Regional Strategies to Integrate Twin Cities Schools and Neighborhoods

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A Comprehensive Strategy to Integrate Twin Cities Schools and Neighborhoods

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Executive Summary

Segregation in schools and neighborhoods are closely related. Segregated neighborhoods, of course, generate segregated neighborhood schools, but there is also feedback from school characteristics to neighborhoods. Potential residents, especially families with children, evaluate local schools when deciding where to live. This means that racial or social transition in schools—and the record shows that schools can change character very rapidly—can accelerate neighborhood transition. By the same token, stably integrated schools can stabilize neighborhoods. Integrated neighborhoods are much more stable in metropolitan areas with large-scale school integration programs. Housing and school policy must be coordinated.

At the same time, purely local approaches to integrate schools and neighborhoods have very limited potential in a region like the Twin Cities with more than 200 municipalities and school districts. When just a few cities and school districts are home to the overwhelming majority of residents and students of color, a truly effective integration strategy must be regional in scope.

This policy brief summarizes the ills associated with these patterns, shows the existing pattern of segregation in the Twin Cities, and describes how a coordinated regional approach to integration using already existing programs could greatly reduce these ills.

Why Segregation Matters

Racial segregation is not just about race. It is also about access to jobs, good schools, and decent economic prospects in life. Where one lives significantly determines the availability and quality of opportunities such as public education, employment, and wealth accumulation and thus dramatically impacts one’s life chances. To the extent that racial segregation limits people’s residential choices, it undermines equality of opportunity.

Racial segregation in neighborhoods is particularly harmful because it creates segregation in schools, adding another layer of costs for young people, undermining the region’s future. There are a number of reasons to be greatly concerned about segregation in the region’s schools and to pursue coordinated policies to increase integration in our schools.

Integrated schools help students of all races:

- Attending racially integrated schools and classrooms improves the academic achievement of minority students, whether measured by test scores, attendance rates, graduation rates, or the likelihood of attending college.
- Research also shows that integration helps to reduce the achievement gap between students of different racial and ethnic groups.
- Minority students who attended integrated schools tend to choose more lucrative occupations in which minorities are historically underrepresented and to have higher incomes than their peers in segregated schools.
- Students who experience interracial contact in integrated school settings are more likely to live, work, and attend college in more integrated settings.
- Interracial contact in desegregated settings decreases racial prejudice among students and facilitates more positive interracial relations.
• Integrated schools enhance the cultural competence of white students, preparing them for a more diverse workplace and society.

*Integrated schools help communities. When implemented on a metro-wide scale:*
• School integration can promote residential integration and enhance neighborhood stability, preventing integrated neighborhoods from resegregating.
• Integration efforts can help communities avoid the disinvestment, declining housing values and job losses often associated with economic and racial segregation.
• Revitalization of currently segregated inner city and inner suburb neighborhoods help the entire regional economy.

**Segregation in the Twin Cities**

Segregation in schools and neighborhoods is increasing for most students and residents of color in the Twin Cities, even as it is declining for whites. Increasing segregation in schools is particularly important because non-white segregated schools are also largely high-poverty schools. In 2008, 23 percent of Twin Cities elementary schools (or 108 schools) were non-white segregated. 96 percent of these schools had free and reduced-price lunch eligibility rates greater than 40 percent and 73 percent had rates greater than 75 percent.

The number of non-white segregated schools is increasing rapidly in the Twin Cities metro area. In 1992, there were only nine, serving only one and a half percent of the region’s elementary students. By 2008, there were 108 non-white segregated schools, representing 22 percent of the region’s elementary students. Between 1992 and 2008, the percentage of white students in segregated schools fell from 87 to 60 percent. But, at the same time, the percentages of black and Hispanic students attending non-white segregated schools shot up from 14 to 51 percent for black students and from 3 percent to 43 percent for Hispanics.

**Percentage of Students in Segregated Settings by Race, Twin Cities Metropolitan Area**

![Bar chart showing percentage of students in segregated settings by race and year.](chart)

Source: Minnesota Department of Education.
Being isolated in non-white segregated schools hurts students of color because these schools typically have high concentrations of poverty. In 2008, the average poverty rate in the non-white segregated schools in the Twin Cities metro was more than seven times the rate in predominantly white schools and three times the rate in integrated schools. (Chart 3)

Source: Minnesota Department of Education.

As a result of these trends, elementary students of color in the Twin Cities metro are more than five times as likely to attend schools with high concentrations of poverty (schools with free or reduced-price eligibility greater than 40 percent) as white students—56 percent compared to 10 percent. The comparison is even starker for very high poverty schools (elementary schools with free or reduced-price eligibility greater than 75 percent). Students of color are more than thirty times as likely as white students to find themselves in very high poverty schools—29 percent compared to less than 1 percent.

**Policies to Reduce Segregation: Integration Revenue**

Integration Revenue is extra funding meant to promote integration that is provided to Minnesota school districts with racially isolated schools. But the program currently provides little or no incentive for school districts to desegregate their minority and low-income students. The purpose of the funding should be changed from “increasing interracial contact” to promoting the actual integration of school districts, schools, and classrooms.

One way to do this is to modify the program’s funding formula for school districts in the Twin Cities to create positive incentives for districts to integrate schools by rewarding districts on a per student basis for documented pro-integrative student movements and for the number of students currently attending integrated schools.
The incentives should be designed to encourage pro-integrative strategies like magnet schools and targeted open enrollment programs within individual school districts and between two or more school districts. Individual districts need incentives because they face numerous disincentives to integrating schools that often lead to segregated schools even in districts which value the academic and civic benefits of integrated schools. Multi-district programs need incentives because both sending and receiving districts incur costs when participating in such programs. An existing program—the Choice is Yours Program—illustrates that modest financial incentives are enough to bring potential receiving districts into the programs. It also demonstrates how sending districts—Minneapolis in this case—can be hurt if they do not also receive incentives.

A competitive grants strategy could also be used to improve the current funding mechanism. Districts could be required to submit proposals for specific integrative programs. This approach would be particularly well suited to Greater Minnesota because many school districts outside the metropolitan area do not have enough schools to use the attendance-boundary, magnet or open enrollment strategies encouraged by an incentive-based formula and distances are often too great to accommodate inter-district strategies.

**Policies to Reduce Segregation: Integration Districts**

The Twin Cities currently has three large-scale multi-district collaboratives—the West Metro Education Partnership (WMEP), the East Metro Education District (EMID), and the North West Suburban Integration School District (NWSISD). By many measures, these districts have impressive programs. WMEP and EMID both run several integrated, high performing schools which are available to students across their member districts. NWSISD runs a program that provides students transportation to magnet programs across its district. All three districts run programs geared to promoting integration in classrooms and educating teachers.

These kinds of programs are particularly important because inter-district segregation—differences between districts—is responsible for the bulk of segregation in the Twin Cities metropolitan area. However, inter-district programs are currently relatively limited in scope. There are currently over 100 non-white segregated schools in the Twin Cities with more than 40,000 students. By comparison, the two magnet schools administered by WMEP only enroll about 1,000 students.

If integration districts are to actually serve a significant role in integrating schools within their boundaries—both within and between their member districts—the consortiums’ powers and programs will have to be expanded by the state legislature.

Segregation is a region-wide issue. However, most would agree that a seven-county integration district would be too large—covering too much territory for unified planning and too large to be administratively efficient. For these reasons, a single district organized into administrative regions or, possibly, multiple integration districts which, combined, encompassed all or most of the seven-county area make the most sense. The districts would have to be large enough to provide full potential to integrate the region’s schools but small enough to allow for reasonable transportation costs.
A region-wide integration district—or a system of four or five districts—would not have one “silver bullet” available to solve all problems. Instead, the district could engage in several activities, each with the potential to lessen segregation. These might include:

- **Metro Magnets**: new magnets designed to both maximize integration and allow districts to offer students access to different curricula than they can offer within individual districts in an integrated setting.

- **Coordinating District-Run Magnet Schools**: It will still often make sense for districts, especially large districts, to operate their own magnets aimed primarily at their own students. However, an uncoordinated system of magnets could also produce needless duplication. The integration district(s) would be the logical clearinghouse for approval of local proposals for new magnets. The regional district could also work with member districts to ensure that already-existing magnets fit into the regional system.

