Five Ways Forward:

Policy Ideas to Move Minnesota Forward in 2013

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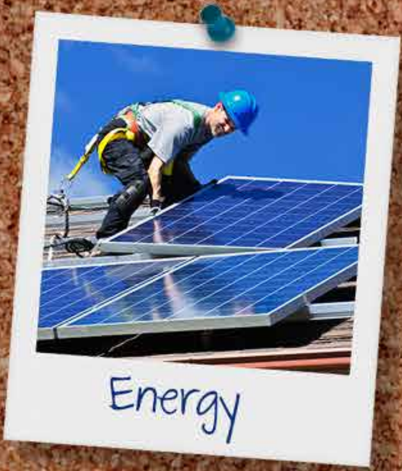

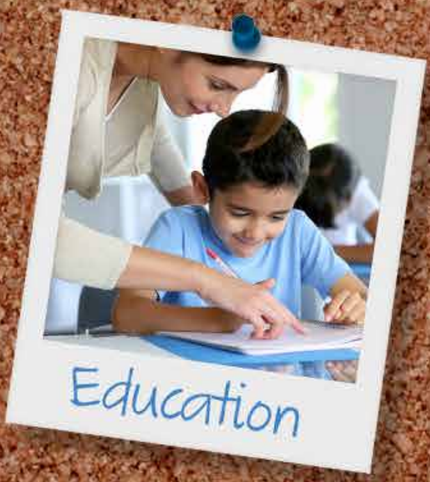

MINNESOTA 2020

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INTRODUCTION

Retreat and reduce in the name of conservative "no-new-tax" dogma dominated Minnesota public policymaking's last decade, leaving the state weaker as a result. Schools are underfunded, middle-income Minnesotans shoulder a disproportionate share of public service costs, fewer people have health care, and incomes are stagnant.

With the start of Minnesota's 2013 Legislative session, there's an optimism progressive majorities will reverse this course through reinvestment and a fairer fiscal system. Many challenges are ahead. Lawmakers must address grand policies like balancing the budget, developing a more equitable revenue system, and overhauling education finance.

However, there are a number of other substantive, lower profile, policies that will make Minnesota a better place to live, raise a family, study, and work. Five Ways Forward points to those types of initiatives. In this report, Minnesota 2020 policy fellows each explore a specific plan in their area of expertise. The five topics identify needs and solutions to reduce medical errors, boost solar energy investment, repurpose empty main street storefronts, increase transit, and bring fairness to teacher evaluations.

Each proposal has statewide application and should appeal to a broad spectrum of private and public entities. Most of these ideas require minimal, or no, state investment and are structured to garner bipartisan support.

We urge lawmakers to consider these proposals when crafting legislation in the 88th Meeting of the Minnesota Legislature.

POLICY PROPOSALS

✓ Reduce Medical Errors through More Transparent Reporting

Finding: Medical errors are the sixth leading cause of death in the U.S.

Recommendation: Establish hybrid free market-regulatory approach requiring health care providers to disclose a wider range of medical errors allowing patients and insurers to make more informed treatment decisions.

✓ Expand Opportunities for Solar Investors

Finding: Despite potential, Minnesota has failed to capitalize on its solar resources.

Recommendation: Raise net metering limits so that solar array owners can sell more of their unused power back at the average retail price. Remove restrictions on third-party investors. This will help more moderate income Minnesotans avoid high upfront solar costs.

✓ Broaden Statewide Transit

Findings: Minnesota transit ridership continues growing, yet transit investment falls short of what's needed for a 21st century transportation system.

Recommendations: Ensure funding to guarantee federal matching dollars for southwest light rail. For Greater Minnesota, follow the Minnesota Transportation Finance Advisory Committee's report recommending $45 million annually to meet statutory requirements, which are partially designed to accommodate an aging population that's more transit reliant.

✓ Repurpose Unoccupied Storefronts on Main Streets and Urban Neighborhoods

Findings: Every one of Minnesota 854 incorporated cities has at least one mid-century building sitting vacant that's too young to declare historic, but can still provide value to the community.

Recommendation: Convert such buildings to multi-occupancy work spaces, where small businesses could share common areas to reduce overhead. Provide tax credits to building owners who make sustainable building retro-fits.

✓ Find Fairness in Evaluating Teachers

Findings: Minnesota's legislature passed a law—which goes into effect in the 2014-2015 school year—mandating 35% of a teacher's evaluation be based on student achievement, which would likely be measured by a high-stakes test. Educators say this is an unrealistic and arbitrary performance measure aimed at diminishing the public's trust in teachers.

