schools, and site-based financing. In the following pages, Pioneer has reproduced an edited transcript of the speech.

When I came into office in 1990, most states had new governors and fairly serious financial problems, as did Minnesota. Most of the new governors came in under circumstances of adversity, and most understood that no matter what they did to bring balance to their budgetary process, they would lose public support. We were all shocked at how angry the public was. That class of governors was compelled to make some decisions not only about the budget, but more importantly about reforming programs that were driving up costs. So they focused on reforming health care, welfare, and workers' compensation. But the key reform is one that we have not dealt with fully, and that is education reform. When we compare international test scores, almost invariably we see the United States scoring on the lower end. We discuss where the workers of tomorrow will come from to fill the industrial and technical needs of our employers. But the issue is far more fundamental. If it is the will of the people and the political system to continue with the current education system, then we must prepare to be a second rate economic power. We will not remain a powerful economic entity if we have a third class educational process.

It is no longer a question of a handful of kids "slipping through the cracks." Now, one in three kids is failing basic skills tests in reading and math. That equals fourteen million American children. Think about the enormous potential drag on our economic growth. Education and faulty outcomes are not separate. In Minnesota we had always prided ourselves on being a great educational state. We thought that we would always rank in the top three or four states in America. When you looked at the ACTs and the SATs of those kids that were going to college, we did extraordinarily well. We were always at or right next to the top.

We had also had a law that forbade statewide testing. To figure out what was happening to those kids who did not take the SATs and the ACTs, we had to contract out and do sporadic spot testing. The results were astounding. Over a third of our kids at the eighth grade level could not pass basic math and basic reading. Minnesotans were shocked. But Minnesota's results correlate with the national numbers, which indicate that 31 percent of our students are not graduating from high school. Thirty-nine percent are not passing at the eighth-grade math level, and 38 percent are not passing at the fourth-grade reading level. When we looked at Minnesota's two largest cities, Minneapolis and St. Paul, we found that 59 percent of our students overall were not cutting it at the eighth-grade level in either math or reading. And half of the students would not be graduating.

When you look at the minority populations, those numbers increase enormously. Nationally, 68 percent of black children are below basic test levels; 60 percent of Hispanic children, and 48 percent of American Indian children test below level. There is a massive array of excuses: "We have kids coming from impoverished families, from dysfunctional families." Sadly, the American media has not challenged these excuses. For example, three years ago, my wife and I built a house on Forest Lake in Minnesota. We thought it was a fairly affluent community. Everything was fine until we read in the paper that our school test scores were not very good. The school superintendent told the people of Forest Lake, "You have to remember that we have a lot of poverty out here." There is an inability and unwillingness to challenge those statements. We in Minneapolis spend approximately \$11,000 per pupil. That is on a par with the most expensive prep schools in that state, yet half the kids will not graduate. We are presented with an endless array of social reasons as to why they cannot make it. I am not going to argue that those reasons are without validity. But I will argue this: Do you really mean to say that if a kid comes from a poor family, he cannot be educated? Do you mean to say that if a kid comes from a minority family, he cannot be educated? If that is the case, why do you take the money and pretend that you are educating them?

These children do not disappear. They are not little statistics that can be eradicated with an eraser. These kids will re-appear in the juvenile justice system or in some form of social welfare. We pay a horrendous cost to fund faulty outcomes. In Hennepin County, Minnesota's largest county, it costs \$40,000 a year to house one kid in a juvenile facility, a cost that exceeds the most expensive colleges and universities in America. As citizens, we complain that younger and younger people are committing crimes that seem to be increasingly violent. But we willingly build more facilities to keep those kids off the streets and away from us rather than figuring out a strategy to prevent the problem. When I was state auditor, our budget for juvenile justice, and corrections as a whole, was tiny with virtually no growth. Now we build a new prison every three years.

In Minnesota, we decided to redesign the education system and focus not on what the providers want, but on the wellbeing of the child. First, we needed to restore the ability of the state's school districts to test students. When we put it on the agenda, the president of the teachers' union came for a friendly visit to advise me on the errors of my ways. He said, "Here is the problem: When parents see those test scores, they are going to start comparing schools." Which is precisely what we wanted. Second, although Minnesota was the first state to create charter schools in 1991, over the years the legislature made the charter schools resemble regular schools more and more by adding restrictions. We asked the legislature to lift the cap on the number of charters, and to allow more of the capital expenditures to flow with the students going to charter schools, so we could have more charters and more opportunities for groups to sponsor charter schools. We wanted to encourage groups that are on the cutting edge, willing to experiment, willing to acknowledge what works and what does not work, and start to drive some educational reform in the system.