- **Metro Job Center Magnets**: Another way to attract students from across the metro is to offer specialized magnet schools at large, high-density job centers, like Minneapolis’ central business district or parts of the I-494 corridor. Magnet schools at job centers have tremendous integrative potential and can be an attractive alternative for commuters. Since parents often commute across significant distances, it makes sense that these job center magnets be available to students on a metro-wide basis and be run by a metro integration district. Job center magnets can also maintain integrated student bodies by enrolling students whose parents work in the job center while guaranteeing a certain number of seats to students who live in a designated attendance zone that is near the job center.

- **Oversight of Member District Integration**: Oversight over school desegregation efforts is currently vested in the Minnesota Department of Education. Many school advocates have been critical of numerous aspects of the state desegregation rule, including the scope of the current rule and the efficacy of the department’s efforts. Vesting this power instead in integration districts could be a highly contentious issue to some districts. However, there could be advantages to member districts in granting some oversight of boundary-making decisions to a metro integration district.

**Policies to Reduce Segregation: Affordable Housing Programs**

The placement of affordable housing is a critical part of neighborhood segregation. Concentrating affordable housing in racially segregated or poor neighborhoods deepens segregation. By encouraging construction of affordable housing units in such neighborhoods, many government housing programs contribute to residential segregation.

Affordable housing programs funded through the Low-Income Housing Tax Credit Program (LIHTC) and the HUD Section 8 Program have a great deal of potential to contribute to efforts to reduce economic and racial segregation in Twin Cities neighborhoods. This means that they also have great potential to reduce school segregation.

Both of these programs currently concentrate their efforts disproportionately in high-poverty neighborhoods. Simulations show that if, instead, the overall number of LIHTC and Section 8 affordable housing units were distributed to all parts of the region in proportion with population
and if units were assigned randomly by race (or in a pro-integrative fashion), then segregation in the region’s schools could be greatly reduced.

**Conclusions**

The time is ripe for new approaches to integration in the Twin Cities. Past practices are largely failing. Students of color in Twin Cities schools are more and more likely to be isolated in non-white segregated schools. These schools are overwhelmingly poor—more than nine out of ten non-white segregated elementary schools have poverty rates above 40 percent and more than seven out of ten show rates above 75 percent.

The current situation in schools exacerbates the performance gap between white and non-white students. Growing school segregation also accelerates neighborhood segregation, which in turn feeds back to further increase segregation in schools.

To break the vicious cycle, we must deal with school and neighborhood integration on a regional scale. The Twin Cities has been well served by a rich tradition of regional policy-making in other policy areas. It is time to extend these efforts to schools and housing.

The infrastructure for reform is in place—the integration revenue program provides a pool of funds to support local efforts; existing integration districts provide the framework and experience for a larger, improved system; and existing federal housing programs are large enough to make a serious dent in the problem with only modest reforms.

Finally, the last piece of the puzzle—the political will to act—may also be in place. Legislators on both sides of the aisle in the Minnesota House and Senate have expressed support for reform to refocus the Integration Revenue Program. And officials in each of the Integration Districts and affected Superintendents have suggested that the current system needs reform. Many of the primary actors thus agree that the time to act is now.
I. Introduction

Segregation in schools and neighborhoods are closely related. Segregated neighborhoods, of course, generate segregated neighborhood schools, but there is also feedback from school characteristics to neighborhoods. Potential residents, especially families with children, evaluate local schools when deciding where to live. This means that racial or social transition in schools—and the record shows that schools can change character very rapidly—can accelerate neighborhood transition. By the same token, stably integrated schools can stabilize neighborhoods. Integrated neighborhoods are much more stable in metropolitan areas with large-scale school integration programs.

This means that, to be successful, housing and school policy must be coordinated. Attempts to integrate schools while ignoring housing segregation or to integrate housing while ignoring school segregation are doomed to failure.

At the same time, purely local approaches to integrate schools and neighborhoods have very limited potential in a region like the Twin Cities with more than 200 municipalities and school districts. When just a few cities and school districts are home to the overwhelming majority of residents and students of color, a truly effective integration strategy must be regional in scope.

This policy brief shows the existing pattern of segregation in the Twin Cities, summarizes the ills associated with these patterns and describes how a coordinated regional approach to integration using already existing programs could greatly reduce these ills.

The highlighted policy areas are integration revenue, integration districts and affordable housing programs. Each of these policy areas relates directly to reforms currently or recently under debate in the Minnesota legislature:

- **Integration revenue.** This is a state program designed to finance more effective integration programs in Minnesota schools, but which virtually everyone agrees needs reform. An alternative incentive-based funding formula designed to reward school districts showing real, measurable pro-integrative outcomes in their schools and classrooms would better direct these resources to areas where they are most needed and toward policies that produce concrete outcomes.

- **Integration districts.** There are currently three integration districts in the Twin Cities comprised of several school districts each. Each has come under fire in recent years, largely because they are not empowered to pursue comprehensive pro-integration efforts. A wider approach engaging a greater share of the region would have much greater potential to create and nurture stably integrated schools over the long term.

- **Affordable housing.** The Twin Cities is known as a region which uses its federal affordable housing funding—Low-income Housing Tax Credits (LIHTC) and HUD Section 8 projects and vouchers—progressively to promote more affordable housing in suburban areas with strong economies and schools. However, even though the region compares relatively well with other parts of the country, the distribution of housing under these programs is still skewed toward central, low-income, segregated neighborhoods. The numbers show that even relatively modest changes in the distribution of units funded under these programs could have profound effects on schools and neighborhoods.
II. Segregation in the Twin Cities

Following the release of the 2000 Census, scholars from all disciplines were eager to celebrate the decline of racial segregation in the nation. Study after study documented the decline in broad measures of racial segregation in many metropolitan areas during the 1990s. In the Twin Cities, for instance, the most commonly used general measure of neighborhood segregation, the dissimilarity index, fell from 62 in 1990 to 58 in 2000, suggesting that, in some sense, segregation had declined by six or seven percent.

There are two problems with this very general assessment. First, broad measures like the dissimilarity index fail to capture the increasing complexity of race in America. And second, even very broad measures show that segregation is increasing in schools. A closer look at racial segregation in metropolitan areas reveals disturbing trends. In today’s more racially diverse society, a new type of segregation is emerging for communities of color. This new type involves segregation of non-whites from whites rather than of individual races from whites.

As racial diversity expands in the metropolitan area, different communities of color are mixing with each other in non-white segregated schools and neighborhoods but not with whites. While fewer whites are in predominantly white schools and neighborhoods, more people of color find themselves in non-white segregated schools and neighborhoods. As a result, segregation is increasing for most students and residents of color, even as it is declining for whites.

Segregation Trends

School segregation is a serious and increasing problem in the Twin Cities metropolitan area. Racial segregation in schools is important because experience shows us that it creates drastically different education experiences for children of color than for white children. Non-white segregated schools are also largely high-poverty schools. In 1992, less than two percent of elementary schools in the Twin Cities (or 9 schools) were non-white segregated. By 2008, this had increased to 23 percent (108 elementary schools). In 2008, 96 percent of these schools had high poverty rates (a share of free and reduced-price lunch eligible students greater than 40 percent) and 73 percent had very high poverty rates (a share of free and reduced-price lunch eligible students greater than 75 percent).
At the same time, the number of integrated schools increased. By 2008, 37 percent of the region’s students were in integrated schools, up from 22 percent in 1992. However, this increase essentially reflected the fact that white students are now much less likely to attend all-white schools. Between 1992 and 2008, the percentage of white students in segregated schools fell from 87 to 60 percent. (Chart 2) But, at the same time, the percentages of black and Hispanic students attending non-white segregated schools shot up from 14 to 51 percent for black students and from 3 percent to 43 percent for Hispanics.