Recommendations: Instead of student achievement based on testing, teachers say the evaluation should be based on proof of learning, which takes into account a wider variety of assessments and is a more accurate measure of student progress.

More Transparency will Help Eliminate Medical Errors

Aaron Sinner, Policy Associate

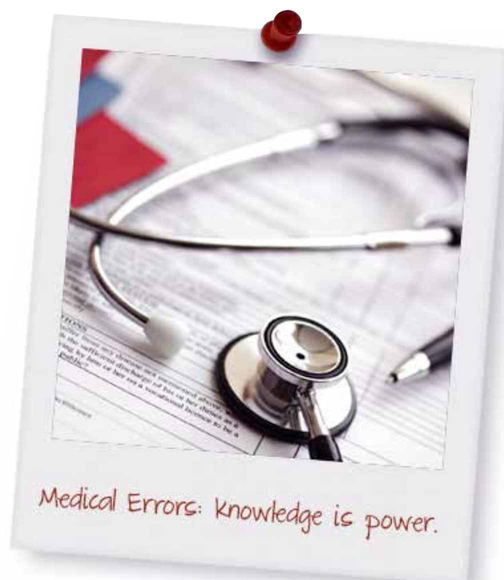
In September 2012, surgeon Marty Makary wrote in The Wall Street Journal, "If medical errors were a disease, they would be the sixth leading cause of death in America." Nearly 20% of all Medicare patients in Minnesota who are discharged from the hospital must be readmitted within 30 days. Not all of these readmissions are avoidable, but their large number indicates the volume of medical errors occurring across the state.

Ranking sixth in cause of death, by the way, places medical errors just ahead of Alzheimer's disease and diabetes—two causes which each draw over half a billion dollars in research funding annually.

Rather than massive research into preventing this problem, medical errors go largely unreported. Knowledge is power, making transparency the first step toward reducing medical errors. The public has a right to know how common these errors are and which hospitals have spotless track records—as well as which ones have blunder-filled histories.

In 2003, Minnesota took a large step forward in becoming the first state to pass an Adverse Health Event Reporting Law. The law required all Minnesota hospitals, freestanding outpatient surgical centers, and regional treatment centers to release annual data on the occurrences of 27 categories of catastrophic medical errors—since expanded to 28—that the state then includes in an annual report.

These catastrophic medical errors, dubbed "Serious Reportable Events," include occurrences such as an operation on the wrong body part, a sexual assault on the grounds of a facility, and discharge of an infant to the wrong parents. Since Minnesota passed the law, 27 states have followed suit with some kind of reporting system.



Unfortunately, the 28 categories of Serious Reportable Events, while informative, do not paint a complete picture of medical errors. They neglect rates of infection that occur within hospitals and rates at which patients must be readmitted to the hospital within 30 days of discharge.

Furthermore, while the annual report discloses important information, it fails to synthesize it down into an easily digestible rating that a consumer can use to effectively evaluate performance. Ratings should allow some cross-comparisons, especially to other hospitals in the region. A decade after first requiring mandatory reporting on adverse health events, it is time for Minnesota to expand the effectiveness of medical error disclosure.

This past August, Consumer Reports examined hospitals across the country to determine which ones had the highest medical error rates. They used a more far-reaching evaluation method than the current reporting would allow, including infection rates and readmission rates.

In many ways, Consumer Reports' evaluations underscored the problem with not requiring disclosure of comprehensive medical error data. Its study had to rely on self-reported figures from those hospitals which chose to divulge such statistics.

Of Minnesota's 141 hospitals, only 36 offered enough data to be evaluated—and even many of them did not release complete information. Nevertheless, for those 36 hospitals, Consumer Reports ran the numbers in multiple categories to develop a "Safety Score" for each hospital. Adding Safety Scores to Minnesota's annual Adverse Health Events report would make the information more comprehensible and user-friendly for Minnesotans.

By shining a little more sunlight on the problem, hospitals will be encouraged to improve.

Patients have a right to easily understand which hospitals make mistakes and which ones avoid them—and, by shining a little more sunlight on the problem, hospitals will be encouraged to improve.

By requiring hospitals disclose comprehensive error rates, and by translating those error rates into easily digestible ratings, Minnesota state government can empower consumers to make more informed decisions when selecting which hospitals to trust with their care.

