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## ***Measure Twice, Cut Once: Tools for Strengthening Opportunity and Racial Equity in Minnesota's State Budget***

**By Jermaine Toney and Robert Hemphill**

Minnesota faces a budget deficit of just over \$5 billion. Budget decisions have a profound impact on Minnesota's quality of life and on our stark racial disparities for years to come.

The Governor and the Legislative Republicans have unveiled their budget priorities. Although each current budget proposal offers priorities for closing the deficit, crucial points of analysis have not been heard. All have been silent on their potential impact on people of color, women and low income people. The silence is potentially damaging to all Minnesotans. Proactively and explicitly closing the inequities is tied to Minnesota's long term vitality.

To get there, the negotiated budget must represent our state's values and commit to every Minnesotan. As The Organizing Apprenticeship Project (OAP) wrote in the 2007 report called *Race and Budget Matters in Minnesota*, "State budgets are not just checkbooks, they are moral documents. They reveal whether our values of fairness and justice, our national reputation as a leader in work for equity and inclusion and our policy outcomes match our state's egalitarian tradition and vision."

OAP offers this budget tool kit for strengthening opportunity and racial equity in Minnesota's state budget. The tool kit, titled, "Measure Twice, Cut Once" refers to the old adage that it is important to respect the value of measurement as a means of using resources and time wisely. OAP calls on the Governor and Legislature to step up for racial equity and use the tool kit as a measurement of how to achieve it.

For the past five years, the OAP and its allies have been a strong voice for racial and economic equity. This crucial voice has helped decision makers take a hard look at the equity impact of budget proposals on people of color, women and low income people.

Today, we will use the OAP's racial impact assessment tools to analyze six key components found in the both the Governor's and Legislative Republican's budget proposals and assess their impact on race equity. By measuring twice, we can be assured of the impact of the cuts so that we make an informed and reasoned decision for balancing the budget.

- **Extensive Local Government Aid cuts will force residents and government bodies who can least afford them to bear brunt of budget cuts.** Local Government Aid provides state dollars to fund local government services such as local police, firefighters, and local

programs. Over the last decade, the legislature has cut local government aid, thereby forcing local governments to raise property taxes – a regressive tax disproportionately impacting low-income people and people of color. Further, the OAP’s analysis found that in previous years, counties and cities with higher percentages of people of color, poverty and unemployment carry a greater burden of LGA cuts. **This year, the Legislature proposes significant cuts to LGA, as high as \$800 million. But, not only is the legislature proposing cutting LGA, it is not cutting it equally from the state but targeting three cities: Minneapolis, Saint Paul, and Duluth. Correspondingly, these are the three cities in Minnesota with the highest concentrations of people of color.** According to Winona Daily News, commenting about the legislature’s LGA proposal, it “smells fishy.” “We're not saying that Rochester [a city specifically spared LGA cuts] shouldn't have local government aid because of rural rivalry. We're simply saying it's a matter of equity and principle,” says the article. We agree. **Cuts to LGA are uneven and will be unevenly felt by those hardest hit by the recession.**

- **Preserve Minnesota’s commitment to integration to foster multicultural learning and boost equitable outcomes for students.** Students of color and low income students were ushered into their district’s classrooms of Minneapolis, St. Paul and Duluth not through choice, but rather through housing policies and real estate practices that promoted segregated cities. To correct this, the state legislature adopted an integration rule, which allowed districts and schools to create desegregation plans, allowing for student’s race in placement decision to be acknowledged, but compliance in the program is voluntary. However, a 2005 report by the Office of the Legislative Auditor (OLA) found the purpose of funds unclear and that districts used them in an inconsistent manner. The OLA also found that the Minnesota Department of Education (MDE) has not provided consistent or required oversight of the program regarding what expenditures are allowed. **Now more than ever is the time to upgrade the mission to continue to foster diversity and inclusion but also a focus on equity in outcomes between students of color and white students. We need to make measurable improvements in educational outcomes for the poorest performing students by reforming integration funding, not cutting it.** Yet the legislature’s budget takes integration money away from school districts with the highest percentage of students of color. We need to bring this program into the 21<sup>st</sup> century by rewarding strategies that bring about equitable outcomes between students of color and white students. **Preserve one of the proactive tools to correct the legacy of Minnesota’s institutions and policies that fed segregated educational opportunity.**
- **A 50 to 65 percent budget cut by the legislature to the Minnesota Department of Human Rights (MDHR) will hurt the DHR’s effectiveness and increase unemployment disparities for people of color and women.** As a tool for combating inequities and injustices in Minnesota, the MDHR serves as one of few resources for Minnesotans facing discrimination. According to the Department Commissioner’s letter to the House, “The MDHR’s report submitted to the Legislature in January clearly illustrated that the agency was at the tipping point when it reported that it was short staffed and that it could not complete investigations within the statutory mandate. The proposed cut will result in

MDHR staff being laid off which will push the agency beyond the tipping point and ensure that MDHR is unable to timely process any charges of discrimination.” The department plays a vital role in investigating discrimination and making Minnesota more equitable. **Minnesota is not yet free of racial disparities, as recent reports show the state has the highest unemployment disparities in the nation between Black and white job-seekers, regardless of education and income.** This suggests that discrimination may be contributing a large role to disparities. The need for the MDHR has never been higher. The department’s budget has been whittled over the last several biennium, and this year’s budget proposals from the legislature aim to cut its funding by 50-65 percent. With this cut, the department will be unable to keep up with investigations into discrimination. As a result, individuals will be hurt, but so will businesses. The department keeps business’ legal expenses low by providing a mediation system at far lower costs than lawsuits for settling claims of discrimination. Additionally, the department audits companies that receive state contracts “to ensure that every citizen in Minnesota who is ready, willing and able to work has an opportunity to do so.” This function will also be jeopardized with the funding cuts. **The department has to be operating at full capacity in order to make Minnesota a better place to work for everyone, particularly people of color and women.**

- **Public Transportation cuts will have a direct negative impact on accessibility of jobs and services for Minnesotans reliant on public transportation for mobility.** Transportation provides a lifeline to jobs for those unable to afford a car or obtain a driver’s license. Without access to affordable transportation, a person is limited in opportunities. Research shows that people of color disproportionately have no private transportation means available and are dependent on public transit for mobility. This year, the House is proposing an \$80 million cut, a \$69 million shift of funds, and additional cuts to long term transit investment. The Senate is proposing more modest cuts totaling \$16 million, but also requiring \$10 million in fare increases. **Transit advocates have estimated these cuts will yield double fares, costing riders up to \$7 per trip.** Though whatever the increase, it will deepen existing disparities. **We must keep transit affordable so that Minnesotans, particularly low income and people of color, can access necessities like jobs, groceries, and childcare.**
- **Eliminating Family Assets for Independence in Minnesota (FAIM) will deepen poverty and the racial wealth divide.** In OAP’s first Racial Equity Policy Brief, presenting 14 solutions to address Minnesota’s racial employment and wealth gaps and groups already working on these solutions, solution number two highlighted Individual Development Accounts (IDAs) as a means of assisting individuals build long term wealth. IDA’s provide matching funds from the state for savings made by individuals, in order to encourage good financial practices and provide low income persons greater access to services such as permanent housing and education. IDA’s seek to bring parity to low income persons, people of color, rural Minnesotans, and women who hold far fewer assets than the average Minnesotan. Minnesota’s program, FAIM, is being defunded under both the Governor and State Senate proposals. Despite communities of color and low income people being hardest impacted by the Great Recession, by not including it in their budgets,

both the governor and senators are undermining a wealth-building program that helps families rebuild their assets, whether intended or not.