Overall, the data show that a new type of segregation is emerging in schools. Students of color are increasingly attending segregated schools with other students of color and not with whites. As white students experience further integration, more and more students of color attend segregated schools.
Being isolated in non-white segregated schools hurts students of color because these schools typically have high concentrations of poverty. In 2008, the average poverty rate in the non-white segregated schools in the Twin Cities metro was more than seven times the rate in predominantly white schools and three times the rate in integrated schools. (Chart 3)

Source: Minnesota Department of Education.
As a result of these trends, students of color in the Twin Cities metro are more than *five times* as likely to attend schools with high concentrations of poverty (free/reduced price eligibility > 40 percent) as white students—56 percent compared to 10 percent. (Chart 4) The comparison is even starker for very high poverty schools (free/reduced price eligibility > 75 percent). Students of color are more than *thirty times* as likely as white students to find themselves in very high poverty schools—29 percent compared to less than 1 percent. (Chart 5)

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### Chart 4
**Percentage of Students Attending Schools with High Poverty Rates (Free or Reduced Price Lunch Rates > 40%), 2008**
*Twin Cities Metropolitan Area*

Source: Minnesota Department of Education.

### Chart 5
**Percentage of Students Attending Schools with Very High Poverty Rates (Free/Reduced Price Lunch Rates > 75%), 2008**
*Twin Cities Metropolitan Area*

Source: Minnesota Department of Education.
The Geography of Segregation

The effects of segregation are felt much more dramatically in some parts of the region than in others. Segregated schools are not randomly scattered across the metropolitan area. (Map 1) Non-white segregated schools are highly concentrated in just a few areas—in the two central cities and a few suburbs south and northwest of Minneapolis for the most part.

Map 1
The current pattern reflects dramatic changes during the late 1990s and early 2000s. During this time non-white shares increased dramatically in parts of the suburbs, especially in inner suburban school districts. (Map 2) Racial change was extraordinarily rapid in many cases. Non-white student shares increased by more than 60 percentage points in just over 10 years—from the 20s to the 90s—in some suburban elementary schools. (The following map will be replaced next week with a map showing changes from 1995 to 2008.)

Map 2
Racial segregation does not only isolate non-white students by race, it also isolates them in high-poverty schools. Non-white segregated schools are almost invariably also high-poverty schools. (Map 3)
III. Why Does Racial Segregation Matter?

*Racial Segregation Undermines Equality of Opportunity*

Racial segregation is not just about race. It is also about access to jobs, good schools, and decent economic prospects in life. Where one lives significantly determines the availability and quality of opportunities such as public education, employment, and wealth accumulation and thus dramatically impacts one’s life chances. To the extent that racial segregation limits people’s residential choices, it undermines equality of opportunity.

Access to opportunities varies significantly by race and income in most metropolitan areas. Metropolitan housing markets sort people by both race/ethnicity and income. This process inevitably creates unequal access to opportunity. Past research by IRP shows that communities in the region fall into several distinct categories based on characteristics directly related to opportunities available to residents—population growth, job concentrations, poverty, and local government tax capacities and service costs. The results show that the Twin Cities region shows a great deal of diversity in community types, especially in the suburbs. Just under half of the region’s households live in the two central cities and “stressed suburbs”—places showing clear signs of fiscal stress and other indicators of low-than-average opportunities,

However, the proportion of people of color living in the central cities and stressed suburbs is dramatically higher. Over three quarters of the region’s residents of color live in central cities and stressed suburbs—communities that offer very limited opportunities to their residents. In contrast, only two fifths of the region’s white residents live in these low-opportunity communities.

On the other side, just over half of the region’s households live in communities with characteristics associated with moderate or high levels of opportunity. But only a quarter of the region’s residents of color live in these communities compared to almost three fifths of the region’s white residents.

Racial segregation in neighborhoods is particularly harmful because it creates segregation in schools, adding another layer of costs for young people, undermining the region’s future. There are a number of reasons to be greatly concerned about segregation in the region’s schools and to pursue coordinated policies to increase integration in our schools.

*Integrated Schools Help Students*

Integrated schools boost academic achievement, attainment, and expectations; improve opportunities for students of color, and generate valuable social benefits. Integrated schools also enhance the cultural competence of white students and prepare them for a more diverse workplace and society.
Attending racially integrated schools and classrooms improves the academic achievement of minority students measured by test scores. Minority students graduating from desegregated schools tend to complete more years of education, have higher college attendance rates, and tend to choose more lucrative occupations in which minorities are historically underrepresented. Minority students who attended integrated schools have higher incomes than their peers in segregated schools. Both white and non-white students tend to have higher educational aspirations if they have cross-race friendships.

Students who experience interracial contact in integrated school settings are more likely to live, work, and attend college in more integrated settings. Integrated classrooms improve the stability of interracial friendships and increase the likelihood of interracial friendships as adults. Interracial contact in desegregated settings decreases racial prejudice among students and facilitates more positive interracial relations. Students who attend integrated schools report an increased sense of civic engagement compared to their segregated peers.

Integrated schools make sense not only from a moral point of view but also from an economic point of view. Giving all children a fair start with the choice to attend opportunity-rich middle-class schools helps create the skilled workforce metropolitan regions need to replace impending baby-boom retirements. During a period of skilled labor shortages nationwide, today’s students are the next generation of workers who will replace these retirees.

While the retirees of the Twin Cities region will be 90 percent white, the region’s next generation of workers will be 75 percent white. Segregated schools and a wide gap between white and non-white graduation rates will not yield the skilled workers needed for the region’s economy. Even if not morally moved by fairness to offer genuine educational opportunity to all children, the region cannot ignore the costs of failing to educate all of its children.

**Integrated Schools Help Communities**

If school integration involves all of a region’s socio-economic groups, its benefits can extend from students to neighborhoods. When implemented on a metro-wide scale, school integration can promote residential integration and enhance neighborhood stability. If parents know that their children will attend an effective, integrated school regardless of where they live, they will be less likely to flee racially mixed or changing neighborhoods. This improves the odds that integrated neighborhoods will remain integrated, making it easier to prevent resegregation, neighborhood decline, and the costs associated with segregation.

Between 1970 and 1990, regions with metro-wide school desegregation plans had residential segregation decreases twice the national average. Research reported below also demonstrates that large-scale school desegregation enhances neighborhood stability. The findings reveal that integrated neighborhoods become more likely to resegregate than to remain integrated once their share of non-white residents reaches a relatively modest level. In contrast, in metropolitan areas with large scale school desegregation plans, integrated neighborhoods are more likely to stay integrated than to resegregate regardless of their initial racial composition.
Metro-wide plans prevent two problems that can make small-area plans counter-productive. First, metro-wide plans reach beyond areas of residential segregation to include enough schools and students to ensure that all schools can be effective middle-class schools. Second, they prevent the destructive consequence of concentrating desegregation efforts in only a few less-affluent white neighborhoods that often already are struggling to maintain racial balance and stable integration. By asking every school to educate a small share of low-income children, a region prevents further concentration of poor children and eliminates the need for families to flee untenable poverty enrollments.

In contrast, desegregation plans affecting only a small portion of a metro region, usually a central city, trigger greater residential segregation and worsen school segregation. This is the case because a single-district desegregation effort typically isolates schools where the majority of students are low-income and non-white and encourages flight to nearby districts. Desegregation plans covering small geographic areas enable racially identifiable schools to persist. When school desegregation plans do not cover a sufficiently large scale, real estate practices and preferences remain school-identified and race-based.

Integration is Necessary for Regional Vitality

Racial and economic segregation destabilize communities and undermine their economic vitality by triggering a process of disinvestment in these communities. This process of disinvestment reduces housing values and drives out the businesses generating jobs and tax base. In addition, racial segregation and concentration of poverty impose a number of social costs on communities, inflating the expenditure side of their fiscal ledgers. Communities are put in a double bind, as racial segregation and concentration of poverty sap their fiscal capacities while their financial obligations accelerate as a result of growing social costs. As a result, they become less competitive in the market place.

Racial and economic segregation impacts various types of communities in the region. Many neighborhoods in the central cities have already been hard hit by the disinvestment caused by segregation. Once a problem confined to central cities, racial and economic segregation is now a regional concern, threatening the vitality of different types of suburban communities. Schools, which are powerful indicators of a community’s health, are already experiencing social and economic changes which signal growing segregation in stressed suburbs.

However, stressed suburbs are not alone in experiencing these disturbing segregation patterns. Such patterns are emerging even in some higher-income, suburban job centers that are in close proximity to the stressed suburbs of the region. These suburban communities face the risk of decline unless they can preempt spreading racial and economic segregation before it undermines the vitality of their communities.

