

CENTER *for* RURAL POLICY and DEVELOPMENT

Seeking Solutions for Greater Minnesota's Future

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Executive Director's Note

2010 Legislative Session Preview

by Brad Finstad



The 2010 Session of the Minnesota Legislature, the second session of the 2009-2010 legislative biennium, will officially begin on February 4, 2010. The second session of the biennium is usually shorter in length than the first session and is focused primarily on the bonding bill—the bill the state passes every two years to fund capital projects for Minnesota colleges and universities, prisons, parks and recreation areas, and other publicly owned infrastructure. While legislators will indeed focus intently on passing the bonding bill in 2010, other issues will also be top of mind and have a major impact on what unfolds in St. Paul.

Politics. When Governor Tim Pawlenty announced earlier this year that he would not seek

a third term, numerous legislators from both sides of the aisle immediately began jockeying for gubernatorial runs. At press time for this newsletter, more than two dozen candidates were in the race, many of them sitting legislators in leadership roles. In the spring, while trying to bring the session to a successful conclusion, these legislators and other gubernatorial candidates will also vie for the endorsement of the activists that make up the bases of their respective political parties. The endorsement process will be heated and intensely competitive, with the candidates doing everything they can to appeal politically to party activists. What legislation gets debated and ultimately passed this session will, without a doubt, be connected to and impacted by the gubernatorial campaign. Of course, the potential campaign for president being weighed (or conducted, depending on your point of view) by Governor Pawlenty will also be a factor.

Deficit. If preliminary reports are accurate, the state is facing yet another budget deficit. The Minnesota Constitution requires a balanced state budget, so legislators and the governor must take action to eliminate any projected shortfall. In past sessions (see the next section of this column),

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Board Member Spotlight: John Monson

John Monson was appointed by Governor Tim Pawlenty to the board of the Center for Rural Policy and Development in 2008. His expertise in rural economic development is a tremendous asset to the Center and he is called upon regularly to lead various Center initiatives.

Since 2006, Monson has served as vice president of AgStar Rural Capital Network, a division of Mankato-based AgStar Financial Services—a provider of loans and related services to farmers, ranchers and agricultural enterprises.

AgStar's Rural Capital Net-



work team is devoted to serving community and economic development, infrastructure needs

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Southern Minnesota Regional Competitiveness Project Continues to Move Forward

The Southern Minnesota Regional Competitiveness Project—a partnership of businesses, non-profit organizations and government agencies coordinated by the Center for Rural Policy and Development—continues to move forward in creating a strategic economic development plan for southern Minnesota.

Partnership members met in Worthington in October. Venture

capital opportunities were discussed at length in the meeting, and the group was briefed by Dan Nelson of Newport Laboratories, a Worthington-based livestock biologics company that assists veterinarians in finding solutions to animal health problems. Nelson provided great evidence of the power of leveraging the six areas of economic strength and opportunity that we have in southern

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Latest Issue of Rural Minnesota Journal—"The Agriculture and Forestry Issue"—Available Online and in Print

The Center for Rural Policy and Development's latest issue of the award-winning *Rural Minnesota Journal*, "The Agriculture and Forestry Issue: Looking to the Future," is available for download at www.RuralMN.org. Hard copies of the publication can be ordered for \$3.00 by calling the Center at (507) 934-7700.

In this issue of *Rural Minnesota Journal*, authors and experts from around the state discuss the future

of two of Minnesota's most significant industries—farming and forestry. The eight articles in the publication include:

Will New Technologies Preserve Minnesota's Ethanol Industry? By Dr. Douglas G. Tiffany & Dr. Steven J. Taff, *University of Minnesota, Department of Applied Economics*: A discussion of how emerging political and technological developments may affect this important industry and, conse-

quently, Minnesota communities.

Minnesota Agriculture in the Global Market By Kurt Markham, *Minnesota Department of Agriculture*: Minnesota agriculture has developed a significant role in global trading. Maintaining that role requires understanding the markets and keeping an eye to the future.