The state need only require full disclosure of medical error rates and make the information widely available, then let the free market work its magic. Public disclosure alone can hold hospitals' feet to the fire, as customers or insurance providers choose to reward those hospitals with low error rates and avoid those with higher error rates.

We know hospitals can do better when pushed.

We know hospitals can do better when pushed. Mount Sinai Medical Center in New York implemented a program targeting patients at risk for complications at home and reduced readmission rates by 60%. When gastroenterologist Doug Rex of Indiana University began videotaping his peers performing colonoscopies, quality scores went up 30%. Utilizing a five-point checklist in I.C.U.'s across Michigan decreased infections by 66%.

Doctors, nurses, and other medical professionals are no doubt happy to see these measures put in place, as they lower mortality rates and increase patient satisfaction. But these measures carry a cost double-whammy: It takes money to identify and implement them, and if they're successful, they reduce the number of patient visits a hospital receives—increasing expenses and decreasing revenues.

We need to reward the hospitals that take on those costs by giving them public recognition of their improved safety. An easily understandable safety score will do just that.

Government doesn't need to mandate which methods hospitals must use to prevent errors. It doesn't even need to mandate hospitals improve their error rates. But, in requiring hospitals to admit to their shortcomings by introducing a dose of transparency into the market, the government can encourage hospitals to strive to do a better job.

Offering a safety score based on comprehensive disclosure of all forms of medical error, including infection rates and readmission rates, strikes a balance between public policy and private action to which lawmakers across the political spectrum should be able to agree. A little extra disclosure could go a long way toward saving lives and improving the health of Minnesotans.

FINDING

Medical errors are the sixth leading cause of death in the U.S.

RECOMMENDATION

A hybrid free market-regulatory approach requiring health care providers to disclose a wider range of medical errors allowing patients and insurers to make more informed treatment decisions.

Expanding Opportunities for Solar Investors

Will Nissen, Energy Policy Fellow

Minnesota hasn't built the comprehensive policy structure needed to attract solar industry jobs and investment, give people and businesses the power to manage their own electricity load and access amazing new technologies, and reduce our state's reliance on imported fossil and nuclear fuels to produce our electricity.

According to current estimations, Minnesota does not rank in the top 20 states in the country in terms of total installed capacity or annual growth in capacity. In fact, Wal-Mart stores in the U.S. have over six times the installed solar capacity of our entire state,[1] yet not one of those solar-powered stores is in Minnesota.

This inaction is inconsistent with the state's strong history of environmental stewardship, which led to passage of one of the strongest renewable energy standards of its time in 2007. In two particular areas (net metering and third-party ownership), state policy restricts solar energy's economic potential, preventing large swaths of the state from accessing the solar market.

Net Metering

Net metering acts as a standardized contract between a utility company and an individual or business that owns a small electricity-generating system, like a solar array or small wind turbine. It compensates the owner of that system when it supplies generated electricity to the grid by conceptually rolling back their electricity meter.

Essentially, the system owner sells excess electricity produced on site back to the utility for the same price the utility sells electricity to the owner, known as the average retail rate.

This policy is important for home and business owners who want to more effectively manage their electricity use, particularly through installing solar systems on their buildings or property. It sets a clear and fair price for electricity produced by project owners without forcing them to negotiate individually with the utility. This greatly improves the economics of solar projects, reduces payback times for solar investments, and rightly compensates owners for electricity they feed into the grid.

1 See Ross Abbey's article "Making Rooftop Solar Business As Usual" for Fresh Energy at http://fresh-energy.org/2012/09/making-rooftop-solar-business-as-usual/

Minnesota's current net metering policy, enacted in 1983, limits access to this contract to projects less than 40 kW in size.[2] While this limit does not impact most residential solar projects, which are typically 3 kW to 6 kW, many commercial and public building projects exceed the 40 kW limit and do not qualify for net metering access.[3]

For example, a 40 kW solar system occupies roughly 5,000 square feet of roof space. This is a fraction of the size of many large commercial and public building rooftops, like a postage stamp on the corner of an envelope, and prevents these potential solar investors from maximizing their full solar resource potential.

Current best practices suggest that states abolish net metering capacity limits or limit eligible projects to size at or above the customer's electricity use load. Over 33 states, including the nation's fastest-growing solar markets, have higher net metering capacity limits than Minnesota or have instituted a 100-125% of customer's electricity use system criteria.