A metropolitan area jeopardizes its competitive edge and long-term quality of life by permitting segregation to damage educational opportunity and neighborhood stability in its central cities and adjacent suburbs. The success of a region’s central cities and suburbs tends to move together. Vibrant central cities can be engines of growth for metropolitan areas. Population growth and economic growth correlate for both cities and regions. In addition, economic growth in a large
central city can have positive spillover effects of one to two percent on its suburbs for every one percent increase in the central city.24

IV. Policies to Reduce Segregation: Integration Revenue

The Minnesota Legislature established the School District Integration Revenue Program in 1997 to provide funding to school districts for integration-related activities. The program distributed roughly $85 million to 80 school districts statewide in 2007—about $75 million of the total went to districts in the Twin Cities metropolitan area.

Schools and school district receive integration funds as part of the K-12 education formula and their eligibility is based on their “protected student”—i.e. non-white student—populations. School districts are eligible to receive integration funding if they fulfill one of four criteria: (1) if they have at least one “racially identifiable school;” (2) if they are a “racially isolated” district; (3) if they are adjacent to a racially isolated district; or (4) if they work with a racially isolated district on a voluntary basis even if they are not an adjoining district.

The Duluth, St. Paul, and Minneapolis school districts receive a fixed amount of the integration revenue ($206, $445, and $445 times the adjusted pupil units for the school year respectively). These districts receive funding regardless of the sufficiency of the plans to use the integration revenue dollars. All other districts receive different per-student funding rates depending on their specific eligibility criteria. The total amount of integration revenue they receive depends on their total enrollment and the per-student funding rate for which they are eligible.

Map 4 shows the distribution of funds to Twin Cities metropolitan area school districts under the program. Funding is focused on the central cities with the remaining funds cast widely across suburban districts, including some districts with relatively modest non-white student populations.

Racially isolated districts are required to establish a multidistrict collaboration council with the adjoining districts to develop an “integration plan” to improve cross-district integration opportunities. School districts, other than Minneapolis, St. Paul, and Duluth, with racially isolated schools are required to draft a budget detailing how expenditures will be used specifically to support increased opportunities for interracial contact.

The current program has a number of shortcomings. The most important limitation of the program is the ambiguity of its main goal. The program’s stated goal is to promote “interracial contacts.” School districts have taken this term to mean a wide range of integration-related activities ranging from one-day multicultural activities to inter-district magnet schools and cross-district transportation. The goal of the program needs to be clarified to unambiguously and directly encourage physical integration of school districts, schools, and classrooms.

Currently, the primary use of integration revenue in Minnesota appears to be to provide extra funding for poor and minority schools in the form of ESL teachers, support staff, and teacher training. While these are worthy purposes, integration revenue funding currently provides little
or no incentive for school districts to desegregate their minority and low-income students. As a result, in practice, the program ends up providing an extra source of funding to cash-strapped districts that maintain segregation.

Map 4

In addition, as noted by a report from the Office of the Legislative Auditor, the program has some unintended and potentially negative consequences. Among other problems, the formula contains a financial disincentive to fully eradicate segregation in schools because school districts would no longer receive integration revenue once schools are fully integrated.
Revisions to the program passed by the legislature in 2009 did little to rectify these issues. The primary changes were to add reduction of the racial achievement gap as a goal of the program and to tighten up the process by which the state department of education reviews local integration plans.

*A proposal to reform the integration revenue program*

Integration Revenue is extra funding that is meant to promote integration in Minnesota school districts with racially isolated schools. In fact, the current program provides little or no incentive for school districts to desegregate their minority and low-income students. To meet its original goals, the purpose of the funding should be changed from “increasing interracial contact” to promoting the actual integration of school districts, schools, and classrooms.

One very efficient way to do this is to use the funding formula to create incentives for districts to integrate schools by rewarding school districts on a per student basis for documented pro-integrative student movements. This focuses school district efforts on outcomes and does not require complicated regulations about how districts should spend the money. If a district uses this year’s allocation as a windfall available to fund general operations, its pro-integration are likely to falter, leading to less-integrated schools in the future, leading to less funding. (This, of course, does not preclude state rules governing spending under the program, but the outcome orientation reduces the need for such regulations.)

School districts face numerous disincentives to integrating schools, including parent resistance and transportation costs. These disincentives frequently lead to segregated schools, even in districts that understand the academic and citizenship values of integrated schools. It is important that incentives are structured so that schools are rewarded for integrative measures.

The approach proposed here is provide separate incentives for intra-district efforts, inter-district programs, and the number of students in integrated schools.

Intra-district integrative efforts would be rewarded by providing extra revenue for integrative student movements among schools within the district. Included would be moves by white students from predominantly white-assigned schools to integrated or predominantly non-white schools and moves by students of color from predominantly non-white-assigned schools to integrated or predominantly white schools. Districts might encourage such moves by a variety of methods, including opening integrated magnet schools, creating intra-district open-enrollment programs that allow students assigned to one neighborhood school to attend another school in the district, or by using special programs within schools—such as baccalaureate or language-intensive coursework—to bring students from across the district to specific schools.

The majority of school segregation in the Twin Cites is the result of segregation between school districts, rather than between schools within individual district. Until housing patterns become truly integrated on a regional scale, integrating schools will require that some students cross district boundaries. Integrative programs, such as the Choice is Yours program, have shown that, when incentives are attached to integrative moves, school districts are very willing to accept students.
However, sending districts—Minneapolis, in the case of the Choice is Yours—which participate in inter-district programs now face a financial penalty when students move out of the district. (Although the associated enrollment decline also reduces costs, the cost reduction will almost inevitably be less than the loss of revenue, because of fixed costs, hiring-firing rules and other factors.)

The proposed plan would avoid this problem by compensating both receiving and sending districts when pro-integrative inter-district moves occur. Both participating districts would get extra revenue when a white student from a predominantly white-assigned school moved to an integrated or predominantly non-white school in another district, or when a student of color from a predominantly non-white-assigned school moved to an integrated or predominantly white school in another district.

Finally, school districts would be rewarded for creating pro-integrative attendance areas with a financial incentive providing extra money for students in schools meeting a predetermined definition of racially integrated schools.

*Simulating the outcomes of incentive-based reform*

Map 5 and Table 1 show the results in the Twin Cities metropolitan area of a program with a three-part incentive like that described above. The simulation provided school districts with:

- $2,250 per pro-integrative intra-district move. For the purposes of the simulation, only students attending integrated magnets were counted as integrative moves. Data limitations prevented counting other types of pro-integrative moves across attendance boundaries.

- $2,250 per pro-integrative inter-district move (provided to both the sending and receiving districts). This amount is commensurate with what is provided to most receiving districts by the Choice is Yours program, an incentive that has proven adequate to get suburban districts to participate in the program. For the purposes of the simulations, only students participating in the Choice is Yours program were counted. Data limitations prevented counting other types of pro-integrative moves across district boundaries.

- $250 per student in integrated schools. Integrated schools were defined as schools with non-white enrollment shares between 25 and 75 percent.

The results of the simulation show that changing the program in this way would focus the program more on the districts with the greatest potential to achieve results—central city and inner suburban districts with substantial non-white enrollments—without disrupting revenue streams to the districts which now rely most heavily on the program.

Revenues would be spread more evenly across inner suburban districts with significant non-white student populations. The exceptions are Brooklyn Center and Fridley which would receive large increases per student because of existing magnet programs. At the same time, Minneapolis and S. Paul would not suffer significant revenue declines because each district has significant numbers of students in integrated magnets and traditional schools.
Overall, the simulation shows that the integration revenue can be re-focused on what should be its central goal—increasing the number of students in integrated schools—without disrupting the finances of districts currently receiving funds or increasing total funding under the program.25

Map 5

**Legend**

Regional Values: $222
Numbers in Dollars

- No Integration Aid (43)
- 1 to 99 (7)
- 100 to 148 (5)
- 192 to 450 (12)
- 1,000 or more (2)

Note: Integration revenue was distributed by the following formula: $1,200 per integrative move and $250 per student in integrated schools.

Definition of "integrative moves":

Intra-district: a white student moves from a predominantly-white assigned-neighborhood school to an integrated or predominantly non-white school; or a student of color moves from a predominantly non-white assigned-neighborhood school to an integrated or predominantly white school.