- **Cutting pathways to Job Training Programs at a time of dire need will hinder economic recovery.** Job training programs offer a serious method for lowering unemployment and putting Minnesotans back to work. Though Minnesota’s unemployment is lower than the national average, Minnesota has the highest black-white unemployment disparity in the nation. We need jobs for everyone in the state. **Minnesota’s 12 job incentive programs pale in comparison to Wisconsin’s 48.** This year’s budget cuts will jeopardize 7,500 apprenticeships offered through the Department of Labor and Industries. No other apprenticeship program trains as many workers as this one program. Another program, the Iron Range Resources and Rehabilitation Board (IRRRB), helps provide job training and loans to businesses located in a region with some of the state’s highest levels of poverty and unemployment. According to the *StarTribune*, “The IRRRB’s official report to the Legislature for 2009-10 tells of contributing to the creation of 1,900 construction jobs and 715 permanent jobs from 2009 through 2011,” during the Recession. Yet the legislature is taking away one-third of the IRRRB’s money. One of the top priorities for this legislative session was supposed to be about jobs. **If we’re going to put Minnesota back to work, we must have Job Training Programs.**

**In assessing just a couple of these key budget decisions moving at the state legislature we saw an opportunity to offer some proactive and concrete tools for community leaders, institutional leaders and policy makers to shape public debate and measure twice before a decision is made.**

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## TOOLKIT

OAP has previously released a number of tools around race and the budget for organizations that have proven successful. All of these documents can be found in this toolkit as models for how to proceed, along with new tools and research documenting disparities. This toolkit aims to provide examples of OAP’s previous work and new tools to help allies for racial equity when solutions advancing race equity are targeted in budget cuts.

In this toolkit, you will find:

- **How-to Guide** (2011) – Conducting Your Own Racial Equity Impact Assessment.....(page 6)
- **“Race and Budget Matters in Minnesota: A Mid-Term Progress Report.”** (2007) As a progress report, it followed up OAP’s first Report Card and examined high profile proposals in the state budget and their impact on equity..... (page 7)
- **“Weighing the Racial Equity Impacts of Minneapolis Schools Referendum.”** (2008) Second, OAP led an analysis of the Minneapolis Schools referendum of 2008, offering criticism and suggestions of the referendum, and tying racial disparities to budgets..... (page 20)

- **“Kitchen Table Budget Principles.”** (2009) Third, OAP co-released with Minnesota Budget Project we unveiled five principles developed by community conversations for lawmakers to abide by in creating budgets which reduce inequities.....(page 25)
- **“Pocket Guide to Budget Proposals: Racial and Economic Equity Assessment Questions.”** (2010) Finally, last year OAP offered equity assessment questions for lawmakers and community leaders to ask to strengthen equity impact of budgets..... (page 28)

## ACKNOWLEDGEMENTS

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# How to Conduct a Racial Equity Impact Assessment of a Budget

Step 1: What is the proposed policy?

Step 2: Who will be impacted by the proposed policy?

Step 4: Are those impacted by the change disproportionately low income, women, or people of color?

Yes

Step 5: Will the change be good or bad for people of color?

No

Good

Bad

**The policy will help close racial disparities in Minnesota.**

**The policy will worsen racial disparities in Minnesota.**

**The policy does not disproportionately impact people of color.**

# Organizing Apprenticeship Project

*Our mission: to advance racial, cultural, social and economic justice in Minnesota through organizer and leadership training, policy research and strategic convening work.*

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## **RACE AND BUDGET MATTERS IN MINNESOTA: A Mid-Term Progress Report**

By Jermaine Toney

Race and budget matters.

Over the past few months, Minnesota has debated competing budget proposals from the governor and leadership in the House and Senate. Clearly, all the proposals differ in what we should invest in and how. But the one thing the budgets and public messages about these budgets share is a resounding silence on their potential impact on communities of color and American Indians.

This silence is potentially damaging to racial equity. It stands “colorblind” in the face of the well documented racial disparities and barriers to American Indian well being that are rooted in complex structures and institutions.<sup>i</sup> Whether intended or not, “colorblind” budget proposals, without explicit attention and commitment, will fail to anticipate disparate racial outcomes and only exacerbate the racial disparities. On the flip side, when budget proposals are race-conscious they can help to reduce and eliminate structural and institutional racism,<sup>ii</sup> the greatest challenge to racial equity and opportunity in Minnesota.

The prevailing silence also stands in stark contrast to Minnesota’s values. State budgets are not just checkbooks, they are moral documents. They reveal whether our values of fairness and justice, our national reputation as a leader in work for equity and inclusion and our policy outcomes match our state’s egalitarian tradition and vision. It follows that budget proposals have to explicitly document and address race-based disparities to ensure equitable outcomes for all. Race and budget matters.

In November 2006, the Organizing Apprenticeship Project and partners released the Minnesota Legislative Report Card on Racial Equity. It is the first report of its kind to hold state policymakers accountable for leadership and action to end racial disparities in the state. A major finding of this report was that legislators on the honor roll cut across racial, party and geographic lines. In addition, the report card highlighted a number of legislative missed opportunities.

This Mid-term Progress Report applies the principles of racial equity to the state budget. First, we examine the racial impact of central elements of the governor’s FY 2008-09 budget proposal in areas of health and education.<sup>iii</sup> While these central elements are highlights of the governor, they

are also areas of great interest and concern for communities of color and American Indians. Second, we pose policy questions on the proposals that we believe should be considered by the governor, House and Senate as they move into final negotiations and conference committees to adopt the budget. Finally, we highlight 40 critical racial equity bills that we are watching during the 2007 legislative session. We have raised and highlighted some tough challenges and great opportunities for action. Our values, reputation and economic future depend on breaking the silence, by making racial equity a priority in budget decisions.

## **FINDINGS**

*We selected 10 high-profile budget priorities of the governor for FY 2008-09 in health and education that appeared to have a positive impact on communities of color and American Indian communities.*

- I. Whether intended or not, 8/10 proposals had elements that could maintain or actually exacerbate race-based disparities in education and health.
- II. Numerous funding proposals appeared to be promising on the surface. Yet 4/10 proposals were inadequately funded, which could help to maintain or exacerbate the race-based disparities.
- III. Since funding decisions are tied to policy directions, we raised 44 policy questions that could positively improve the racial impact of the governor's proposals. The questions act as frameworks for proactively discussing and making budget decisions that lead to eliminating race-based disparities in Minnesota.
- IV. To avoid reinforcing race-based disparities, we believe that state budget proposals have to explicitly document and address these disparities.

## **EDUCATION EQUITY**

The governor describes his education proposal as "moving Minnesota from a nation leading education system to world competing" with "world class students." To get there, the governor proposes an education budget increase of over \$700 million. We think that world class education in Minnesota must address the glaring racial disparities that are the result of barriers to opportunities. It must also recognize and value the tremendous assets of American Indian students, immigrants and students of color.

Overall, the governor proposes just a two percent increase per year (\$292 million) for the basic education formula. Much of the governor's investment is in special programs or one time initiatives. In order to get a sense of the racial equity impact of these proposals, we need to take a hard look and ask some questions about these proposals. The truth is that the governor's education proposal largely ignores and may actually exacerbate race-based disparities.<sup>iv</sup> We can have investment strategies that exacerbate current disparities or ones that create educational equity and opportunity for all.