Minnesota policymakers should update the state's outdated and restrictive net metering policy.

2 See Minn. Stat. 216B.164. Subd. 3.

3 The National Renewable Energy Laboratories Open PV website provides a useful (though incomplete) look at solar projects throughout Minnesota. Through the database, one can clearly see a system size "ceiling" at 40 kW, indicating that solar system owners are sizing their projects to take advantage of the net metering contract. This also suggests, however, that these projects could be larger to capture the roof or property's full solar resource potential and optimize project financing. Access this database at https://openpv.nrel.gov

Minnesota policymakers should update the state's outdated and restrictive net metering policy by at least raising the system capacity limit to 1,000 kW, and should consider abolishing the limit altogether or catering project limits to the customer's annual average electricity use.

Updating this policy will benefit utility customers and allow larger commercial properties to invest in solar systems to manage their electricity use, lower electricity bills and maximize their full solar resource potential.

Third-Party Ownership

Another policy that would expand the solar market to new customer bases involves removing restrictions on third-party ownership.

Through third-party ownership, an outside entity pays the up-front cost of the solar system, owns, operates and maintains the system, and leases the generated electricity to the property owner. For the home or business owner this brings three significant benefits:

1) It eliminates the large up-front costs to purchase a solar system, often a major barrier;

2) It eliminates the operation and maintenance burden and learning curve; and

3) Electricity savings start on day one.

In Minnesota, these third parties would likely be solar developers already operating in the state that expand their services to include third-party-owned systems.

This policy mechanism is a driving force in the rapid solar development of states like California and Colorado. One study of the residential solar industry's growth in southern California found that third-party ownership expanded the solar market from households with an average annual income of $150,000 or more (who could buy solar systems outright) to households with an average annual income between $100,000 and $150,000.[4] After Colorado passed a bill in April 2009 removing restrictions on third-party ownership,[5] the percentage of solar installments owned by a third party in Xcel Energy's Colorado service territory rose from 0% in March 2010 to over 66% in May 2011.

Current Minnesota statute causes any legal entity that produces or furnishes electricity to 25 persons or more to be regulated as a public utility.[6] For any business looking to make significant solar investments as a third-party owner in our state, as many have done in California and Colorado, this brings inhibitive government red tape and heavy regulation.

Minnesota policymakers should pass legislation removing the 25-person limit, based on similar legislation with necessary provisions in California and Colorado, making third-party ownership available to residential and commercial customers on a much wider scale.[7] It is important to note that utilities can compete with third-party owners for the same types of solar projects.

These policy changes do not hinge on financial incentives or subsidies that use taxpayer money to propel a specific industry; nor are they short-term boosts intended to support or stimulate an industry. These are simple, structurally fundamental state policies that have effectively accelerated solar growth in other states throughout the country. They will open Minnesota's solar market to new customer bases and lay the policy groundwork needed to bring investment and jobs in one of the country's fastest growing industries to our state.

FINDING

Despite potential, Minnesota has failed to capitalize on its solar resources.

RECOMMENDATION

Raise net metering limits so that solar array owners can sell more of their unused power back at the average retail price. Remove restrictions on third-party investors. This will help more moderate income Minnesotans avoid high upfront solar costs.

4 See the National Renewable Energy Laboratory's March 2012 study "The Transformation of Southern California's Residential Photovoltaics Market through Third-Party Ownership."

5 See Section 10. 40-1-103 (2)(c) in Colorado's Revised Statutes.

6 See Minn. Stat. 216B.02 Subd. 4.

7 For more detail on third-party ownership legislation and regulation, see the National Renewable Energy Laboratory's February 2010 report "Solar PV Project Financing: Regulatory and Legislative Challenges for Third-Party PPA System Owners" at http://www.nrel.gov/docs/fy10osti/46723.pdf

Public Transit, the Long-neglected Sibling of Minnesota Transportation Policy

Conrad deFiebre, Transportation Policy Fellow

It began as private enterprise linked to real estate development, eventually growing to a 500-mile Twin Cities streetcar system stretching from Stillwater to Excelsior. Trolleys also plied regional centers such as Duluth. These businesses paid taxes that governments invested in pavement for private cars. Private transit went into bankruptcy after World War II.

Government took over at that point to avert the economic catastrophe of masses of citizens struggling to get to work or shopping. But public transit has remained controversial half a century later, and it shows in the wobbly way it has been financed. At one time or another, Minnesota has used taxes on property, general sales and motor vehicle sales as well as state general funds and bonding to keep thousands of buses and a few trains running.