Inter-district: Same types of moves except the schools are in different districts. Both the sending and the receiving district receive the $1,250 revenue per student.

Integrated schools were defined as schools with non-white enrollments between 25 and 75 percent.

Data Source: MN Department of Education.
Table 1: Integration Revenue Simulation: Compensation = $2,250 per integrative move and $250 per Student in Integrated Schools

<table>
<thead>
<tr>
<th>District</th>
<th>2007 Adjusted ADM Revenue</th>
<th>2007 Integration CIFY</th>
<th>Students in Seg. Magnets</th>
<th>Students in Integ. Magnets</th>
<th>Moves (3) + (4)</th>
<th>Current Integration Revenue (from Integ. in Magnets)</th>
<th>Students in Integ. from Schools</th>
<th>Integration Revenue from Schools</th>
<th>Total Integration Revenue</th>
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Metro Total 346,346 74,319,897 3,716 18,418 13,536 22,134 49,801,500 108,257 27,064,250 76,865,750

Integrative moves
Intra-district: White student move from a predominantly white assigned/neighborhood school to an integrated or predominantly non-white school; or Student of color move from a predominantly non-whites assigned/neighborhood school to an integrated or predominantly white school.
Inter-district: Same types of moves except the schools are in different districts.
Both the sending and the receiving district receive the $2,250 revenue per student.

Column (6) assumes that all students in CIFY or integrated magnets came from segregated assigned schools. Other potential integrative moves not counted in this calculation include those from inter-district open enrollment, district-sponsored charter school enrollments or intra-district open enrollment.

Source: Minnesota Department of Education and various local school districts.
V. Policies to Reduce Segregation: Integration Districts

The Twin Cities already has three large-scale multi-district collaboratives—the West Metro Education Partnership (WMEP), the East Metro Education District (EMID), and the North West Suburban Integration School District (NWSISD). By many measures, these districts have impressive programs. WMEP and EMID both run several integrated, high performing schools which are available to students across their member districts. NWSISD runs a program that provides students transportation to magnet programs across its district. All three districts run programs geared to promoting integration in classrooms and educating teachers. Map 6 shows the boundaries of the current integration districts.

These integration collaborative districts, however, have not been entirely successful. The districts have not prevented the segregation and resegregation of schools in their member districts. Districts within all three collaboratives have made segregative boundary decisions and the integration districts currently do not have the power to greatly influence these kinds of decisions. This inability is a serious shortcoming.

While intra-district decision-making is important, inter-district segregation—differences between districts—explain the bulk of segregation in the Twin Cities metropolitan area. The collaboratives’ inter-district desegregation plans are therefore potentially very important. However, these programs are relatively limited in scope. The scale of segregation in the Twin Cities is large—there are currently more than 100 non-white segregated schools in the region, for instance—and the three integration districts can only provide integrated education to a limited number of students. For example, the two magnet schools administered by WMEP only enroll about 1,000 students. Further, under-participation, often by the wealthiest and whitest districts, also undercuts the integrative potential of the districts.

For integration districts to actually serve a significant role in integrating schools within their boundaries—both within and between member districts—the consortiums’ powers and programs will have to be expanded by the state legislature.

While the three inter-district collaboratives have had some successes in increasing the amount of school integration across the metro, these districts cannot remedy segregation. School and residential segregation occur on the metro level, not the district level. Attempting to remedy school segregation in one sector of the metro-region without addressing it in others seems likely to create conditions for school resegregation in the rest of the metro. Further, even school districts within inter-district collaborations have been continually expanding magnet school programs, often at great expense, to keep students in their district or attract students from other districts. This competition for students is costly and can be counter-productive.

Metro-wide school districts have successfully stabilized metropolitan regions. Very large school districts operate very successful integrated school systems in places like Wake County, North Carolina and Louisville, Kentucky. Large school districts allow for greater planning efficiencies and minimize the opportunity for white flight. This helps districts maintain stably integrated schools in the face of increasing regional diversity. Metro-wide school districts also make cooperative planning with local or regional land-use planning agencies much more feasible and
efficient. In the Twin Cities, the ability of the Metropolitan Council to control urban sprawl, implement fair-share, affordable housing initiatives and to protect the environment could be greatly enhanced if coordinating its activities with local education decisions—like where to build new schools—involved dealing with a single metro-wide agency instead of 50 or 60 individual school districts.

Map 6
Why do we need a broader regional approach to school integration?

Stably integrated schools are an essential component of any effort to truly integrate the places where we live and work. Many neighborhoods that are integrated at a given time are actually in transition. Segregated neighborhoods, in contrast, tend to remain segregated. The combination of these two trends limits the extent to which neighborhoods can remain stably integrated. However, stably integrated school systems can affect these trends dramatically.

Long term data for the Twin Cities show these patterns very clearly. IRP’s research shows that 56 percent of Twin Cities neighborhoods that were integrated in 1980 became segregated by 2000. At the same time, 83 percent of the neighborhoods that were segregated in 1980 in the region were still segregated two decades later. 26

The resegregation of once-integrated neighborhoods shows a common pattern: as a neighborhood’s non-white population share increases, it becomes more and more likely to segregate. The higher the share of non-white residents in a neighborhood, the greater is the likelihood that the neighborhood will eventually become segregated.

Figure 1 illustrates the relationship for neighborhoods in the 25 largest metropolitan areas that were black/white integrated in 1980. The figure includes three lines each corresponding to neighborhood transition status. The solid red line shows the percentage of white-black neighborhoods that remained integrated from 1980 and 2000. The blue line shows the percentage of white-black neighborhoods that became non-white segregated by 2000. Finally, the dotted line shows the white-black neighborhoods that became predominantly white by 2000.

**Figure 1**

**Housing Segregation - 2000 Status of 1,943 Tracts that were White/Black Integrated in 1980 in the 25 Largest Metros**

Conclusion: When the Black population share was 30% or greater in 1980, the tract was more likely to resegregate during the next 20 years than it was to remain integrated.
On the horizontal axis, the figure shows the black population shares in 1980, ranging from 10 percent to 50 percent, percentages representing the lower and upper limits for a neighborhood to be classified as white/black integrated in the system used for the analysis. The solid red line crosses 50 percent at 30 percent black. This means that a white-black integrated neighborhood that was 30 percent or more black in 1980 was more likely to make the transition to one of the segregated categories than it was to remain integrated during the next 20 years. (The results are similar for other types of integrated neighborhoods.)

In contrast, creating the same chart for the 15 metropolitan areas that had large-scale regional integration programs (region-wide or county-wide in the primary county) in schools during this period shows how region-wide school integration policies can stabilize housing patterns. In these metropolitan areas, neighborhoods that were white-black integrated in 1980 were more likely to remain integrated during the next 20 years than to resegregate regardless of the initial racial mix. In other words, even neighborhoods that were very close to 50 percent black—the upper limit to be designated integrated in 1980—were more likely to remain integrated than to make the transition to segregated. Apparently, white households are less likely to flee racially mixed environments if they are confident that their children will continue to attend integrated schools even if the racial mix of the neighborhood changes.

Figure 2

Housing Segregation - 2000 Status of 633 Tracts that were White/Black Integrated in 1980 in 15 Metro Areas with County- or Metro-wide Busing in the 1980’s and 1990’s

Conclusion: Tracts were more likely to remain integrated than to resegregate during the next 20 years from all starting points.
The neighborhood dynamics illustrated by Figure 1 put many of the school districts in the Twin Cities at risk. (Table 1) Sixteen school districts, mostly in inner and middle suburbs, had non-white student shares in the 20 to 40 percent range where resegregation rates approach or exceed the percentage of schools that remain integrated in Figure 1. Another five suburban districts already had non-white shares above 40 percent.

### Table 1
**Twin City School District Racial Shares, 2008**

<table>
<thead>
<tr>
<th>Percentage of Students Non-white</th>
<th>Number of Districts</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>70-100</td>
<td>3</td>
<td>St. Paul, Brooklyn Center, Minneapolis</td>
</tr>
<tr>
<td>40-70</td>
<td>4</td>
<td>Columbia Heights, Richfield, Robbinsdale, Osseo</td>
</tr>
<tr>
<td>30-40</td>
<td>8</td>
<td>Fridley, Bloomington, West St. Paul/Mendota Heights/Eagan, St. Louis Park, Roseville, Burnsville, North St. Paul/Maplewood, Shakopee</td>
</tr>
</tbody>
</table>

Source: Minnesota Department of Education.