We also infused the system with a record amount of funding for computers. We wanted Minnesota to rank number one, not in the country, but in the world, in the ratio of computers to students, a goal which we will achieve within three years. We also wanted to put money directly into "site-based management," which means that the money does not flow entirely to the school district, but also to the school building. This enables each principal to sit with his faculty and with parents to map out the school's mission, goals, objectives, and how they are going to measure how they are doing. Our current system lacks accountability. It tends to measure itself by inputs, like how much we spend per child, rather than how is the kid doing.

In the bill we also provided public schools with the highest increase in funding that they had ever had. We want public schools to work. We just want them more accountable. We gave them a 15 percent increase over the next two years to allow them to implement the reforms, including higher standards for graduation. We wanted our children to test well and be prepared for the 21st century. Because if both systems do well, our children will do well, and our nation will do well.

Finally, we started building boarding schools for kids who were at risk. I was privileged to attend such a school, and I fail to understand why boarding schools for lower-income kids or kids at risk are automatically labeled by the media and by the critics as orphanages. Boarding schools can allow kids to get away from dysfunctional families. I remember asking one small boy who was a status offender why he always ran away. His answer was, "When I go home, my father gets drunk and beats me within an inch of my life." How do you tell that kid he belongs back in that family? He does not. Should that kid have an opportunity to succeed? If the answer is yes, boarding schools become a vehicle for it. If all works out, Minnesota will have three boarding schools running within the next two years.

A part of Minnesota's education reform bill that drew considerable concern from the educational cartel dealt with the tax piece that empowered parents to participate in making choices. America has always given the opportunity of choice to its well-to-do. They have always exercised that choice in the name of what they felt was best for their son or daughter. Why not extend, at least to a limited extent, that same right and that same opportunity and that same empowerment to all families? To do this, we created a vehicle through the tax code that allows families who pay income taxes to deduct certain educational expenses. Families who do not pay income taxes can either get money back through a refundable education tax credit, a working family tax credit, or a combination of both. But the overall goal is to ensure that all children have access to choice. We believe that choice and competition will drive the system to substantially improve.

The legislature wrestled with the bill and concluded that they could not pass legislation that contained the ingredients which I had said were essential. They passed an educational funding bill that was extremely generous, but not sufficient in reforms. I had said I would veto it, and I did. The month that followed was one of the more difficult months of my life personally, and a very difficult month for my staff, because we

did not know how long we could keep our coalition together. We had brought together the school choice groups, the groups that sponsored religious education, those people who were participating in home schooling, as well as a broad-based coalition. We were blessed with a considerable amount of help from a variety of groups, particularly the Choice Foundation that was driven by a good number of America's leading entrepreneurs. We were able to conduct both television and radio ads and campaign heavily. Even opponents were impressed with the quality of the debate. People began to discuss the reform package more and more, and ask why it would not be applicable. In addition to school choice, we had also added a component that allowed parents to use tax deductions to offset the cost of a computer for their kid, or an educational summer camp, or extra tutoring, or any other valid educational need the child had. The parents can meet that need and the state will be a financial partner. We wanted our kids to succeed. Our polls indicated that 71 percent of parents with children in school, and 59 or 60 percent of the overall population were for choice. The public essentially wants it, regardless of race, creed, color, national origin, and God knows what else. We went through several days of very hard negotiations with the leadership of the legislature, and finally, there was an agreement.

At that point, the teachers' union literally went ballistic. They flooded the halls and told the Democrats, "We have long supported you, you owe this to us." You name the political game and I can assure you they played it. What was fascinating about the final vote, however, was not that we won, because we knew going in that we would, but that the final vote was a lop-sided "yes" in both the house and the senate. Both political parties supported it.

Educational choice today is what the civil rights movement was in the 1960s. It compels people to look in the mirror and ask, "What is it that I see?" What was fascinating about the debate in Minnesota was the enormous amount of hypocrisy. We discovered that 24 percent of the teachers in the Minneapolis public school system sent their kids to private schools. We allowed it to be known that the former superintendent of schools in Minneapolis, who opposed school choice, chose to send his daughter to a good private school. We allowed it to be known that several legislators leading the fight against the reform package sent their kids to private schools. We observed that neither the President nor the Vice President, nor any member of the cabinet, nor a single member of Congress sent their kids to the public schools in Washington, DC. Anybody who comes out against choice should answer the question, "Will you send your kids to the very schools that you want to send other kids to?" If the answer is no, then the word "hypocrite" does apply.