None of it has been enough to meet worthwhile economic goals or even to maintain our statewide transit system's good performance—105 million riders in 2011. According to the Minnesota Transportation Finance Advisory Committee's report[8], the total projected gap in revenues just to keep all state travel and transport modes from going backwards over the next two decades is more than $1 billion a year.

Nearly all of that, $900 million a year, is for streets, roads and bridges. (For the state's motorways to remain economically competitive, the panel says, more than twice as much is needed.) Keeping transit on an even keel carries less sticker shock—$100 million a year—but several times that for accelerated improvement, particularly to meet now out-of-reach goals for service in Greater Minnesota.

In spite of public underinvestment, Minnesota transit ridership keeps growing. With the Twin Cities re-densifying, energy and environmental costs of driving increasing and the statewide population aging, expansion of both rural and urban transit systems should be prioritized.

Twin Cities

In the past two years, a conservative-led Minnesota Legislature whacked state general fund support for transit by millions, leaving budget holes to be plugged by regional taxes and higher-than-expected motor vehicle sales tax collections.

8 See: http://www.dot.state.mn.us/tfac/docs/TFACSummaryReportNov30.pdf

Legislators also blocked any contribution toward the state's 10 percent share of construction costs for the proposed Southwest light rail line. A stopgap $2 million grant from a bond fund controlled by Gov. Mark Dayton kept the project on life support through June, but action will be needed early this year to hold its place in line for $625 million in federal funding

That's a deal Minnesota can't afford to ignore, especially since the remaining state contribution of $120 million for construction can be borrowed at historically low interest and paid off as the economic benefits of the Southwest replenish state coffers over the next 20 years.

That's a deal Minnesota can't afford to ignore.

Minnesota has an enviable borrowing capacity of nearly $1.3 billion, according to the latest calculation based on Pawlenty-era guidelines.[9] There will be many demands on that account over the next two years, but few others, if any, will leverage hundreds of millions dollars more to create thousands of jobs and development growth.

The Itasca Project's recent assessment[10] of building out the Twin Cities transit system with 16 light rail and bus rapid transit projects worth $4.4 billion through 2030 predicted up to $14 billion in long-term return on investment, mostly in travel time and vehicle operating savings. Itasca, led by regional corporate chiefs, also found that it would sharply increase worker access to employers.

Reconnecting America's recent report "Are We There Yet?"[11] found only 6.5 percent of the Twin Cities' jobs accessible by transit, and the region doesn't make the big-metro top 10 in jobs near fixed-guideway transit (rail and BRT). By contrast Minneapolis-St. Paul ranks No. 2 in the percentage of jobs near planned fixed-guideway transit, including the Southwest.

Making the plans reality will rely heavily on federal transit funding, which has weathered conservative attempts to slash it but hasn't grown to meet 21st century needs. Twin Cities governments also must step up support, possibly by increasing the region's transit sales tax of .25 percent as recommended by the finance advisory panel. Other U.S. metros levy up to four times as much for transit.

Finally, developers along the Central Corridor are getting a free profitability boost from the light rail line that will open in 2014. In future transit projects that drive real estate growth, the state should recapture some of the public investment. The advisory committee recommends using "development fees or other tools." A 2009 University of Minnesota study[12] identified eight such tools, none of which have been implemented yet in Minnesota.

Greater Minnesota

Bus and van transit in the 80 counties of Greater Minnesota has made impressive strides in recent years, providing a record 11.5 million rides in 2011 on 70 countywide systems and municipal services in eight others. Only Wilkin and Waseca counties lack any transit at all.

9 http://www.mmb.state.mn.us/doc/fu/debt-cap/forecast-nov-12.pdf

10 http://www.theitascaproject.com/Transit%20ROI%20exec%20summary%20Nov%202012.pdf

11 http://reconnectingamerica.org/arewethereyet/home.php

12 http://www.cts.umn.edu/Publications/ResearchReports/reportdetail.html?id=1800

This far outpaces most other states with large rural areas. Still, according to the Minnesota Department of Transportation, the network of 53 providers met only 63 percent of Greater Minnesota's transit demand in 2011. By state law, 80 percent should be met by 2015, and 90 percent by 2025.