*What would a regional integration district look like?*

Segregation is a region-wide issue. However, most would agree that a seven-county integration district would be too large—covering too much territory for unified planning and too large to be administratively efficient. For these reasons, a single district organized into administrative regions or, possibly, multiple integration districts which, combined, encompassed all or most of the seven-county area make the most sense. The districts would have to be large enough to provide full potential to integrate the region’s schools but small enough to allow for reasonable home to school trip lengths.

Map 7 shows potential boundaries for a five “super-district” option. The map shows that creating districts that are balanced (by race) is a relatively straightforward exercise. The racial geography of students in 2008 meant that simply dividing the region into five roughly equal zones would have generated districts with roughly equivalent racial mixes. The hypothetical super districts range from 64,286 to 96,378 students in size and the non-white share of students range from 30
percent to 36 percent. The proposed districts also roughly equalize poverty across the districts with free and reduced price lunch eligibility ranging from 26 percent to 34 percent. (In 2008, actual non-white shares ranged from 3 percent to 75 percent across the region’s school districts and free and reduced price lunch eligibility rates ranged from 5 percent to 71 percent.)

The map also shows that simply creating the super districts does not solve all problems. The highly-segregated pattern of schools in the region means that, even with a region-wide district divided into five administrative zones, the distances over which students would have to travel to fully integrate the system are daunting. Clearly attendance zone decisions within districts could not do the job alone.

What would a regional integration district do?

A region-wide integration district—or a system of four or five districts—would not have a “magic bullet” policy to solve all problems. Instead, the district could engage in several activities, each with the potential to lessen segregation.

Metro Magnets: High-quality magnets provide one avenue for metro-wide integration. The metro integration district could create new magnets designed to both maximize integration and allow districts to offer students access to different curricula than they can offer within individual districts in an integrated setting.

School districts, even school districts in integration districts, have been continually expanding magnet school programs, often at great expense, to keep students in their district or attract students from other districts. This competition for students is costly and, ultimately, counter-productive. Combining a regional integration district’s capabilities with new financial incentives for “sending” districts in the Integration Revenue formula (described in the previous section) could greatly enhance the opportunities available to metro students. Offering specialized magnet schools on a metro-wide basis would provide parents with specialized choices that could not be supported by a single district and allow truly forward thinking programs to emerge.

The fundamental principle of WMEP admission policies provide a model for how these magnets could be run. Each WMEP school district contributes a proportionate number of students to the magnets. There have been some problems with how this has played out—some districts have not contributed their full allotment of students and the student groups sent to the magnets have not always been representative of their home districts—but the incentives that create these problems can be at least partially remedied with the reforms of integration revenue described above.
Coordinating District-Run Magnet Schools: School districts face conflicting incentives in sending students (and their attendant state funding) to inter-district magnet schools. While the districts are presumably happy to offer more choices to their students, losing students means lost funding and, potentially, public criticism for being unable to maintain home district enrollments. While these disincentives can be eased by reforming the integration revenue program, it will still
often make sense for districts, especially large districts, to operate their own magnets aimed primarily at their own students.

Allowing districts to run their own magnet schools also makes sense for other reasons. In particular, a regional system that combines region-wide magnets with district-level magnets is the likeliest way to encourage innovation and a wide variety of magnets. However, an uncoordinated system could also produce needless duplication. The region-wide integration district would be the logical clearinghouse for approval of local proposals for new magnets. The regional district could also work with member districts to ensure that already-existing magnets fit into the regional system.

**Metro Job Centered Magnets:** Another way to attract students from across the metro is to offer specialized magnet schools at large, high-density job centers, like Minneapolis’ central business district or parts of the I-494 corridor. Magnet schools at job centers have tremendous integrative potential and can be an attractive alternative for commuters. Job center magnets allow working parents to more easily attend parent-teacher conferences, after school events, and to pick their children up after work. In other metros, parents who send their children to job-center magnets are actually able to lunch with their children. Since parents often commute across significant distances, it makes sense that these job center magnets be available to students on a metro-wide basis and be run by a metro integration district. Job center magnets can also maintain integrated student bodies by enrolling students whose parents work in the job center while guaranteeing a certain number of seats to students who live in a designated attendance zone that is near the job center.

**Oversight of Member District Integration:** Oversight over school desegregation efforts is currently vested in the Minnesota Department of Education. Many school advocates have been critical of numerous aspects of the state desegregation rule, including the scope of the current rule and the efficacy of the department’s efforts. The existing integration districts could, even under the current desegregation rule, pressure their member districts to adopt integrative boundary solutions. However, the inherent conflict-of-interest between the integration district’s interest in integration and the board members’ allegiance to their own districts may explain why the collaborations generally don’t weigh in on boundary decisions. Changing the board leadership structure might remove some of the conflicts of interest, but the collaborations would still have no power to stop non-integrative boundary decisions. Unless it was given the power by the legislature, it could still only advise districts.

Losing some power over boundary decisions could be a highly contentious issue to some districts. However, there could be advantages to member districts in granting some oversight of boundary-making decisions to a metro integration district. For instance, altering boundaries often involves costs for expensive outside consultants because it is not economic for individual districts to build this capability. At a larger scale—the metro scale—the economics could be different. In addition, in select cases, the power to draw boundaries that cross district lines could be used to alleviate crowding in one district by sharing facilities with an adjoining district, potentially preventing unnecessary construction of new school facilities in one district while capacity is underutilized (or schools are closed down) in another.
How would a regional integration district be organized?

Because of the diversity of interests and the wide variety of responsibilities within potential regional (or subregional) integration districts, participation in the metro-integration district would have to be mandatory. If individual districts could opt out of the district or of specific programs, then the integration district’s viability would be threatened every time non-unanimous decisions were made. Inevitably, there would be specific issues where individual districts felt that the benefits were outweighed by costs, even when region-wide net benefits were substantial.

The current boards of the inter-district collaboratives are comprised of the superintendents of each of the participating districts. This is widely regarded as unwieldy. The current structure creates conflicts of interest for the superintendents, uses too much of their time, and gives disproportionate power to smaller districts. Conflicts of interest are a clear problem with the current board structure. For instance, it is very hard to envision a superintendent approving a measure which penalizes a segregative boundary decision on the part of his or her home district. In the best scenario, board members should have a single formal affiliation—to the metro board.

It makes sense that each school district be represented by a board member. However, unless the board is made very large, this creates a proportionality problem. A one member-one vote system (like the current one) gives disproportionate power to small districts. There are several ways to create a more stable board. An elected board could be comprised of one member from each district elected solely to serve on the metro board during regular school district elections. Each member’s vote would then be weighted by the district’s percentage of total students. While board members would still represent districts, they would not feel the same intensity of conflict of interest that the superintendents now face. Alternatively, a board could be appointed by the legislature, another state agency, or be appointed by the school districts. The advantage of a board appointed by an outside actor, such as the state, is that it would not face the same conflicts of interest that a school district appointed board would have. Appointed members, however, should not be selected existing school boards.

VI. Policies to Reduce Segregation: Affordable Housing Programs

The placement of affordable housing is a critical part of neighborhood segregation. Concentrating affordable housing in racially segregated or poor neighborhoods deepens segregation. By encouraging construction of affordable housing units in such neighborhoods, many government housing programs contribute to residential segregation.

In 1970, the U. S. Department of Housing and Urban Development (HUD) created site and neighborhood standards to ensure that its housing programs complied with the requirements of the 1968 Fair Housing Act. These standards explicitly prohibit the construction of new affordable housing in racially segregated neighborhoods. Since the early 1970s, however, HUD has weakened the enforcement of these anti-segregation measures by establishing major exceptions to the standards. These exceptions significantly eroded the integration potential of existing affordable housing programs such as public housing and the Section 8.
Meanwhile, many new affordable housing programs that emerged in recent decades do not have measures to prevent segregation in neighborhoods. In fact, programs such as the Low Income Housing Tax Credits (LIHTC) and the Community Reinvestment Act intensify segregation by providing incentives to construct low-income housing in poor neighborhoods which tend to be racially segregated. HUD also carved out significant exceptions to the site and neighborhood standards in several of its important new programs, such as Hope VI and Housing Opportunities Made Equal (HOME). As a result, these programs tend to perpetuate residential segregation in metropolitan areas as well.