- **Under-funding Students of Color (\$150 million in one time payment).** The governor's largest one-time education investment is in the "Successful School" initiative. This budget proposal rewards schools that meet a certain standard with a two percent one time increase over the base per pupil increase.<sup>v</sup> In effect, this means that some schools and districts will get a four percent increase and others would get a two percent increase. This proposal looks "colorblind." But when we reveal the impact on communities of color it indicates that schools with significant numbers of students of color are under-represented in schools that would get the four percent increase. Students of color are over-represented in schools that would get only two percent increase.<sup>vi</sup> **Though this may not be the intent of this proposal, it may reinforce racial disparities in education. It also does not target funding around real assessment of quality in schools. Though we would all agree that high expectations and results are important, the governor himself recognizes the limit of not rewarding growth. This is why he is asking the federal government to consider a growth model, one that measures students' growth from year to year.<sup>vii</sup>**
- **Early Childhood Trap (\$29 million).** A centerpiece of the governor's proposal, the "Early Childhood Scholarships" program is designed for low income parents with four year old children.<sup>viii</sup> Starting in FY 2009, the scholarships will allow up to \$4,000 per child to participate in a state-approved public or private early childhood program. These scholarships could help an important area if one wants to close the racial gaps. According to the Minnesota Department of Education, kindergarteners of color were rated "not yet" prepared by four percentage points more in language/literacy and by seven percentage points more in mathematical thinking than white children.<sup>ix</sup> However, this proposal raises the same kind of deep questions that need to be raised about some voucher programs that are touted as solutions to racial disparities. **The scholarship amount would not even cover the cost of reimbursement which could reach up to 12,000 - \$13,000.<sup>x</sup> How will all parents have equal access to the information on the scholarship program? If parents of color select a private early childhood program will that child be denied based on tuition rates or explicit or implicit racial and cultural discrimination?<sup>xi</sup> Many families of color prefer the culturally grounded family, friend and neighbor network (FFN) as a program option; will this proposal allow the scholarship to be used in the FFN as an option? Finally, how will this proposal lead to equal outcomes in student achievement?**
- **College Track Opportunities for All (\$15.4 million).** According to the Minnesota P-16 Council, Minnesota has failed to build a solid statewide college access system.<sup>xii</sup> The governor proposes to nearly triple the funding for Advanced Placement and International Baccalaureate programs. Since the 2003 legislative session, funding for AP/IB has been rising. At the same time, students of color and American Indian students continue to be underrepresented in both the AP and IB programs.<sup>xiii</sup> **How successful will raising the bar to encourage students to take AP/IB at the middle and high school level without investing in lower levels of K-12 education system? How will this funding be explicitly used to expand statewide access for underserved students (i.e. low income and students of color)? How will more qualified teachers be available to teach AP/IB in poorer schools and those largely represented by students of color?**

- **Special Education Graduation for All (\$35 million).** The governor proposes a two percent increase for special education funding. Headlines have focused on how special education has been under-funded by both the federal and state government and how heavy of a financial burden it is for school districts.<sup>xiv</sup> A limited number of headlines have pointed out,<sup>xv</sup> however, that students of color are only 16 percent of the K-12 enrollment yet well over 19 percent of the special education population.<sup>xvi</sup> Black students, in particular, are the most overrepresented group in special education. What is more, there has been silence on the racial gaps in graduation rates for those who receive special education services. Having an arm's length approach to racial disparities in access and outcomes in special education could further disadvantage students of color. **Anecdotal evidence links the gap in graduation rates for special education to access to health insurance coverage; since parents of color are more likely to be uninsured, they are less likely to access educational assistance outside of the K-12 system.<sup>xvii</sup> How will funding be used to ensure that all students graduate from special education? How will funding be used to ensure that referrals to special education are a last resort? What incentives will be developed to penalize those districts who misuse referrals, who overload their special education rolls with students of color?**
- **Lifting the Limited English Proficiency Time Limit (\$6 million).** The governor's proposal increases funding by two percent per year for the limited English proficiency formula. This funding is a step in the right direction. According to the Minnesota Department of Education, students who are proficient in English score more than twice as high as students still learning the language on the Minnesota Basic Skills Test.<sup>xviii</sup> Experts studying the issue claim that these gaps are due to current LEP policy; the policy should be adjusted from five to at least seven years to financially assist students. According to the Minnesota Department of Finance, 15,860 students would benefit each year if the time limit was lifted.<sup>xix</sup> Ninety-six percent of these students are immigrants of color. **This funding amount does not reflect the cost of removing the five-year funding limit which is estimated at \$29.5 million for FY 2008-09.<sup>xx</sup> Does the governor's amount even cover the five year limit? Since LEP students are expected to learn using the same textbooks as students who are fluent in English, how will funding be used to provide adequate textbooks to instruct LEP students?**
- **Attracting and Retaining Low Income Students of Color (\$12 million).** The governor provides the Minnesota State Colleges and University system with funding to attract and keep low income students and students of color. Students of color constitute 21 percent of the K-12 population yet only 14 percent (18,898) of the population in the MnSCU system.<sup>xxi</sup> With the funding, MnSCU plans to attract an additional 6,700 underrepresented students, 1,500 students of color and boost the retention rate particularly for students of color from 44 to 48 percent.<sup>xxii</sup> **This is a laudable and race-conscious proposal, but will it get to the root causes of low academic achievement such as subtle and overt steering of low income and students of color out of college access opportunities. How will it raise the expectations of all students to take college level classes? How will it increase financial aid for low income students? How will it expand college access programs state-wide? How will this ensure that students of color not only enter college but also receive the mentors and support systems necessary to be graduate**

**school/work ready?<sup>xxiii</sup> Will other higher education institutions follow this example? What about passing the Dream Act, a solution to attracting 600 hardworking immigrant students of color per year, as part of this package?**

## HEALTH EQUITY

Aside from education, another centerpiece of the governor's budget proposal is health care. The governor says that his health proposal makes the investments for "better health care." Carrying a price tag of \$188 million, the overall goals of the proposal are to reduce health care costs and boost health insurance coverage and quality. We believe that better health care entails eliminating race-based disparities and ensuring that the public health care system, used disproportionately by communities of color, will be there and work for all.

Minnesota leads the nation on key health indicators. Yet Minnesotans of color are more likely to live in substandard housing with exposure to health hazards, and less likely to have access to health insurance and quality treatment.<sup>xxiv</sup> Budget decisions will determine who has or does not have health care access and quality care.

In order to get a sense of the racial equity impact of the health proposals, we have to take a closer look and ask tough questions. As it stands, his health proposals remain silent when it comes to addressing racial disparities and could reinforce the racial disparities. The state government must ensure that health care is funded properly -- in ways that will develop a high performing public health system and close the race-based gaps in health care.<sup>xxv</sup>

- **Healthy Connections for All (\$31 million).** Though the bulk of investment in health care is in other programs, this proposal makes *two* interesting gestures. (1) This proposal, primarily funded through TANF, expands health insurance coverage for children and subsidizes private coverage. His current proposal covers only 15,000 of the estimated 70,000 uninsured children. Despite the fact that children of color and American Indian children are disproportionately uninsured, this has not been explicitly mentioned in the proposal.<sup>xxvi</sup> Without careful attention to racial impacts, this proposal could further exclude children of color from access to insurance coverage. Nearly 60 percent of the kids that are eligible for government health care programs are not covered.<sup>xxvii</sup> Advocates claim that parents do not know that they are eligible. This poses some tough challenges for the implementation of this proposal. **Some questions to strengthen this proposal: Policies that medically insure kids do not address the problem of their parents being uninsured. Will this proposal cover children that are undocumented? How will all families that are eligible get access to information and insured? Since more children will have access to the system will more trained interpreters be available to help those with limited English proficiency?<sup>xxviii</sup> How will there be improved access to traditional and non-western treatments for American Indian children?<sup>xxix</sup> How will this proposal ensure that doctors do not engage in racial profiling when making diagnoses or deciding how to treat?<sup>xxx</sup> Community health workers (bi-lingual and cultural) have worked to increase the trust in the health system and improve health outcomes for communities of color and American Indians; how will this proposal expand the number of statewide community health workers?<sup>xxxi</sup>** (2) It requires businesses with more than 10 employees that do not offer insurance to purchase private

market health care coverage. They can set up pre-tax accounts for their employees that would cost about \$300 per year for firms. **Since workers of color are more likely to be underemployed or unemployed how will this guarantee that they and their families receive quality insurance coverage?**<sup>xxxii</sup> In 2005, the Commonwealth of Massachusetts implemented a similar approach to the governor's proposal. Their plan built up governmental health care as well as facilitated access to private insurance coverage. **Will the governor's proposal use this approach? While we applaud the approach of Massachusetts, the results have been less than encouraging. The products were not on the market when the program was launched. Private insurance companies have not been able to offer affordable coverage options (low deductibles and coverage).**<sup>xxxiii</sup> **How will the Massachusetts approach have more success in Minnesota?**