But MnDOT funding projections show no progress toward those goals as far as the eye can see. Greater Minnesota cannot thrive or serve its aging population that way. The finance panel suggests giving rural counties power to levy transportation sales taxes in lieu of greater state aid, but it's likely that would destroy transit in all but the large regional centers.

The panel says an additional $10 million a year would maintain Greater Minnesota's current transit performance for the next 20 years, but $45 million annually is needed to reach statutory goals. Part of the gap can be closed with more coordination and consolidation of dozens of transit providers.

The finance panel recommends dedicating an estimated $32 million more from the state leased vehicle sales tax to Greater Minnesota transit. It will be a heavy lift to transfer that much from the state's strapped general fund, but some version of it would stabilize the system's finances.

"The transportation system in Minnesota creates a critically important positive economic impact," the panel concluded. "If Minnesota wants to maintain its competitive advantage, significant additional revenue will be needed."

It won't be easy to meet all of Minnesota's transportation needs—including roads, streets, airports, passenger rail, freight rail and ports—but transit across the state has the longest history of neglect and the greatest potential to lift our economy. Its fiscal appetite is tiny compared with motorways; filling it is a bargain the state shouldn't turn down.

FINDINGS

Minnesota transit ridership continues growing, yet transit investment falls short of what needed for a 21st century transportation system.

RECOMMENDATIONS

Ensure funding to guarantee federal matching dollars for southwest light rail. For Greater Minnesota, follow the Minnesota Transportation Finance Advisory Committee's report recommending $45 million annually to meet statutory requirements, which are partially designed to accommodate an aging population that's more transit reliant.

Redevelopment, Restoration and Rebuilding Minnesota's Economy

Lee Egerstrom, Economic Development Policy Fellow

Minnesota communities have an opportunity to use economic hardship as a springboard for overdue redevelopment by rebuilding and restoring properties that no longer serve their original purposes.

Nearly every one of Minnesota's 854 incorporated cites has a building (or a few) that, with some investment, can fit a new purpose. Converting these structures into environmentally sustainable structures can create construction jobs in the short term and pump new life into rural main streets and urban neighborhood business districts.

In most places, especially rural areas, there are two types of structures: the grand-old building, more than a century old, already protected as an historical landmark and unique mid-century storefronts, too young to qualify for historical preservation, but still suitable for redevelopment, said architectural critic, author and former journalist Larry Millett.

These buildings fall under a category architects call "mid-century modernism," said Millett, now an adjunct professor at the College of Visual Arts in St. Paul. Among them are rural post offices slated for closing, and former banks that have closed or merged into bigger regional enterprises.

Vacant buildings from 50 to 100 years old remain boarded up on many Minnesota main streets. It's less likely they'll see a rebirth as modern general, hardware, or grocery stores, or banks, especially competing with big box stores and industrial parks on the edge of town.

Of Minnesota's more than 850 incorporated towns, about 500 have populations less than 1,000,[13] including 360 cities with less than 500 residents.,[14]

But these buildings can be restored with green standards upgrades and given new lives as homes to various businesses serving entrepreneurs in the 21st Century that are limited only by technological talents rather than geography.

13 Cameron Macht. Positively Minnesota. http://www.positivelyminnesota.com/Data_Publications/Employment_Review_Magazine/August_2011_Edition/A_Place_to-Call_Home.aspx.

14 Lee Egerstrom. Minnesota Ghost Towns Haunt 500 Endangered Small Cities. http://www.mn2020.org/issues-that-matter/economic-development/minnesota-ghost-towns-haunt-500-endangered-small-cities.

For example, incubator centers for start-up entrepreneurs can utilize restored and grand old buildings upgraded with all the electrical and electronic tools for reaching the world. CoCo, which is short for Coworking & Collaborative Space, has approximately 300 entrepreneurs working on shared spaces and cubicles on the old Minneapolis Grain Exchange trading floor in downtown Minneapolis and in old warehouse facilities across Fourth Street from the St. Paul Union Depot.

Garrio Harrison, who operates the DBLThink.com social media business and nonprofit consulting enterprise at the St. Paul location, said most CoCo tenants provide various business support services ranging from technology consultancies, public relations, market research, web design and financial planning.

> You can work in cyberspace from any location.

Proximity to business clients can be an advantage for locating in the Twin Cities, Harrison said. But you can work in cyberspace from any location.