The Future of Forestry in Minnesota's Economy By Jim L. Bowyer, *Responsible Materials Program, Dovetail Partners, Inc.*:

Forestry and the forest products industry have taken drastic turns over the decades and are doing so again, making new roles for the state's abundant natural resources apparent.

Can We Find a 21st Century Approach to Agriculture and Water Resources Policy? By Warren Formo, *Minnesota Agriculture Water Resources Coalition*: Water quality policy is intrinsically tied to agriculture practice. While past

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bringing the state's budget back into balance has proven to be a very difficult task.

Unallotment. Last session, with legislators and the governor at a standstill over how to balance the budget, Governor Pawlenty—in an unprecedented and controversial move—decided to balance the budget himself through unallotment. Legislators will look to restore some of these cuts in 2010, and the governor has signaled that he is open to restoring funding for some sensitive programs, namely in health and human services. Any additional funding for these programs will have to be balanced with cuts to other areas or additional revenue, so this will not be an easy or noncontroversial process.

Bonding Bill. Finally, as mentioned at the beginning of this column, legislators will pass a bonding bill this year (which must be passed with three-fifths of the Legislature approving). Governor Pawlenty will then choose to sign the bill in its entirety or veto all or parts of the bill. Recent bonding bills passed by the Legislature have approached or exceeded \$1 billion. While some legislators will argue that a bill of this magnitude is needed in 2010 to create jobs and stimulate the economy, others will say it is fiscally irresponsible to pass a \$1 billion bonding bill when the state is swimming in red ink and families are struggling to make ends meet. Arguments will also be made over whether certain projects included in the bill are legitimate state expenditures or “pork” projects designed to win the votes of certain legislators and aid the re-election campaigns of vulnerable incumbents.



Whatever happens at the Capitol this session, you can bet that the Center for Rural Policy and Development will be following matters closely and keep our members up to date on legislation impacting rural Minnesota. ●

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Minnesota: (1) Manufacturing, (2) Food and Agriculture, (3) Health Care, (4) Renewable Energy, (5) Bioscience, and (6) High Technology.

The next meeting of partnership members will take place in Willmar on December 15. If you are interested in getting involved with the Southern Minnesota Regional Competitiveness Project, email Yvonne Simon of the Center for Rural Policy and Development at ysimon@ruralmn.org. ●

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and revitalization projects in rural America. As the executive in charge of this team, Monson's responsibilities include creating the leading private economic development business model in the Farm Credit System, building bridges with community banks, and developing a strategy to strengthen regional economic development.

Prior to joining AgStar, Monson served as the U.S. Department of Agriculture Farm Service Agency state director for Minnesota. Monson was appointed to

the position by President George W. Bush in 2001 after being nominated by Congressman Gil Gutknecht.

In the 1990s, Monson worked as the county director for the USDA Farm Service Agency in Dodge County. During this time, he also served as the USDA Farm Service Agency national legislative chairman.

Monson, a graduate of Minnesota State University-Moorhead, started his career by working as an agriculture aide to Congress-

man Arlan Strangeland.

“I am passionate about revitalizing rural America through economic development, so I jumped at the chance to serve on the board of the Center for Rural Policy and Development,” Monson said. “We are doing a lot of exciting things at the Center, and I'm honored to have a seat at the table as we move forward in our efforts to ensure a healthy and vibrant Greater Minnesota.” ●

Did you know?

- Agribusiness is Minnesota's second largest industry, with about one-fourth of the state's labor force employed in agriculture or agriculture-related industries.
- Minnesota has approximately 79,000 farms covering 28.4 million acres—or 56 percent—of the state's total land area.
- Two-thirds of agriculture jobs in Minnesota today are “off-farm,” in processing, distribution, supply and service sectors.
- Minnesota leads the nation in turkey production. The state is also a major producer of hogs, milk cows and mink pelts.
- Minnesota leads the nation in sugar beet production as well as sweet corn and green peas for processing.
- Minnesota is the nation's seventh-largest agricultural exporting state. Minnesota farmers sold \$6 billion in soybeans, corn, livestock, wheat and other food to foreign markets last year, a 50-percent gain in five years.