- **Mental Health Access and Quality for All (\$45 million).** The governor's proposal looks to expand access to mental health benefits, while strengthening the quality of benefits, the coordination of services and Minnesota's mental health infrastructure.<sup>xxxiv</sup> These are admirable "colorblind" goals, but if the racial impacts are not revealed they could exacerbate racial disparities. According to the U.S. Department of Health and Human Services, the mental health of families of color and American Indian families is profoundly stressed by racism in our education, housing and employment systems, as well as war and violence faced by immigrants of color.<sup>xxxv</sup> Yet numerous students of color have undetected mental health disorders (clinical depression, mood disorders) that hinder their economic and academic success.<sup>xxxvi</sup> **What will be done to ensure that those aged 21 and under on Minnesota Care or Medical Assistance (entitled to a periodic health screening) get a mental health screening?**<sup>xxxvii</sup> **How will this proposal increase mental health access to low income youth of color who are disproportionately chemically dependent? To what extent will reimbursement rates for providing services to Medical Assistance recipients be increased so that clinics can make ends meet? How will school districts be penalized for inappropriately identifying students as having mental health disorders when they are actually behaving in a culturally appropriate manner?**
- **Long-Term Care for All (\$92 million).** Headlines trumpet a financial crisis for long-term care providers in Minnesota.<sup>xxxviii</sup> In fact, since 2000, 42 long-term care facilities have closed. While this appears to be "colorblind," when we look at the racial impact it shows that a majority of the closings occurred in or near communities of color in the Twin Cities' metropolitan area. In essence, people of color in urban, and possibly low income elders in rural areas, now have to travel between forty minutes to two hours to the nearest long-term facility. What is more, the long-term care workforce, which is disproportionately made up of workers of color, are losing or on the brink of losing their jobs. The governor proposes a two percent increase for long-term care providers. **This funding amount may not even cover the costs of inflation or make up for numerous sessions where long-term care providers received very limited funding increases.**<sup>xxxix</sup> **How will this proposal provide adequate incentives to providers to locate and stay in areas dominated primarily by low income residents and people of color? What type of Medical Assistance reimbursement rate increase needs to happen so that long-term care**

providers can make ends meet?<sup>xi</sup> Other questions include: What attempts will be made to expand access to long term care insurance coverage for people of color?<sup>xii</sup> What type of relocation training will be available for the skilled workers that are displaced?

- **Expanding Reach of Tribal Government Public Health (\$8 million).** The governor proposes to fund tribal governments and local public health offices so as to carry out home visiting services. These services range from helping new born babies get off to a healthy start to sustaining the health of elders. This is an attractive proposal because health care access is quite literally a matter of life or death for reservation members without a car. **This proposal is critical but it raises some questions: How will information on home visiting be made widely available? What funding level would suffice for all 11 reservations stretching across Minnesota? How will it allow for innovation in home visiting services?**

## **CONCLUSION: SOLUTIONS ON RACE AND BUDGET EXIST**

Despite the visibility and well documented racial disparities in Minnesota, various budget proposals and public messages about these budgets have been silent on their potential impact on communities of color and American Indians. Examining just one of these budget proposals, we found that 8/10 of the governor's FY 2008-09 budget priorities in education and health would maintain or actually exacerbate the racial disparities. Indeed, without explicit attention and commitment to the racial impacts, the other budget proposals of the House and Senate could follow suit. However, the good news is that "colorblind" budget proposals can be challenged and changed through leadership. We have developed this tool to help guide this process. Legislators, the governor and advocates can engage the policy questions that we have laid out to improve the racial equity impact of budget proposals. The questions act as frameworks for the larger public debate, budget decisions and accountability to racial equity. State budgets are not just checkbooks, they are moral documents. They reveal whether our values of fairness and justice and our policy outcomes match up to our state's egalitarian tradition and vision. Race and budget matters...our values, tradition and economic future depend on breaking the silence by making racial equity a priority.

## **2007 RACIAL EQUITY AND AMERICAN INDIAN LEGISLATION**

The following list of proactive racial equity bills are moving through the 2007 Minnesota State Legislature. We chose bills that, if passed by the Legislature and the governor, would have a direct positive impact. With the intention of analyzing state policymakers' commitment to racial equity and American Indian well being, some of these bills will be included in the Minnesota Legislative Report Card on Racial Equity (2007).

The following criteria were used to select the legislation. We asked if the bill:

- Focuses on reducing racial disparities.
- Expands access to institutions and public benefits.
- Advances enfranchisement.
- Protects against race-based violence, profiling and discrimination.
- Preserves and strengthens American Indian tribal sovereignty.
- Has adequate funding.
- Has mechanics in place to monitor the outcomes.

Bills were chosen that best represented at least one of these criteria. While these policies would benefit all Minnesotans, they would particularly benefit all of Minnesota's communities of color and American Indian communities.

### **EDUCATION EQUITY**

SF 653/HF 722 Dream Act grants in-state tuition rate at state colleges and universities to undocumented immigrants.

HF 979/SF 923 Increase in funding for Adult Basic Education (including English as a Second Language and Functional Work English).

HF 976/SF 1223 After school program opportunities for children ages 5 – 18, with \$5 million appropriated per year.

HF 751/SF 788 General Education Development (GED) test fee waiver authorized in cases of homelessness.

HF 981/SF 1230 State special education revenue formulas fully funded, and special education aid appropriation made open and standing.

HF 1198/SF 907 Limited English proficiency programs five-year limit on funding removed.

HF 139/SF 291 Early childhood family education, school readiness, and Head Start programs funding increased, and money appropriated.

SF 398/HF 815 Kindergarten voluntary all day programs funding.

HF 1698/SF 1856 Loan program established to encourage teacher diversity in public schools

## **ECONOMIC & WEALTH EQUITY**

HF 931/SF 988 Predatory mortgage lending practices prohibited, and civil and criminal penalties imposed.

HF 1315/SF 1081 Minnesota Commission on New Americans established, appointments provided, and money appropriated.

SF 442 Housing Solutions Act; deed tax increase.

HF 920/SF 754 Quality child care more accessible and affordable for low-income families.

HF 643/SF 879 Meatpacking industry workers bill of rights and ombudsman position established, and money appropriated.

HF 1616/SF 1214 Legislative Commission to End Poverty in Minnesota by 2020 funding provided, and money appropriated.

HF 1438/SF 984 Drivers' licenses; public safety commissioner prohibited from complying with the Real ID Act.

## **CIVIL RIGHTS & CRIMINAL JUSTICE**

SF 279/HF 1380 Criminal justice data sealed under specified circumstances, legal consequences provided, business screening services required to correct and delete disputed records, and civil penalties imposed.

SF 294/ HF 1548 Expungements of criminal records law recodified and restructured, and eligibility for expungements expanded.

SF 685/HF 1237 Criminal records expungement provisions modification

HF 1827/SF 1651 Voting materials required to be printed in languages other than English.

HF 1148/SF 814 Asian-American juvenile crime prevention grants provided, and money appropriated.

HF 2224 African-American juvenile crime prevention grants provided, and money appropriated.

HF 1496/SF 1551 Ramsey County Juvenile Detention Alternative Initiative pilot project funding provided, and money appropriated.

## **HEALTH EQUITY**

HF 479/ SF 0102 Universal health care system designed by Legislative Commission on Health Care Access

HF 634/SF 462 Resolution for state children's health insurance program authorization.