Storm Cunningham, founder of Resolution Fund LLC, a community development consulting group, insisted in his 2008 book reWealth! that a regenerative economy is starting to reverse 5,000 years of human behavior aimed at depletion and destruction and is building a $100 trillion inventory of restored assets.[15]

Restoring Minnesota requires building a culture that supports public-private initiatives for the state to renew what's already been developed and to repair damage to our natural resources. The latter is beyond the scope of this report. Rather, we are only recommending actions that would address renewing and rehabilitating existing buildings as a start to redeveloping Minnesota.

> Restoring Minnesota requires building a culture that supports public-private initiatives

One modest action the Minnesota Legislature could take to get the regenerative ball rolling is to extend the Minnesota Historic Rehabilitation Tax Credit program. Initially approved in 2010, it has already proven successful, said Will O'Keefe, communications and programs coordinator for the Preservation Alliance of Minnesota (PAM) nonprofit organization. The program, which provides property owners a state income tax credit of up to 20 percent for rehab expenses, or a grant in lieu of the credit, is set to expire in 2015.

Brigid Tuck and David Nelson, University of Minnesota Extension Center for Community Vitality found in a November 2011 analysis that the first 14 projects approved for the program generated $343 million in redevelopment, provided 1,808 construction jobs, led to 2,948 jobs directly and indirectly, and created $451 million in total economic impact for the state and affected communities.

15 Storm Cunningham is author of two books on the regenerative economy including germane to this report, including The Restoration Economy (Berrett-Kohler Publishers, 2002),and reWealth! (McGraw Hill, 2008).

These tax incentives only apply to grand old architectural structures that qualify for state or federal recognition as historical landmarks. Far more great buildings now standing vacant or falling into disrepair could again drive traffic to main streets of communities across Minnesota.

Finally, Minnesota should have a directory of buildings suitable for restoration. Minnesota has programs that seek to lure manufacturers to industrial parks and tax subsidy zones on the outskirts of towns; but it doesn't have a convenient inventory of existing buildings that could be used by entrepreneurs to start new businesses and revive existing business districts.

To get such a project started, Minnesota 2020 is starting an online directory of available property for redeveloping Minnesota and reviving communities. If city clerks, community and county economic development directors, or local commercial real estate brokers have suitable property at hand for such redevelopment, please contact Minnesota 2020.

FINDINGS

Every one of Minnesota 854 incorporated cities has at least one mid-century building sitting vacant that's too young to declare historic, but can still provide value to the community

RECOMMENDATION

Convert such buildings to multi-occupancy work spaces, where small businesses cold share common areas to reduce overhead. Provide tax credits to building owners who make sustainable building retro-fits.

Finding Fairness in Evaluating Teachers

Kaye Thompson Peters, Education Fellow

Nearly a decade ago, then Gov. Tim Pawlenty introduced the "super teacher" concept. This teacher, so the thinking went, was able to get his or her students to learn, as measured by improved test scores, and, therefore, should be rewarded with extra pay.

This flawed concept was not just a naïve idea on the part of our governor, but was part of a growing "reform" movement that has been continuously focused on teachers as the source of all that ails our schools. Fix the teacher, and you have fixed education.

This simplistic narrative, written by private interests who stand to benefit from privatization of public education, has grown into a number of "reforms" over the years such as charter schools, "Q-Comp" (which provides incentive pay to districts that opted in) and now the new teacher evaluation system. This legislation requires the Department of Education to design and implement a way to evaluate teachers and would take effect in the 2014-15 school year.

This system's fundamental flaw is how it evaluates teachers. Legislature mandated that 35 percent of a teacher's evaluation be based on "student growth." What is magic about 35 percent? Nothing. There is no research to back such a number. Nevertheless, the law requires 35 percent of my and every teacher's evaluation to be based on student achievement.

The Minnesota Department of Education's Teacher Evaluation Work Group—which is tasked with designing a comprehensive evaluation based on the legislature's statutory requirements—has asked lawmakers to clarify how achievement should be measured.[16] Currently, the Working Group is considering a number of measures, from the MCA tests to unit tests teachers administer.

Do we want our teachers teaching our students the vagaries of standardized tests or how to read and write and think? I think most of us would say the latter. If that is the case, we need to change the way we evaluate teachers.

I recommend the legislation be amended to follow Washington State's example, which requires proof of "student learning," not achievement as measured by tests.

16 http://education.state.mn.us/MDE/Welcome/AdvBCT/TeacEvalWorkGrp/index.html

The truth is teachers do evaluate what their students learn on a daily basis and expect to be held accountable for their students' learning—by real measures that mean something to each child's education. Washington has adopted such multiple measures into law to authentically assess student learning in all content areas.