The Low-Income Housing Tax Credit Program

The LIHTC program is the largest federal program that supports building low-income housing. Created by the Tax Reform Act of 1986, the program provides over five billion dollars a year for the construction, acquisition or rehabilitation of low-income housing. The program allows investors in residential rental property to claim tax credits for the development or rehabilitation of property to be rented to low-income tenants. While the Internal Revenue Service regulates the distribution of tax credits, state housing finance agencies make the decisions to fund specific projects and administer the allocation of tax credits.

The program provides incentives to promote the construction of low-income housing in “qualified census tracts,” which HUD defines as tracts “in which 50 percent or more of the households have an income which is less than 60 percent of the area median gross income for such year or which has a poverty rate of at least 25 percent.” As a result, many state agencies, including Minnesota’s, have allocated significant numbers of credits to areas with high concentrations of minorities and people with low incomes.

While the distribution of LIHTC units in the Twin Cities metro is less concentrated in the core of the region than in most metropolitan areas, the location of these units appears to be pro-integrative in only a very few places. Since the inception of the LIHTC program, approximately 5,000 LIHTC units have been located in Twin Cities suburbs and an equal number have been located in the central cities. Although this fifty-fifty split seems “fair,” it does not reflect the fact that Minneapolis and St. Paul represent just 23 percent of the region’s total population.

Map 8 shows the location of LIHTC units in Minneapolis and the surrounding school districts. It is clear that these units are disproportionately located in Minneapolis neighborhoods, where the share of minority and low-income residents are already high. The map also highlights the concentration of LIHTC units within Minneapolis in “qualified census tracts,” demonstrating how the program’s incentives to locate units in these tracts contributes to residential segregation within Minneapolis as well.
The distribution of households of color who live in the LIHTC units further contributes to residential segregation in the metro. As Map 9 shows, this distribution is heavily skewed toward the central cities and stressed inner suburbs. Among the households living in LIHTC units, people of color have been much more likely to locate in the cities than in the suburbs. For instance, sixty-five percent of the black households in LIHTC units are in the central cities, compared to just 50 percent of the total LIHTC units in the cities.
The skewed distribution of households of color within LIHTC units worsens racial segregation not only in neighborhoods but also in schools. Map 10 shows the racial composition of the LIHTC unit occupants with children by unit site. The map demonstrates that majority of the LIHTC households of color with children are located in racially segregated central cities or in stressed suburbs that are in racial transition.
Map 10

Map 11 shows the highly segregated nature of the elementary school attendance zones in areas where majority of the LIHTC households of color with children reside.
Overall, these patterns mean that affordable housing provided under the LIHTC program concentrates low-income households in racially segregated or transitioning neighborhoods and further intensifies school segregation by creating more racially identifiable schools with very high poverty enrollments.
The Section 8 Program

The distribution of low-income housing under the Section 8 program also contributes to residential segregation in the region. Like the LIHTC units, low-income housing units and vouchers provided by the Section 8 program are located disproportionately in the central cities and stressed inner suburbs, where the shares of minority and low-income residents are already high. Similarly, the distribution of households of color who have access to housing through the Section 8 program is also heavily skewed toward the central cities and stressed inner suburbs.

The project-based Section 8 program was the primary federal low-income housing program from 1974 to 1983. Under this program, HUD provided assistance to public housing authorities and private owners for 20 to 40 years after construction or substantial rehabilitation of low-income rental units. During the nine years it was in effect, the project-based Section 8 program produced over 750,000 new or substantially renovated subsidized housing units nationwide, an average of about 83,000 per year, many of which still function as low-income housing today.

Map 12 shows the size, location, and racial composition of project-based Section 8 units in the Twin Cities region. Project-based Section 8 units are disproportionately in the central cities and inner-ring suburbs. In 2004, the central cities had 4,079—55 percent—of the region’s 7,484 project-based Section 8 units.

Map 12 also shows that the distribution of residents of color in these units was skewed toward the central cities and inner suburbs. For instance, while 55 percent of the project-based Section 8 units were in the central cities, 69 percent of project-based Section 8 households who were black were located in the central cities.

The other Section 8 program—vouchers—was intentionally designed to promote housing choice and mobility for low-income residents. Despite this, it also contributes to segregation by concentrating low-income residents in racially segregated, high poverty neighborhoods. Under the Section 8 voucher program, the administering public housing authority (PHA) pays a landlord the difference between 30 percent of household income and the PHA-determined payment standard—about 80 to 100 percent of the fair market rent. Section 8 vouchers are portable; a tenant who receives a voucher in one jurisdiction can take it to another for use.
In 2004, there were 17,109 Section 8 vouchers used for housing in the Twin Cities. The vouchers contributed to residential segregation because, as Map 13 shows, they were used disproportionately in the central cities and stressed suburbs. The central cities contained less than 23 percent of the region’s population but they had 47 percent of the metro’s Section 8 vouchers.

Map 13
The program also concentrated minorities in the central cities and stressed inner suburbs because households of color using the vouchers were more likely to locate in these areas (Maps 13 and 14). Fifty-eight percent of black households used their vouchers in the central cities while only 46 percent of all the Section 8 voucher users were located in the central cities.

Map 14
The skewed distribution of project-based Section 8 units and Section 8 vouchers not only leads to further concentrations of race and poverty in neighborhoods but also generates more racially identifiable schools with high poverty enrollments. By locating low-income residents of color and their children in highly segregated elementary school attendance zones, the Section 8 program intensifies school segregation in the region. A comparison of Maps 11, 12, 13 and 14 clearly shows the geographical overlap between the distribution of Section 8 housing and the location of segregated school attendance zones.

As the Federal housing programs and the state housing agencies that administer these programs concentrate affordable housing units in the central cities and stressed inner suburbs, they skew the regional distribution of affordable housing, intensify the spatial mismatch of jobs and affordable housing in the region, and undermine the employment opportunities of people of color and low-income residents. Map 15 clearly illustrates the uneven geographical distribution of all affordable housing units in the Twin Cities region, with the highest affordability rates concentrated in the core.
Map 15

Chart 6 breaks down the availability of affordable housing by various community types in the region. While low-opportunity communities such as the central cities and the stressed suburbs had roughly half of the region’s total housing stock, they had nearly three quarters of the region’s affordable housing compared to people with 50 percent of the regional median income. In contrast, the moderate- and high-opportunity communities had just a quarter of the region’s affordable housing compared to half of the region’s total housing units.
In prior work, IRP estimated the potential effects on school integration of different types of housing policy reforms. For the purposes of these simulations, an integrated school was defined as one with a black enrollment between seven percent and 35 percent. Seven percent represents one-half the regional average share for black students, and 35 percent is a share often used to approximate the point at which continued racial transition is very likely.

In 2005, 375 of the roughly 1,000 schools in the seven-county region showed black student shares in the seven to 35 percent range; 443 showed shares less than seven percent and 184 schools had shares above 35 percent. If integrating all schools was achieved simply by having students of appropriate races in the appropriate schools trade places, then roughly 9,900 black students in schools above the 35 percent ceiling would have to trade places with 9,900 white students in schools below the seven percent floor. However, a choice program would be unlikely to result in one-for-one trades across schools.

If, instead, only 50 percent of the black students leaving predominantly black schools were replaced by white students then about 12,500 black students would have to re-locate to predominantly white and already-integrated schools in order for all schools to be below the 35 percent ceiling. If none of the black students leaving segregated schools were replaced by white students, then the number would increase to 15,250.

Thus, there is no single magic number of student moves that would result in integrated schools across the entire region. But 12,500 represents the middle of the range, and was used as the starting point for evaluating the potential impact of the Low Income Housing Tax Credit (LIHTC) and the project-based Section 8 programs.
Table 2 shows the potential impact of making two integrative changes in the LIHTC and Section 8 programs. If LIHTC and project-based Section 8 units were assigned randomly by race, there would be an additional 1,527 black students in the suburbs—738 due to the LIHTC program and 789 due to Section 8. If, in addition, LIHTC and Section 8 units were located in proportion to population, there would be another 1,956 black students in the suburbs—655 due to the LIHTC program and 1,301 due to Section 8. These changes alone could have brought the region nearly a third of the way to the goal of integrated schools—3,483 (738 + 789 + 655 + 1,301) more black student would reside in the suburbs.

