

6/4



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

June 3, 1997

The Honorable Phil Carruthers
Speaker of the House of Representatives
463 State Office Building
Saint Paul, Minnesota 55155

Dear Speaker Carruthers:

I have vetoed and am returning Chapter 242, House File 1684, the Omnibus K-12 education appropriations bill.

This is an historic time for the state of Minnesota. We should be proud of what we have done and move boldly forward to define the state's future. Together we have accomplished much during my term as Governor.

We have taken a budget from a \$2.2 billion deficit to a \$2.3 billion surplus. Largely due to the \$1.5 billion in vetoes cast by this administration, the state is now in a position to completely restore its AAA bond rating.

By making difficult decisions, we have led the nation in reforming major government systems. On a bipartisan basis, we passed MinnesotaCare, which now provides low income families with health care and helps many bridge welfare to work. We reformed the welfare system, building on the success of the Minnesota Family Investment Program, which encourages families to work. And we reformed workers' compensation. Today, we have a 35% reduction in premiums saving \$121 million.

None of these reforms has been easy. All have come through tough planning and difficult choices. But our future is not assured and the current debate on education provides us with an opportunity to add to our list of accomplishments.

This administration has taken on the task of reforming the education system. We believe that a key ingredient is to empower parents to make decisions for their children's education. Choice will help put the needs of children before the needs of the provider. Increased choices for parents will lead to increased competition and reform.

The Honorable Phil Carruthers

June 3, 1997

Page Two

The state has already recognized the importance of parental choices in pre-kindergarten child care and post-secondary education. Currently, 29,000 families receive some sort of child care subsidy and over half of the state's financial aid dollars go to private college students. Apparently, no one objects to these types of subsidies. Competition and choice work before and after K-12 education, and this administration feels strongly that choice is a must for a top-flight K-12 system.

The bill that is before me, Chapter 242, contains a number of needed reforms of the education system. These include:

- Charter school expansion through the removal of the cap, allowing for profits to sponsor charter schools, allowing non-public post secondary schools to sponsor charter schools, allowing charters to accept funds from any source, and increased funding;
- Finance reform that will provide greater flexibility in the use of revenue for school districts and ensures that resources follow students to charter schools or other school districts under open enrollment;
- Site based financing language that begins to recognize the importance of moving the decision making to the school and community level. School sites need to be allowed to make decisions regarding the best way to fund programs to increase the achievement and learning potential of their students; and
- Technology funding that includes private and public partnership for computer refurbishing.

While these reforms are commendable, the fundamental question that remains is why providing choices to parents is not included in the final bill. The plan this administration put forward six months ago included a strong plan for parental choice. The original \$150 million plan tripled the current educational tax deduction and provided tax credits to families with incomes below \$39,000 a year. The greatest portion of tax cuts would have gone for families to purchase computers, educational software, tutoring services, summer school, and other enrichment programs.

Unfortunately, the focus of this debate has been on the smallest portion of the choice plan, the \$18 million that would provide tax credits to low income families for tuition at a private school. It is ironic that the opponents would pick a portion of the plan that is an expansion of current law and assists only low income families. The merits of expanding the deduction, which has included a private school tuition tax break for dozens of years, has not been questioned. Why is it that only when the tax breaks are focused at low income students that questions are raised?

This administration wants choices for all Minnesota families. The status quo has led to test scores that show 40% of Minnesota eighth graders failing reading and 30% failing math. In

The Honorable Phil Carruthers
June 3, 1997
Page Three

Minneapolis, two-thirds of our students failed those tests. In Saint Paul, 59% failed reading and 65% failed math. The 1997 test scores are lower than those taken in 1996. Furthermore, the drop out rate is 40% in our core cities. Statewide, almost one in five students drop out of school.

Just as disturbing, failure in education leads to failure in our communities. Since 1991, Minnesota's juvenile apprehension rate has increased an alarming 56% and one suburban county saw an unbelievable increase of almost 800%. This is not the route we want our kids to take.

For every one of these children we allow to fail we pay a price. The cost of housing one juvenile in Hennepin County is \$70,000 a year. The cost to educate that child is \$10,000. Clearly the state cannot afford the cost of failure, socially or economically. We must do better for these children and for our state's future.

This administration put forward education funding increases of \$1.125 billion or 19%. That increase is likely the largest in this state's history. In addition, since 1991 total statewide funding has increased 36%, with funding for Minneapolis increased by 64% and Saint Paul by 46%. The answer is no longer just more money. Until we are willing to make fundamental changes in the delivery of education, this state will continue to pay the price.

Chapter 242, while making important steps forward in reforming our education system, does not empower parents and provide needed choice and competition. Therefore, it does not achieve this administration's fundamental goal of reforming the education system and allowing choices for all Minnesota families.

Warmest regards,



ARNE H. CARLSON
Governor

c: Senator Allan Spear, President of the Senate
Senator Roger Moe, Majority Leader
Senator Dean Johnson, Minority Leader
Representative Steve Sviggum, Minority Leader
Chief Senate Author(s)
Chief House Author(s)
Mr. Patrick E. Flahaven, Secretary of the Senate
Mr. Edward A. Burdick, Chief Clerk of the House
Ms. Joan Anderson Growe, Secretary of State