HF 574/SF 863 Children's mental health grants and work group established; mental health provisions modified; trauma-focused, evidence-based practices grants provided; county reimbursement provided; and money appropriated.

HF 1578/SF 1362 Mental health services required under all health plans.

HF 2178/SF 1931 Long-term care programs funding restored, services expanded, new grant programs established, statewide priority created to enhance the mobility of older adults, studies required, tax credit established, and money appropriated.

SF 2171 Expand use of community health workers and expand health insurance coverage.

## **AMERICAN INDIAN TRIBAL SOVEREIGNTY**

HF 1051/SF 1048 Minnesota Indian Affairs Council membership restructure.

HF 2550 Dakota language teacher training immersion program established at the University of Minnesota, and money appropriated.

HF 2008/SF 1791 American Indian tribal contributions integrated into student learning and teacher preparation and licensing requirements, and committees on American Indian education programs established.

SF 1064/HF 1102 Fond du Lac technical and community college bond issue and appropriation.

HF 1663/SF 2103 Wild rice; genetically-engineered organisms regulation provisions modified.

HF 1662/SF 1652 Wild rice management plan required.

HF 1524/SF 1257 American Indian child welfare project expanded, and money appropriated.

HF 774/SF 597 Bois Forte Band of Chippewa renewable energy facility feasibility grant provided, and money appropriated.

HF 1286/SF 1245 Child maltreatment reporting provisions modified relating to Indian children.

HF 869/SF 659 Urban and tribal Indian housing programs funding provided, and money appropriated.

SF 1925/HF 2227 Veterans, and military affairs funding for tribal service officers.

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<sup>i</sup> Minnesota Minority Education Partnership, “2006 State of Students of Color,” 2006; Rebecca Sohmer, “Mind the Gap: Disparities and Competitiveness in the Twin Cities,” Brookings Institution, October 2005; Minnesota Department of Health, “Minnesota Health Access Survey for 2001 and 2004,” 2006; Laura Smith, “Native American Trust Land Transfers in Minnesota,” Center for Urban and Regional Affairs, University of Minnesota, Spring 2004; Minnesota Housing Finance Agency, “Emerging Markets Homeownership Initiative,” 2004; Institute on Race and Poverty and Council on Crime and Justice, “Minnesota Statewide Racial Profiling Report: All Participating Jurisdictions, Report to the Minnesota State Legislature,” 2003.

<sup>ii</sup> Poverty and Race Research Action Council, “Structural Racism,” Volume 15, Number 6, November/December 2006; Glen C. Loury, *The Anatomy of Racial Inequality*, Harvard University Press, 2002.

<sup>iii</sup> In total, the governor’s budget proposal is \$34.4 billion, balanced and contains no tax increases.

<sup>iv</sup> Minnesota Minority Education Partnership, “2006 State of Students of Color,” 2006; Rebecca Sohmer, “Mind the Gap: Disparities and Competitiveness in the Twin Cities,” Brookings Institution, October 2005.

<sup>v</sup> This proposal rewards schools with a two percent (above the annual two percent) increase to those that satisfy the reading and math testing standards on the Minnesota State School Report Card.

<sup>vi</sup> OAP research analysis of the best available data from Minnesota Department of Education. We looked at schools with at least 200 enrollment; 143 high schools, 154,920 students, overall. These high schools included 13 schools from Minneapolis/St. Paul, 41 in metropolitan area suburbs, 89 in greater Minnesota. Sixty-three percent (97,599) of the 154,920 were enrolled in schools that would get the two percent increase. Of the students receiving the two percent increase, 31 percent of students are kids of color yet students of color make up only 22 percent of the total K-12 population. Of the kids receiving the four percent increase, less than 10 percent are students of color.

<sup>vii</sup> Minnesota Department of Education, “Recommendations for the Reauthorization of the Elementary and Secondary Education Act,” March 2007.

<sup>viii</sup> Parents with three or four year olds with a household income at or below 180 percent of the federal poverty level.

<sup>ix</sup> Minnesota Department of Education, “Minnesota School Readiness: Two Year Study,” February 2004.

<sup>x</sup> Charles Hallman, “School Vouchers: Who Stands to Gain At What Cost?,” *Minnesota Spokesman Recorder*, March 14, 2007.

<sup>xi</sup> Applied Research Center, “Vouchers: A Trap, Not a Choice – California School Vouchers will Increase Racial Inequality,” October 2000.

<sup>xii</sup> Minnesota P-16 College Access Working Group, “Raising the Expectations for College Access in Minnesota,” June 2006.

<sup>xiii</sup> The Education Trust, “Minnesota: Key Facts and Figures,” Fall 2006.

<sup>xiv</sup> Laura McCallum, “Special Education is Bigger Priority at Capitol,” Minnesota Public Radio, March 1, 2007. “When Congress first passed the Individuals with Disabilities Education Act (IDEA) more than 30 years ago, it pledged to cover 40 percent of special education costs. But the federal government has never paid more than 17 percent of those costs. Education groups say the funding gap for school districts widened four years ago, when Minnesota lawmakers capped special education funding during the state’s budget crisis.”

<sup>xv</sup> Laura McCallum, “Special Education is Bigger Priority at Capitol,” Minnesota Public Radio, March 1, 2007.

<sup>xvi</sup> U.S. Government Accountability Office, “Special Education: Federal Action Can Assist States in Improving Postsecondary Outcomes for Youth,” July 2003. Nationally speaking, in 2000-2001 only 57 percent of special education students received a high school diploma, while 11 percent received a GED or other alternative diploma; The

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Education Trust, "Minnesota: Key Facts and Figures," Fall 2006. This total student population and special education percentages reported here are for 2002, the most recent available data.

<sup>xvii</sup> Interview with Mary Ceconi, executive director, Parents United for Public Schools, March 29, 2007; Minnesota Department of Health, "Health Insurance Coverage in Minnesota, 2001 vs. 2004," February 2006. American Indians, Asians, Blacks and Latinos are far less likely to have group insurance yet more likely to have public insurance.

<sup>xviii</sup> The Minneapolis Foundation, "All Kids Learn: A Minnesota Meeting Series on K-12 Education," February 2004. The source for the state-wide estimate is the Minnesota Department of Education.

<sup>xix</sup> Minnesota Department of Finance, "Remove the LEP Funding Restriction," Fiscal Note for SF 357," March 28, 2006. This figure is based on documentation that students of color that are foreign born make up 96 percent of the total foreign born student enrollment.

<sup>xx</sup> Minnesota Department of Finance, "Remove LEP Funding Restriction," Fiscal Note for SF 357, March 28, 2006.

<sup>xxi</sup> Minnesota Minority Education Partnership, "2006 State of Students of Color," 2006; Minnesota State Colleges and Universities, "Educating Minnesota: Meeting the Challenge Budget Request, 2008-2009," 2007.

<sup>xxii</sup> Minnesota State Colleges and Universities, "Educating Minnesota: Meeting the Challenge Budget Request, 2008-2009," 2007.

<sup>xxiii</sup> Minnesota P-16 College Access Working Group, "Raising the Expectations for College Access in Minnesota," June 2006.

<sup>xxiv</sup> The Minneapolis Foundation, "Opportunity for All: Closing the Racial Disparities Gap in Minnesota," 2006.

<sup>xxv</sup> Minnesota Department of Health, "Health Insurance Coverage in Minnesota, 2001 vs. 2004," February 2006.

Without government-based insurance coverage people of color and American Indians would be left behind in terms of health care access. The total rate for all groups who have government-based health insurance is 25 percent. For Blacks 45 percent, American Indians 34 percent, Latinos 29 percent and Asians 25 percent, while only 24 percent for whites.

<sup>xxvi</sup> U.S. Census Bureau, "Current Population Survey, Annual Social and Economic Supplement," 2000.