The location-specific race data needed to repeat the LIHTC and Project-based Section 8 simulations for the Section 8 voucher program is not available. However, at a very general level, if the distribution of vouchers were changed to reflect population shares, then there would be 4,750 more Section 8 vouchers used in the suburbs than is currently the case. At current average rates for the region as a whole, this would mean an additional 2,215 black households in the suburbs. This data suggests that there is probably as much potential for the Section 8 vouchers to affect school desegregation efforts as for each of the other two programs shown in Table 2. If this is the case, then adding Section 8 vouchers to the simulations would bring the totals in Table 2 up to roughly 50 percent of the number of students needed to achieve the goal of integrated schools across the entire seven-county region.

Table 2

<table>
<thead>
<tr>
<th>Metro School Integration Scenarios</th>
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<tr>
<td>Number of black students who would have to change schools in order to achieve racial balance.</td>
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<tr>
<td>Number of additional black students who would already be in a racially integrated school if:</td>
</tr>
<tr>
<td>• LIHTC units were assigned randomly by race.</td>
</tr>
<tr>
<td>• Section 8 project units were assigned randomly by race.</td>
</tr>
<tr>
<td>Number of additional black students that would already be in a racially integrated school if:</td>
</tr>
<tr>
<td>• LIHTC units were distributed across the region in proportion to school enrollment.</td>
</tr>
<tr>
<td>• Section 8 project units were distributed across the region in proportion to school enrollment.</td>
</tr>
<tr>
<td>Additional Section 8 vouchers in the suburbs if they were distributed in same proportions as school enrollment.</td>
</tr>
</tbody>
</table>

Source: Computed from Minnesota Department of Education data.
It is clear that these simulations represent fairly rough estimates. However, the fundamental message is equally clear. Given the actual distributions of affordable housing under these programs and of students in Twin Cities schools, relatively modest housing policy changes have the potential to make a serious dent in school segregation. Further, many of these very worthy programs currently have long waiting lists for participation. If they were expanded to levels commensurate with demand and modified to reflect the modest changes included in the simulations, these programs have the potential to create something very special in America—a stably integrated regional school system.

VII. Conclusions

The time is ripe for new approaches to integration in the Twin Cities. Past practices are largely failing. Students of color in Twin Cities schools are more and more likely to be isolated in non-white segregated schools. These schools that are overwhelmingly poor—more than nine out of ten non-white segregated elementary schools have poverty rates above 40 percent and more than seven out of ten show rates above 75 percent.

The current situation in schools exacerbates the performance gap between white and non-white students. Indeed it could be argued that economic segregation like what we now see actually creates the gap. Growing school segregation also accelerates neighborhood segregation, which in turn feeds back to further increase segregation in schools.

To break the vicious cycle, we must deal with school and neighborhood integration on a regional scale. The Twin Cities has been well served by a rich tradition of regional policy-making in other policy areas. It is time to extend these efforts to schools and housing.

The infrastructure for reform is in place—the integration revenue program provides a pool of funds to support local efforts; existing integration districts provide the framework and experience for a larger, improved system; and existing federal housing programs are large enough to make a serious dent in the problem with only modest reforms.

Finally, the last piece of the puzzle—the political will to act—may also be in place. Legislators on both sides of the aisle in the Minnesota House and Senate have expressed support for reform to refocus the Integration Revenue Program. And officials in each of the Integration Districts and affected Superintendents have suggested that the current system needs reform. Many of the primary actors thus agree that the time to act is now.
Notes

1 Non-white segregated schools are defined either as schools where the share of blacks, Hispanics or Asian students exceeds 50 percent or as schools with varying combinations of black, Hispanic, and Asian students, where the relative share of white students in the schools does not exceed 30 percent. In predominantly white schools, the share of each non-white group is smaller than 10 percent. Any school that is neither non-white segregated nor predominantly white is considered integrated.


3 See Orfield and Luce, Chapter 1, University of Minnesota Press, forthcoming 2009.


17 Myron Orfield and Thomas Luce, “Minority Suburbanization and Racial Change: Stable Integration, Neighborhood Transition, and the Need for Regional Approaches” (Minneapolis: Institute on Race and Poverty, 2005).
Because of differences in school demographics, numbers of schools, and other factors, a different approach is needed for schools outside the metropolitan area.


The analysis of racial change in neighborhoods in Orfield et al (footnote 26) revealed turnover points for each of the integrated neighborhood types. Turnover points are the minority share in a neighborhood at which it becomes more likely than not that the neighborhood will resegregate. The analysis shows turnover points are relatively modest—between 24 to 38 percent non-white, depending on the type of neighborhood. Neighborhoods that were white-Hispanic integrated in 1980 were more likely to resegregate by 2000 than to remain integrated if their Hispanic share exceeded 24 percent. The corresponding percentages for white-black or multi-ethnic integrated neighborhoods were 30 and 38 percent.

The included metropolitan areas were Charlotte NC, Daytona Beach FL, Greensboro NC, Indianapolis IN, Lakeland FL, Las Vegas NV, Louisville KY, Nashville TN, Orlando FL, Pensacola FL, Wilmington DE, Raleigh-Durham NC, Sarasota FL, Tampa-St. Petersburg FL and West Palm Beach FL.


Larry Buron et al., “Assessment of Economic and Social Characteristics of LIHTC Residents and Neighborhoods,” (Abt Associates Inc., 2000), pp: 4:16-4:18; Sandra Nolden, Carissa Climaco, Jessica Bonjorni, Meryl Finkel, Karen Rich, “Updating the Low Income Housing Tax Credit Database: Projects Placed in Service Through 2001” (Abt Assocs., Inc., 2003), available at http://www.huduser.org/Datasets/lihtc/report9501.pdf; David A. Smith, “The Low-Income Housing Tax Credit Effectiveness and Efficiency,” (Recapitalization Advisors, Inc., 2002), p. 3. Forty-eight percent of LIHTC units placed in service from 1995 through 2000 are in central cities, 38% are in suburbs, and 14% are in non-metro areas. Ibid. Among rental units in general, 45.5% are in central cities, 39% are in suburbs, and 15.5% are in non-metro areas. Ibid. Another recent study of LIHTC units shows that 58% of
such units are in central cities, and 42% are "in the suburbs,"—but there is no data distinguishing between stressed and affluent communities in this analysis. Ibid, pp. 29-35.


37 Data provided by the U.S. Department of Housing and Urban Development.


41 See “The Choice is Ours: Expanding Educational Opportunity for all Twin Cities Children” available at www.irpumn.org. For the simulation, the region was defined as the seven core counties of the metropolitan area—Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. To simplify the analysis, the simulations deal only with segregation of black and white students. The numbers of students of other races and ethnicities, especially Hispanics, are on the rise. However, blacks are clearly the dominant racial minority in area schools. In addition, the simulations are meant to be illustrative, and adding a third or fourth group to the analysis complicates the discussion considerably.

42 Housing simulations for the Choice is Yours program adjust school racial enrollments according to if 1) the racial populations of low income housing were placed uniformly within existing housing units and 2) the housing units themselves were placed uniformly across the Twin Cities area. First, we determined how many more or less children would attend a school if the population of each low income housing unit had the same proportional racial distribution within the units. The child populations of low income housing units closest to elementary schools were used to adjust the schools' population. Second, we determined how many more or less children would attend a school if low income housing were placed uniformly according to school populations. We used racial demographic data for 2002 elementary schools and 2004 low income housing for the Twin Cities. For low income housing, child population data are provided with LIHTC households and are estimated with project-based section 8 households. Our estimate of section 8 children is derived by multiplying the Twin Cities average number of children in a household for each racial group (derived from U.S. census data) by the racial population results. To place low income housing units uniform to student populations we determined the each school's population as a percentage of total schools and multiplied it by the total population of LIHTC and project-based section 8 by race. We assume that spatially uniform low income populations are also racially uniform in their distributions.

43 Zip code level race data was used for the analysis of section 8 vouchers.