Whether you are a Democrat, Republican, conservative or liberal, the presidency has the awesome responsibility of setting the moral tone of the nation. President Roosevelt faced that responsibility during World War II when he had to answer the question, "Did your kids go to war?" The answer was yes. President and Mrs. Clinton made a decision to send their daughter to a private school. The Vice President and his wife did precisely the same thing. How can they then veto a bill that gives scholarships to low-income kids in Washington, DC? We have an obligation to live our own philosophy. The sad reality is that our leadership, and maybe all of us, are losing sight of what the American dream is all about. My parents came from Sweden to the United States in the late 1920s. They did not come here because of welfare or guaranteed healthcare. They had heard about this thing called "opportunity" in America. Generations of Americans who came from all over the world came with the idea that there was opportunity here, that if they sacrificed, maybe their children could have access to a quality education. Maybe their kids could bite on the big apple. That was the American dream. That was the immigrants' dream. That was their expectation.

I remember getting a scholarship to the Choate School in Wallingford, Connecticut. It was an awesome experience. I could not believe that one school could be so large and have so much. The day I arrived, I was placed in a room and asked to take a test. The first part of the test was two hours on the word "grammar." I had never heard of the word "grammar." In the afternoon, it was two hours on the word "algebra." I had never heard of the word "algebra," either. I think it is fair to say that I set the all-time low record for entrance into the Choate School. I remember going back to my cottage and thinking that somebody was going to come and put me on that six o'clock train. Nobody came. What I found out later was it was a placement test, and thank heavens they had some slow sections for students like me. It was a nurturing, caring environment. Choate was truly a school dedicated to the proposition that every child that comes through those hallways will have the opportunity to succeed, and to rise to their highest level of potential.

That is precisely what the dream of America should be to every single child. Maybe we do not have the capacity to wipe out poverty or to wipe out many of the social problems that beset us. But as a civilized

society, we have a tremendous obligation to reach out to every child and hold out the promise that we as a society will do everything that we can to allow that child to succeed. We will challenge you; we will raise expectations for you. We will do everything we can to make certain that you succeed. And if a child fails, maybe we have failed.

We need to stop blaming all of our ills on social problems. In Minnesota recently, we finished our third round of statewide tests. One of the highest test scores came from a little town in southern Minnesota that had just been destroyed by a tornado. You name the hardship, that little town had it. But there they were, right up on the top of the chart. I do not know where the school met, I do not know how they solved their problems, but they cared enough about their children to make sure that the educational process continued, and it did.

It is imperative for us, as adults, to recognize certain truths. One is the educational system is our system. The superintendents, the principals, the teachers, and even the janitors, work for us, not vice versa. We cannot turn America's K-12 system over to a teachers' union and let it define the problem, the solution, tell us what we are going to pay, and then be surprised at the outcomes. Any time you give anybody a monopoly, it is an open invitation to a disaster. We need to hire our teachers and administrators for a specific mission: to make absolutely certain that they do the best that they possibly can to tickle every human mind and make sure that that mind is stimulated to reach the highest level of potential. We cannot afford the price of faulty outcomes. Would you rather spend \$3,500 on Project Head Start or \$40,000 on a juvenile detention facility? Those are your choices. We need to dedicate our resources to reaching and helping every single child. We cannot afford a society that is reckless in its disregard of those kids who are not succeeding. We cannot afford a society where 40 to 50 percent of its kids drop out. We owe an obligation to them, to ourselves, and to our future, to recognize that we have two hands. One is there to allow you to climb the ladder of success, the other is to reach back and help somebody else up it. I pray to God that we have the wisdom to make sure that that other hand goes back to our children.

Highlights from Minnesota's Groundbreaking Education Bill, passed in June, 1997:

- ?? Expanded existing tax deduction for education expenses by 2.5 times. All tax filers are eligible for tax education deductions of up to \$1,625 for students in grades K-6 and \$2,500 for students in grades 7-12. Deductible items include private school tuition, computer software, education summer schools and camps, tutoring, transportation expenses, and textbooks.
- ?? Created refundable tax credits of \$1,000 per child for families with an income of \$33,500 and below (\$2,000 limit per family). Credits can be used on all the items listed above, with the exception of private school tuition.
- ?? Expanded working family tax credit by an average of \$200 to \$350 for families with an income of \$29,000 and below, and allowed the credit to be used for any purpose, including private school tuition.
- ?? Expanded charter and lab schools, increased funding for technology and site-based financing, and repealed law forbidding statewide testing.
- ?? Increased spending on public education by 15 percent, or nearly \$1 billion over two years.

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