> Washington's law establishes a system through which a teacher can demonstrate that learning has occurred in the classroom.

Washington's law does not measure the value a teacher adds to a student through tests, but rather establishes a system through which a teacher can demonstrate that learning has occurred in the classroom. The idea of measuring teachers' performance based on student achievement (especially as measured by test scores) is flawed in two major ways. I hope that the 2013 legislature will address these issues.

The first flaw is this idea that we can measure the value added to a child by a given teacher. The second flaw, compounding the first, is that we can measure student achievement by one or even a sampling of high-stakes tests in each content area.

Currently, state tests only apply to math, reading, writing and science. These tests consume in high school alone a week of instructional time. English tests are administered in ninth and tenth, but not in eleventh and twelfth grades. How are those teachers to be evaluated?

The idea that a teacher can move students significant points on standardized tests is buttressed by a couple of studies, done under limited circumstances, that suggest three years with a good teacher can erase the achievement gap. These studies, cited often by people who do not even know where they came from, were very narrow in scope and, therefore, not useful in defining what is an effective teacher or how to repeat the results. In fact, there are a range of studies that show a wide vacillation in test score results from year to year in students with the same teacher.

A teacher whose students score in the top percentiles one year may find his or her students scraping the bottom the next year. The working group, in attempting to redress this variable, has suggested a variety of tests be used. They have also proposed districts consider using teacher portfolios of work as an alternative to the state criteria, but here is where we run into the same old problem.

Teachers and administrators are so strapped for time that meaningful evaluation and reflection has to compete with cafeteria fights, grading, planning and myriad tasks educators have to complete on a daily basis. Tests are easier (and make lots of money for testing companies). However, tests are not fair to teachers or students. That is the genius of the Washington plan. Evidence is maintained by the teacher and becomes part of his or her evaluation.

To my second point, tests are only one way for students to express what they know. Despite better assessment models out there which use a variety of written and oral assignments in addition to end-of-term tests, we rely on these big standardized tests because they are simple and relatively inexpensive to score. Never mind that they repeatedly ostracize the very students No Child Left Behind set out to help.

The students at the bottom of the achievement gap are learning, but they have shown themselves to not be the best test-takers. Equating these scores with student learning is a logical fallacy called post hoc, ergo propter hoc (which, by the way, our students will now know because it is part of the new reading test).

Just because test scores are low does not mean that learning is not occurring. To depend on these scores for teacher evaluation is only compounding an already flawed philosophy of measuring student learning.

> Just because test scores are low does not mean that learning is not occurring.

I have spent a great deal of time on teacher evaluation over the last several years. In fact, I am the coordinator of St. Paul's Peer Assistance and Review (PAR) program, which pulls master teachers out of the classroom to work with probationary and tenured teachers to help them strengthen their teaching.

There is no silver bullet for creating a good teacher, but the most effective models, such as PAR, have a heavy professional development component where teachers get formative feedback and help finding resources. Everyone talks about Finland, but no one in this state or country wants to implement Finland's system because it is costly.

> The most effective models have a heavy professional development component.

In Finland, teachers go through a much more extensive preparation program, only teach 3-4 classes a day and have small classes. Those who are concerned about student learning might be interested in knowing that there are no standardized tests administered to Finnish students. They apparently recognize that tests do not improve learning. If this state wants to get serious about improving education, it has to look at investing more money to change a system in which our most at-risk students are punished rather than supported, and are lost in a room of 40.

I know there won't be enough new funding this budget cycle to implement a fairer teacher evaluation before the new law kicks in, but I hope that the legislature and Gov. Dayton will at least amend the current law to remove standardized testing from teacher evaluation and keep from further compounding the damage testing has done.

Evaluate us by something that will produce the learning children deserve.

FINDINGS

Minnesota's legislature passed a law—which goes into effect in the 2014-2015 school year—mandating 35% of a teacher's evaluation be based on student achievement, which would likely be measured by a high-stakes test. Educators say this is an unrealistic and arbitrary performance measure aimed at diminishing the public's trust in teachers.

RECOMMENDATIONS

Instead of student achievement based on testing, teachers say the evaluation should be based on proof of learning, which takes into account a wider variety of assessment and is a more accurate measure of student progress.

Minnesota 2020 is a progressive, non-partisan think tank, focused on what really matters.

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