

AMSD Calendar

DECEMBER 14, 2007

Board of Directors Meeting, 8 a.m. Grand Hall at the TIES Building, St. Paul
AMSD Legislative Preview with Metro Legislators

JANUARY 11, 2007

Executive/Legislative Committee Meeting, 7 a.m., TIES Building, St. Paul

SAVE THE DATE!

JANUARY 23, 2008

AMSD Winter Conference, "Integration, School Choice and Student Achievement," 8 a.m. to noon

Roseville Radisson

Keynote speaker: Richard Rothstein, Economic Policy Institute

AMSD's Mission

To advocate for state education policy that enables metropolitan school districts to improve student learning.



**Association of
Metropolitan School Districts**

St. Paul superintendent challenges community to judge the school district

St. Paul Public Schools Supt. Meria Joel Carstarphen stood before a high school auditorium filled with hundreds of parents, community members and staff members asking for something many people shy away from: judgment.

"Will you truly be a community of judgment for our future vision as well as our past performance?" she asked.

In their laps, audience members at the St. Paul Public Schools District's Nov. 10 Community Summit had the tool that Carstarphen had handed them with which to make that judgment - the district's 2007 Annual Report.

The report was billed as the fulfillment of a promise of accountability made to a community that had one year earlier passed a referendum giving the district \$30 million over six years.

The 25-page report was unveiled over a three-day period that included internet and television broadcasts, a State of the School District breakfast with community leaders and culminated with the Community Summit. The report not only detailed the district's highlights, it also brought forward frank realizations of goals that had yet to be attained.

"Our data show us that we as a district are experiencing pockets of success, but that we have much to do to meet all of our targets and benchmarks," Carstarphen said.

And while asking for judgment, she borrowed from former United States President John F. Kennedy while both promising and calling for courage, integrity and dedication. She called upon community members to stand side-by-side with school officials to help them:

- Secure stable funding for academic programming.
- Improve school leadership through a focus on cultural competency training and leadership development.
- Enhance teacher quality through high-quality professional development opportunities.

(Continued on page 4)

From the Chair

To no great surprise, the recently released November forecast showed a weaker state and national economy due to concerns in the housing and credit markets, rising energy prices and stagnant employment numbers. State general fund estimates are forecast to fall \$739 million (2.2 percent) below end-of-session estimates, while spending is projected to be \$66 million (.2 percent) higher. The legislature left a balance of \$294 million at the end of the last session so the final budget deficit for the current biennium is projected at \$373 million.

The challenge grows significantly in the 2010-11 biennium. The forecast projects a structural shortfall of \$211 million, which actually grows to \$1.245 billion when inflation (1.9 percent each year) is included. Clearly, our state policymakers have their work cut out for them because addressing the projected shortfall is not their only responsibility.

It is critical that the governor and legislators take action to not only erase the projected short-

(Continued on page 4)

Health insurance costs continue to challenge budgets

Public institutions are by their nature people oriented. Because of this, benefit cost increases greatly affect budgets. Many states have attempted to curb health insurance costs by building larger participant pools. The intention of the pools is to create economies of scale and a more competitive bidding environment. All 50 states provide health insurance to their employees. Over the years, many have expanded their pools by opening up plans to local governments, state universities, public agencies, and school districts. Other groups have created alliances to set up statewide participant pools. Below are a few examples:

New York

The New York State Health Insurance Program (NYSHIP) was established in 1957 for state employees. The next year, NYSHIP opened to local governments and school districts. Now, 50 years later, NYSHIP is the largest public employer health insurance program in the nation, outside of the federal government. NYSHIP covers over 1.1 million state and local government employees, retirees and their families.

California

The California Public Employees' Retirement System (CalPERS) was established by state legislation in 1931. In 1967 the health program expanded to include local public employees on a contract basis. Today the membership is over 1 million with 30 percent state employees, 38 percent school employees, and 32 percent local public agency employees.

Nebraska

Eight years ago the Nebraska State Education Association

Health care costs on the rise.....

- General Motors attributes approximately \$1,500 of the average cost per vehicle to employee healthcare costs.
- Starbucks spends more on employee healthcare than it does on coffee beans.
- Nationally, in 2006, employer health insurance premiums increased by 7.7 percent – two times the rate of inflation.
- Nationally, since 2000, employment-based health insurance premiums have increased 87 percent, compared to cumulative inflation of 18 percent and cumulative wage growth of 20 percent during the same period.