<sup>xxvii</sup> Midwest States Health Reform Summit, Gov. Tim Pawlenty's Remarks, November 14, 2006.

<sup>xxviii</sup> Minnesota Department of Health, "Health Insurance Coverage in Minnesota, 2001 vs. 2004," 2006; Minnesota Department of Health, "Immigrant Health: A Call to Action," January 2005.

<sup>xxix</sup> Applied Research Center and Northwest Federation of Community Organizations, "Closing the Gap: Solutions to Race-Based Health Disparities," Summer 2005.

<sup>xxx</sup> *Colorlines*, "What Your Doctor Won't See...If Conservatives Make Healthcare "Colorblind"," March-April 2007.

<sup>xxxi</sup> Interview with Nila Gould, Office of Minority and Multicultural Health, Minnesota Department of Health, April 11, 2007.

<sup>xxxii</sup> Applied Research Center, "Race and Recession: A Special Report Examining How Changes in the Economy Affect People of Color," Summer 2002; U.S. Department of Labor Statistics, "Employment Status of Civilian Noninstitutional Population by Race for Minnesota," 2004.

<sup>xxxiii</sup> Interview with Menachem Krajcer, Senior Policy Analyst, Applied Research Center, April 12, 2007.

<sup>xxxiv</sup> This budget package is largely driven by the Minnesota Mental Health Action Group, a public-private venture.

<sup>xxxv</sup> U.S. Department of Health and Human Services, Office of the Surgeon General, "Mental Health: Culture, Race and Ethnicity," 1999; Richard Sheer, "Surgeon General's Report Highlights Mental Health Problems Among Minorities," *Psychiatric Times*, March 2002; Wilder Research Center, "The Issues Behind the Outcomes: Barriers and Service Delivery Issues that Affect Outcomes for Somali, Hmong, African Americans, and American Indian Participants in the Minnesota Family Investment Program," April 2003.

<sup>xxxvi</sup> Joint Hearing E-12 Policy Committee and K-12 Finance Division, Testimony from Dr. William Dikel, Minneapolis Urban League, January 30, 2007.

<sup>xxxvii</sup> *Ibid.* "The Minnesota Department of Human Services has found that, more often than not, no screening occurs."

<sup>xxxviii</sup> Insight News, "Financial Outlook Worsens for Minnesota Nursing Homes," March 28, 2007; @HomeAlliance website.

<sup>xxxix</sup> Interview with Patty Cullen, Care Providers of Minnesota, April 11, 2007.

<sup>xl</sup> Minnesota Public Radio, "Long-Term Care Imperative," April 12, 2007; Minnesota Public Radio, "A Dignified Life: Providing for Long Term Care," January 8, 2007; Interview with Marlene Stum, University of Minnesota, April 11, 2007.

<sup>xli</sup> Minnesota Department of Commerce, "Long-Term Care Insurance in Minnesota," June 2006; Minnesota Department of Human Services, "Public and Private Long-term Care Financing: Options for Minnesota," February 2005; Paul Krugman, "Children versus Insurers," *New York Times*, April 6, 2007. A report by the Center on Budget and Policy Priorities found that "low income and seniors of color are less likely than the average Medicare recipient to be enrolled in a Medicare Advantage Plan."

## Weighing the Racial Equity Impacts of Mpls Schools Referendum

By Jermaine Toney

A couple of months ago, Minneapolis Schools unveiled both a strategic plan and a proposed referendum. This plan will shape the district's work through 2012. To implement this plan requires funding commitments. In November 2008, Minneapolis will vote on the district's referendum, a proposed surcharge on property taxes. This referendum both replaces the expiring one and adds more money to carry out the strategic plan's goals. If approved by voters, the referendum would provide \$60 million annually starting in the 2009-10 school year and ending in 2017-18.

As parent and youth leaders of color, primary stakeholders, we know that the district is facing challenging times. And that large pieces of what is happening to kids and families, such as shifts in public investment, access to good jobs, health care are outside of their control. That said we also believe that it is up to us – as leaders, parents, community members to step up and to support positive change but also to understand and advance equitable school policies. We are the Education Equity Organizing Collaborative, a multiracial and multi-cultural partnership of Somali Action Alliance, MIGIZI Communications, Latino arm of ISAI AH, with links to leaders in the Black and Hmong communities.

To support positive change with Minneapolis school leaders, we also believe that the path forward must be a relational and meaningful one. In that spirit, the collaborative decided, after hearing of the upcoming referendum campaign, to create our own assessment of what it would mean for our kids. We understand that education policy decision making is complex and fluid. We asked and worked together to help answer some questions around the referendum. Our questions were simple:

- What would be the equity impact on our kids, particularly kids of color and American Indian kids if the referendum was not approved?
- What would be the equity impact on our kids if the referendum was approved?

We as community groups have wrestled with these questions and others with over 2,000 parents and youth of color through listening sessions over the last year. The very real issue of money comes to communities as a reason why changes we deeply believe in can't proceed. As the primary leaders and constituents of Minneapolis Schools, we believe that something desperately needed to happen – in terms of strategies, ongoing discussion, productive community accountability and potential alliances – to ensure that the referendum decisions positively benefited our kids.

We believe that community has to be at the table – not just about naming the challenge, frustration, concern – but exploring, researching, and crafting strategies that address the challenge. Doing so ensures that policies and practices are anchored in and grow from our community voices, contributing to unclenching support for school initiatives and racially equitable outcomes in education.

In asking the prevailing questions, we found that we needed to look more closely at the district's strategic plan, its goals, what we knew about the strategies they hoped to enact to realize those goals. And we needed to assess those goals and strategies, to test them against our experience, to raise our questions, to begin to brainstorm and look at solutions.

*We picked 3 top goals and 6 initiatives articulated in the Minneapolis Strategic Plan and referendum proposal that could potentially have a positive impact on kids of color and American Indian kids. These goals and initiatives, our questions and findings are summarized on the chart included in this summary.*

## OUR FINDINGS

### 1. Public disinvestment in Minneapolis Schools has significantly contributed to racial and economic disparities.

- The state legislature has shaped the backdrop for the proposed referendum. Between 2003 and 2008, Minneapolis Schools faced a 6.8 percent decrease in per pupil aid, a staggering loss of \$1,709 per pupil. Property tax increases gave the district only a boost of \$776 per student in aid. Both trends hover above state averages. The decline in public investment in schools has hindered Minneapolis Schools' ability to provide opportunities that strengthen racial and economic equity in education, whether intended or not.

**Our Response:** As communities of color and organizations concerned with racial justice, we need to craft and support a strategy to address state level disinvestment in our kids.

### 2. The racial and economic disparities in Minneapolis Public Schools will worsen if the referendum is not approved. Precisely,

- Average classroom sizes would reach pre-1990 referendum levels, dramatically narrowing opportunities to accelerate achievement among students of color and low-income students.
- Classroom sizes would nearly double for English Language Learners in grades 9-12 and increase by an average of two for our students in middle school grades.
- Nearly 350 teachers, disproportionately teachers of color, would be laid off because they are less likely to hold seniority.
- Lower percentages of students of color and low income students would complete algebra by grade 8.

**Our Response:** We need to support and educate our communities about this finding immediately. At the same, we need to go further. Keeping disparities from getting worse is not enough. The findings and responses below address this challenge.

**3. Without specific ongoing attention to the racial equity impact of policies and practices used to meet racial equity goals, the referendum and strategic plan will fail to anticipate unequal outcomes, and maintain or reinforce current disparities.** For example,

- Holding classroom sizes to their current levels will maintain disparities. To dramatically increase achievement among students of color and low-income students requires significant classroom trimming.
- Failing to collect data by race for the algebra summer camp has left students of color underrepresented. Playing this out, our students will lose ground on taking advanced math.