(NSEA), Nebraska Council of School Administrators (NCSA) and the Nebraska Association of School Boards (NASB) came together to form the Educators Health Alliance (EHA). The EHA is a statewide risk pool that was created to ensure affordable health care insurance to members of the three statewide educational organizations.

Massachusetts

On July 25, 2007, Massachusetts Governor Deval Patrick signed into law a provision that allows municipalities the option of joining the state Group Insurance Commission's (GIC) health coverage. The law is meant to enable municipalities to reduce health insurance costs for their employees and retirees by joining the GIC's state employee pool. The new law also allows regional councils of government and regional planning agencies, charter schools and education collaboratives to join GIC coverage as a local option.

Oregon

During the 2007 Oregon legislative session the Oregon Education Association (OEA) worked with a broad coalition to pass Senate Bill 426, which established a statewide

health insurance savings pool for public education employees. Experts project that the health insurance savings pool will save more than \$50 million a year. Oregon is currently in a 3 year transition to this new program.

Pennsylvania

According to the state Department of Education, school districts in Pennsylvania saw the cost of healthcare for their employees increase 24 percent between 2003 and 2005. A report by the legislative Budget and Finance Committee found that leveraging the purchasing power and combining the health benefits of Pennsylvania's school districts could result in health-care cost savings of as much as \$585 million. On Sept. 18, 2007, Governor Edward G. Rendell, called on the general assembly to adopt legislation creating a statewide health benefits system for school employees, saying the rising cost of health care is one of the greatest challenges facing Pennsylvania's 501 school districts.

As health care costs continue to outpace inflation, states and public institutions are looking for ways to stem this tide. Whether it is opening

(Continued on page 3)

Districts have seen a steady increase in health insurance costs

(Continued from Page 2)

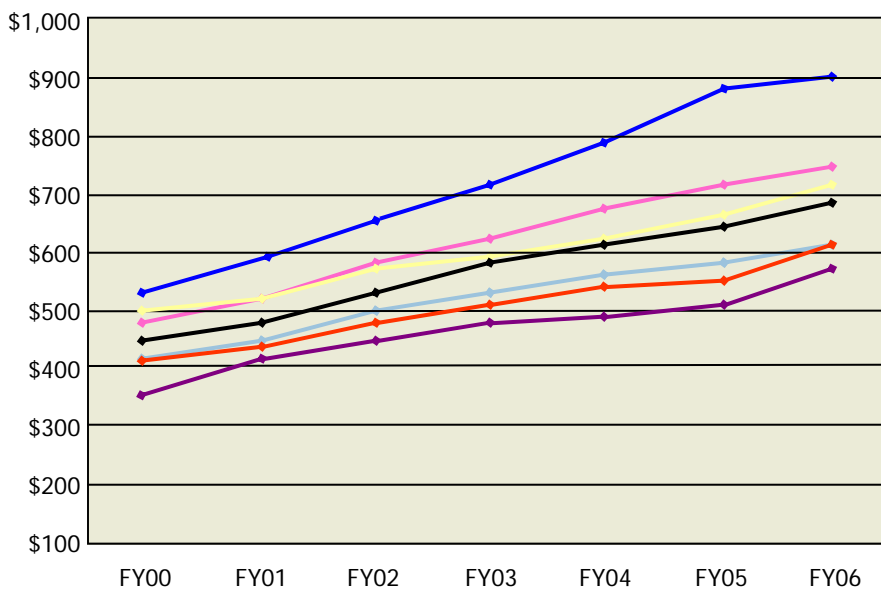
up state government plans to more groups or establishing larger separate pools it is clear that controlling health insurance costs is a hot topic.

Minnesota

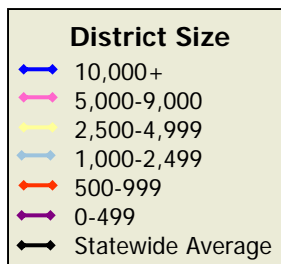
The chart on the right compares Minnesota's public school district health insurance cost information (UFARS220). The charts below demonstrate how Minnesota's public school districts have seen a steady increase in health insurance costs (UFARS220) over the past 6 years. Overall districts have seen costs rise at 7 percent a year. However, there have been some wide swings during that period.

District Size Fall 2006	Number of Districts	Insurance costs increase FY00 - FY06	Health insurance cost as a % of General Fund
10,000 & greater	15	72.4%	9.9%
5,000 – 9,999	21	58.9%	9.0%
2,500 – 4,999	37	56.4%	8.6%
1,000 – 2,499	88	48.0%	7.2%
500 - 999	90	50.5%	7.0%
0 - 499	88	56.8%	5.2%
Statewide	339	53.6%	7.1%

Health Insurance (UFARS220) Costs Per Pupil



Source: Minnesota Department of Education UFARS data.



Summary

Nationally, health insurance rates continue to rise at a pace much higher than inflation. Short of major public policy changes, this trend is likely to continue. Minnesota school districts are feeling the squeeze of higher benefit costs and shrinking revenues. Statewide, health insurance costs are increasing at more than 7 percent a year and make up more than 7 percent of a district's general fund budget. Pressure is building within the state, and across the country, to find solutions to this issue. Interestingly, the data show that it is the largest school districts that have experienced the greatest health insurance increases.

AMSD will continue to monitor health insurance issues and work with state policymakers to address this critical issue. It is important that policymakers work to find a solution that will bring escalating costs under control while preserving flexibility and local control for elected school boards and their employees.

District partners with community for success

(Continued from Page 1)

- Expand innovative programming and diverse enrichment opportunities.

- Supplement initiatives to close the achievement gap, including early intervention programming and extended time.

“Meeting the educational needs to prepare students for the global economy will require a substantial investment,” Carstarphen said. “We cannot move forward at the pace we require without stable funding. We hope that we can count on you, our partners, to help us secure the resources we will need to ensure our success. This is our call to action.”

Then, as Carstarphen wrapped up her address, the work began.

The audience filtered out of the auditorium and into seven working groups to tackle issues regarding their specific communities: African American, Somali and African Immigrant, American Indian, Hmong, Latino, parents and faith-based, business and community partners and staff members.

Although in different rooms and separated by walls, the groups displayed unity in many of their concerns and requests. How could parents and community members work to increase graduation rates? What kind of cultural training could be given to staff members?

In the summit’s wake, Carstarphen and district officials have worked to answer community members’ calls for action. District leaders recently announced proposed programming changes that include:

“To simply *believe* that all our district’s students have unlimited possibilities for greatness and help them achieve it.”

Supt. Meria Carstarphen
St. Paul Public Schools

- Creating the city’s first Hmong Magnet School, infusing Hmong culture and language into Core Knowledge curriculum.

- Expanding a successful elementary aerospace magnet program through the middle grades.

- Using a grant from the Robins, Kaplan, Miller & Ciresi Foundation to implement curriculum aimed at closing the achievement gaps between the district’s highest performing students and African and African American male students. The overall intent is to recognize strategies that can be applied to closing gaps for other groups of students.

And ultimately, Carstarphen said, that is the charge of all staff members and goal for all students:

“To simply *believe* that all our district’s students have unlimited possibilities for greatness and help them achieve it.”

This month’s member spotlight was submitted by Howie Padilla, public relations coordinator, at St. Paul Public Schools.

From the Chair: Projected budget shortfall to challenge efforts for additional education funding

(Continued from Page 1)

fall but also provide supplemental funding for public education in the 2008 session. The funding bill approved during the 2007 legislative session falls woefully short of adequately funding our schools for the 2008-09 school year. Without additional investments, many metro area school districts will be forced to implement significant budget cuts next year.

AMSD board members and staff stand ready to work with the governor and legislators during the session to make sure our schools are properly funded. After finally making some progress toward digging out of the hole caused by budget cuts in 2003, we can’t afford to take a step backward.

John Malone, school board member from Orono, is chair of the Association of Metropolitan School Districts.

**Visit AMSD’s
web site at**
www.amsd.org
**for research, news
and many other
helpful resources.**

AMSD Members: Bloomington, Brooklyn Center, Burnsville, Chaska, East Metro Integration District 6067, Eden Prairie, Edina, Elk River, Fridley, Hopkins, Intermediate District 287, Intermediate District 917 (Associate Member), Inver Grove Heights, Mahtomedi, Minneapolis, MSU Mankato Center for Engaged Leadership (Associate Member), Minnetonka, Mounds View, Northeast Metro Intermediate School District 916 (Associate Member), North St. Paul/Maplewood/Oakdale, Orono, Richfield, Robbinsdale, Roseville, Rosemount-Apple Valley-Eagan, Shakopee, South St. Paul, Spring Lake Park, St. Anthony/New Brighton, St. Louis Park, St. Paul, Wayzata, West Metro Education Program, and West St. Paul