**Our Response:** We would like the district to partner with us in a series of community accountability sessions over the life of the plan to assess progress, strategies and outcomes of specific proposals advanced to address disparities. Initially, we are asking district leaders to support key leadership participation in 2 such sessions in 2009, which will focus on 2-4 specific topics and initiatives. These could include math and reading readiness, English Language learning, class size, teacher of color recruitment and retention, early childhood and the progress of the district in working with other partners to realize agreements. We would organize these sessions, in partnership with the district.

**4. Building stronger relationships with parents and youth of color significantly contributes to higher support around school initiatives and equitable outcomes.**

- During the 1990s, high levels of parent and youth of color engagement around Minneapolis Schools' small class policy lead to stronger commitment and racially equitable outcomes.
- Nationally, a Montgomery County School engaged students of color in exploring solutions, which have lead to higher percentages of completion of algebra by 8<sup>th</sup> grade.

**Our response:** We believe that the accountability plan outlined above will begin to strengthen authentic relationships between the district and communities of color, and will create a space where our communities can be leaders in solving challenges facing our kids.

**CHART 1: Racial Equity Impact Analysis of MPS Referendum + Strategic Plan**

	MPS REFERENDUM + STRATEGIC PLAN		EEOC	FINDINGS	
	GOALS	INITIATIVES	QUESTIONS	REFERENDUM NOT APPROVED	REFERENDUM APPROVED
1	Prevent further increases in class sizes.	Maintain current classroom size levels, 26 for grades K-3, 32 for grades 4-8, 34 for grades 9-12	Doesn't research say that the district's class sizes have to be a lot lower to make a difference for our kids?	Average classroom sizes would reach pre-1990 referendum levels, dramatically narrowing opportunities to accelerate achievement among students of color and low-income students.	Holding classroom sizes to their current levels will maintain disparities. To dramatically increase achievement among students of color and low-income students requires significant classroom trimming.
2	Raise expectations and academic rigor for all students, aligning pre-K-12 programs with college readiness goal.	Prepare students for algebra by 8th grade, including an algebra summer camp	What strategies will be used to prepare kids for algebra before 8th grade and beyond?	Lower percentages of students of color and low income students would complete algebra by 8th grade.	Failing to collect data by race for the algebra summer camp has left students of color underrepresented. Playing this out, students of color will lose ground on taking advanced math.
3	Raise expectations and academic rigor for all students, aligning pre-K-12 programs with college readiness goal.	Develop a comprehensive strategy to address English Language Learner needs.	What are the best practices that are geared towards boosting learning for ELL kids?	Classroom sizes would nearly double for English Language Learners in grades 9-12 and increase by an average of two for our students in middle school grades.	Holding classroom sizes to their current levels will maintain glaring disparities.
"	Raise expectations and academic rigor for all students, aligning pre-K-12 programs with college readiness goal.	Allow Hamline University to assess the effectiveness of ELL programs and leadership.	Has the district considered adopting the ELL collaborative model of St. Paul Schools?	Fewer opportunities for ELL (Hmong, Somali, Latino) students	St. Paul's Teacher Union and St. Paul Schools have worked collaboratively so schools have more choice around ESL staffing. This practice has contributed to narrowing the opportunity gaps between ELL and non-ELL students.

4	Correct policies that perpetuate the achievement gap and institutional racism.	Recruit and retain staff from underrepresented racial and ethnic groups.	How will the district diversity its staff?	Nearly 350 teachers, disproportionately teachers of color, would be laid off because they are less likely to hold seniority.	Principals granted authority to hire based on race, could impact tens of teachers of color.
5	Correct policies that perpetuate the achievement gap and institutional racism.	Continue to work with Metropolitan Urban Indian Directors on the Memorandum of Agreement.	???	More exceptional teachers will be laid off; fewer opportunities for American Indian kids	Historic agreement signed between MUID and MPS in Oct 2006; community investment of \$3 million.
6	Correct policies that perpetuate the achievement gap and institutional racism.	Work with African American Mobilization for Education on The Covenant.	???	Fewer opportunities for Black students	In June 2008, MPS adopted a resolution to work with AAME, plan to meet 6 times to work out details of The Covenant.



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## Kitchen Table Budget Principles

By Jermaine Toney

### **The State of Minnesota, and Minnesota Families, Face Budget Challenges**

The state government has forecast a shortfall of \$4.8 billion for the next biennium, July 2009 to June 2011.<sup>1</sup> In the next few months, state policymakers will decide how to balance the budget.

We are all facing tough economic times. The unemployment rate is nearly 7 percent, and may well climb higher.<sup>2</sup> Paychecks are downsizing. The value of our stocks and retirement portfolios is evaporating. Each night, tens of thousands of us are being turned away from shelters.<sup>3</sup> Thousands of our homes have been lost to predatory sub-prime lending. Rent is rising. Food prices are going up. Bellies are growling with hunger. Thousands are without health care. College tuition is moving out of reach for more and more of us.

During these tough times, many of us are sitting down with our families around kitchen tables, talking about how we are going to make it through this downturn. We are figuring out what we can cut back on and what we can't, trying to decide what is necessary.

This is a tough process, but those of us who historically struggle the most in tough economies—particularly low-income communities, people of color, American Indian people, veterans, the disabled, women, immigrants and the formerly incarcerated—know how to stretch a dollar. We know how to cut back, how to get creative and find fresh sources of income, how to look out for other family members, and how to come together with our neighbors.

### **Kitchen Table Budget Principles for Budget Decisions**

We decided to ask ourselves, in a series of what we called “kitchen table” conversations, what kinds of values and principles we use to balance household budgets in tough times. These conversations around the state—in rural, suburban and urban communities—for the past six weeks have outlined the approach that Minnesotans take to address budget challenges in our own lives. We offer this wisdom to lawmakers as they face the state’s budget challenges.

**1. *Solve the challenges for the whole community.*** In our families we look out for each other during hard times, and we also look to our neighbors. Now is the time to come together to ensure that budget problems are solved for the whole community, rather than saying some people’s needs simply won’t be met. In the past, low-income communities and people of color have disproportionately borne the brunt of budget cuts.<sup>4</sup> *As you look at who will be impacted, make sure that we are all sharing both the benefits and the pain.*

**2. *Include us in solving budget challenges.*** Draw on the strengths of the entire community, particularly those Minnesotans who are the most impacted by budget decisions. When working together, we’re unified and will have a greater impact on issues of racial and

economic equity. *Before you make budget cuts or implement reforms, ask our communities what the impact might be, and solicit our ideas.*

**3. Invest for the long run.** While addressing short-term difficulties, we must remember that our decisions will have an impact for years to come. Even in tough times, it's important to invest in the seeds of our future harvest. Wide and long-term racial and economic disparities are a threat to our state's competitive advantage.<sup>5</sup> We cannot undermine the core infrastructure—access to education, investments in children and families—that ensures opportunities to thrive. *Invest for the long run by reducing today's barriers to opportunities.*

**4. Look for additional resources.** In our families in these tough times, we don't just look for ways to cut spending, we also look for ways to increase our incomes. During the Great Depression in the 1930s, Minnesota lawmakers adopted one of the most fair income taxes in the country, and laid a foundation for investments that allowed Minnesota to later top the charts on quality of life measures.<sup>6</sup> But over the past decade, our taxes have become less fair and our foundation has been eroded by disinvestment.<sup>7</sup> *Reclaim our legacy by fairly raising the revenues needed to maintain core institutions that promote equity and the good life.*

**5. Invest wisely on priorities.** Minnesota's economic future depends on investing in our people, and making sure all have the opportunity to succeed. This has not been the path followed in the past. For example, drastic cuts to our child care assistance programs in the 2003 and 2005 legislative sessions, meant nearly 11,000 fewer children, disproportionately children of color, have access to child care.<sup>8</sup> What's more, due to the decline in state funding for affordable housing, the unmet challenge through 2010 has increased to 330,000 low-income households, disproportionately households of color.<sup>9</sup> *The way to spend wisely and avoid inequities is to ensure that policy choices do not disproportionately hurt low-income people and people of color.*

### **Anchor Reforms in Racial and Economic Equity**

Clearly, in the face of this serious budget challenge, there is an opportunity to get it right by using these Kitchen Table principles. During previous deficits, efforts to address deficits primarily through spending cuts meant a decade of public disinvestment in child care, education and affordable housing.<sup>10</sup> Because of this we have lost considerable ground, and we are host to some of the nation's widest disparities in well-being between Minnesotans of color and whites. Taking a different approach, and maintaining our public investments, is critical to our economic prosperity and to getting back to topping the charts in quality of life measures.

In kitchen table discussions held around the state, Minnesotans outlined the approach we take to address budget challenges in our own lives. Our discussions provide wise counsel to policymakers that they can carry into their decisions to address a daunting state budget deficit. We look forward to working with lawmakers to translate these principles into concrete action steps, so that they can make decisions that will brighten the future for all Minnesotans, particularly for low-income communities, people of color and American Indian people.

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<sup>1</sup> Minnesota Management and Budget, "Minnesota Budget Forecast," Dec. 11, 2008.

<sup>2</sup> Minnesota Department of Employment and Economic Development, "Minnesota Unemployment Rate at 6.9 Percent," Jan. 22, 2009.

<sup>3</sup> The Minneapolis Foundation, "The Real Costs of Cuts: How 2003 Budget Cuts Have Impacted Real People," Mar. 2005.

<sup>4</sup> Ibid; Analysis by the Minnesota Budget Project for the Organizing Apprenticeship Project's *Race and Budget Matters: A Mid-Term Report Briefing*, Apr. 18, 2007.

<sup>5</sup> Britany Affolter-Caine and John Austin, "The Vital Center: A Federal State Compact to Renew the Great Lakes Region," The Brookings Institution Metropolitan Policy Program, Oct. 2006; Rebecca Sohmer, "Mind the Gap: Disparities and Competitiveness in the Twin Cities," The Brookings Institution Metropolitan Policy Program, 2005. Mind the Gap was commissioned by The Itasca Project, a partnership of our state's business leaders.

<sup>6</sup> Russell W. Fridley, "Public Policy and Minnesota's Economy—A Historical View," *Minnesota History*, Spring 1975.

<sup>7</sup> Minnesota Budget Project, "Tax Fairness Declining in Minnesota," April 2007; Minnesota Budget Project, "The Lost Decade," Dec. 2008; Jermaine Toney, "2007 Minnesota Legislative Report Card on Racial Equity," Organizing Apprenticeship Project, Jan. 2008; State of Minnesota Office of the State Auditor, "Minnesota City Finances: 2007 Revenues, Expenditures, and Debt," Jan. 14, 2009.

<sup>8</sup> Wilder Research, "Child Care Use in Minnesota: 2004 Minnesota Statewide Household Child Care Survey," 2005. Fewer in Oct. 2005 than in June 2003, after cuts were made to child care.

<sup>9</sup> Greater Minnesota Housing Fund, "The Importance of Stable Housing for Families with Children: Child Success, Workforce Development, Strong Communities," May 2004.

<sup>10</sup> Minnesota Budget Project, "The Lost Decade," Dec. 2008.

## 5 Racial and Economic Equity Assessment Questions:

1. How does the proposed action (policy, budget or investment decision) impact racial and economic disparities in Minnesota?

*Example:* Minnesota's Sentencing Guidelines Commission has forecast the racial and economic impact of changing sentencing laws. Simply lowering both first-degree and second-degree drug offenses (triggered by small amounts and nonviolent crimes) one third (32 percent) of these would result in a reduction of 750 prison beds. One-third (32 percent) of these would have been used by people of color. This analysis demonstrates how one simple policy change could have an unanticipated positive impact on racial disparities in Minnesota, even as it control costs in these tough economic times.

2. How does the proposed action support and advance racial and economic equity in such areas as education, contracting, immigrant and refugee access to services, health, workforce and economic development?

*Example:* According to the Minnesota Department of Education, every inmate who successfully complete a prison's Adult Basic Education program (like high school GED or vocational training) and does not commit a crime after being released, has a stronger chance to reintegrate, saving Minnesota taxpayers \$28,000 annually. Incarceration rates are high among low-income people and people of color, disproportionately young Black men. The action you are considering should expand such common-sense opportunities, reducing barriers and strengthening Minnesota's workforce. They should not remove essential bridges to equity and prosperity.

3. Have voices of groups affected by the proposal, budget or investment decision been involved with its development? What solutions were proposed by these groups and communities?

*Example:* Too often, communities affected by budget decisions are treated as part of the problem rather than part of the solution. Neighborhoods, communities, including communities of color and low-income communities know what they need, and often have the best ideas. When Minnesota's mobile home residents were told by lawmakers that they could not have storm protection because of high water tables under area parks, they designed a \$10,000 culvert-style shelter later approved by FEMA and now used all over the state of Minnesota. Just one example of what is possible when lawmakers make room for low-income communities and communities of color to co-construct the solutions, while supporting equity.

4. What do you need to ensure that proposals are successful in addressing disparities—what resources, what timelines and what monitoring will help ensure success of proposal for achieving racial and economic equity?

5. If your assessment shows that a proposed policy, budget or investment decision will likely increase disparities, what alternatives can you explore? What modifications are needed to maximize racial and economic equity outcomes and reduce racial and economic disparities?



## Pocket Guide to Budget Proposals: Racial and Economic Equity Assessment Questions

The Minnesota state government has forecast a budget shortfall of \$4.6 billion for the next fiscal year 2010 to 2011. At the same time, racial and economic inequities in such areas as education, employment and health in Minnesota are among the most serious long-term economic and moral challenges we face.

The decisions we make today will make those disparities better, maintain them, or make them worse. Paying close attention to the potential racial and economic equity impact of decisions is fair, just and makes good financial sense. Even in tough economic times we must work for equity—by looking at the impact of budget decisions, investments and new policies on equity.

The following equity assessment questions are offered as a guide for legislative and community leaders. They should be asked by members of every budget and policy committee as they consider action to meet the challenges that we face.

**Jermaine Toney**  
Lead Policy Analyst

## Go to These Tools

### Establishing Racial & Economic Equity As a State Mandate—United Kingdom's Equity Impact Assessment

- "The Race Equality Duty: Specific Duties: Public Authorities," Commission for Racial Equality, <http://83.137.212.42/sitearchive/cre/duty/reia/what.html>

### Racial & Fiscal Impact Statements for Sentencing Proposals—Minnesota

- Minnesota Sentencing Guidelines Commission, "Updated Report on Drug Offender Sentencing Issues," Jan. 2007. [www.msgc.state.mn.us/data\\_reports/msgc\\_drug\\_update07.doc](http://www.msgc.state.mn.us/data_reports/msgc_drug_update07.doc)

### Equity Initiatives by Local Governments—Washington State's King County Initiative

- "Equity and Social Justice Initiative," King County, WA, <http://www.kingcounty.gov/exec/equity.aspx>
- Seattle Race and Social Justice Initiative, City of Seattle, WA, <http://www.seattle.gov/civilrights/rsji.htm>

### Community & Economic Development Proposals—St. Paul

- "A Racial Equity Impact Policy for St. Paul," *Common Ground*, Alliance for Metropolitan Stability, Winter 2008-2009.

### Health Equity Initiatives—California's Bay Area

- Bay Area Regional Health Inequities Initiative, <http://www.barhii.org/>
- "What is Health and Social Equity and Why is it Important?" Alameda County Public Health Department, <http://www.acphd.org/healthequity/index.htm>

For Full Report & Toolkit, Go to <http://www.oaproject.org>