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MISSION: The Center for Rural Policy and Development provides high quality and objective research to examine and advance policy and decision-making, advocacy and civic engagement for Greater Minnesota's development.

VISION: The Center for Rural Policy and Development will be the leading and most trusted source of research and recommendations to advance policies that improve the quality of life in Greater Minnesota.

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Research Excellence. We endeavor to strive for excellence in every project in which we engage.

Political Non-partisanship. Political non-partisanship is the historical foundation of our work. We are committed to maintaining that reputation.

Collaboration. Collaboration will be the hallmark of our future work. Our success will be defined by the partnerships we create.

Commitment to Minnesota. A strong Minnesota requires a healthy and vibrant Greater Minnesota. We are committed to supporting quality decision-making that will positively impact Greater Minnesota's ability to thrive.

Rural Perspectives: Teresa Spaeth - Executive Director, Agriculture Utilization Research Institute (AURI)



Q: Teresa, tell us a little about the AURI. What does the institute do?

A: The Agricultural Utilization Research Institute (AURI) is an applied research organization that provides scientific technical assistance, technology transfer and a network of resources to add value to Minnesota-grown agricultural commodities. Our name, although long, really describes what we are all about.

For the past 20 years, AURI has worked with Minnesota companies to create value by developing new uses for agricultural products, helping to establish new businesses and support existing ones that create and retain jobs and generate economic activity in the state.

Q: How does the AURI help Minnesota businesses and our rural communities?

A: In simple terms, AURI can be described as the research and development firm for Minnesota agricultural processing. We have laboratory facilities and trained experts throughout the state that provide one-on-one assistance to help test, analyze and develop innovative ag-based products. Whether it is a food

product, a renewable energy enterprise or a new industrial product made from an ag processing waste stream, our technical assistance teams work to answer the “Can it be done?” question.

Our focus on market feasibility, in turn, answers the “Should it be done?” question. Our programs focus on making sure that an idea with technical merit also has a strong business foundation. Innovation cannot occur without implementation. Great ideas have little value until they are put into practice. We’re not here just to help develop a new idea; we focus on implementation and transforming new projects into economic activity in Minnesota.

AURI works to maintain a strong network of partners to help our clients. No one organization has unlimited resources or all the answers. By focusing on what we do well and knowing where to seek assistance, we help clients take advantage of the many helpful resources available in the state.

Getting new and emerging technology into the hands of people who can benefit from it also is a role that AURI fills. We work to identify new technologies and processes that can be the basis for a new business or improve processing efficiency for existing businesses.

Q: What is your role with the AURI? What in your background helped prepare you for the position?

A: As the executive director, I am responsible for all aspects of the organization, from strategic planning to staff development. Our organi-

zation values innovation, learning and, most importantly, agriculture. Mixing this together in dynamic new ways is the mainstay of our organization.

Although I grew up in a suburb of Indianapolis, my family and I live in Bemidji and my husband, Andy, operates a farm near Mahanomen, so I have a true understanding of the challenges facing Minnesota agriculture. I am one who has actually migrated back to a rural area. I understand the tremendous impact the agricultural industry has and the opportunity it provides for being part of Minnesota’s economic solution.

I am incredibly interested in business and learning what makes businesses succeed. I have an MBA and am currently pursuing a doctoral program in educational leadership with a focus on entrepreneurship and innovation. This background, in addition to my time working in the agri-processing industry and leading the Small Business Development Center in Bemidji, has given me a diverse and thorough perspective on business.

Additionally, as a graduate of the Minnesota Agriculture and Rural Leadership program, I have a passion for rural Minnesota and developing opportunities for people who live here. I believe that the work we do at AURI demonstrates that passion day in and day out.

Q: Can you tell us about some of the projects you and your AURI colleagues are working on now?

A: We strive to have a project portfolio as diverse as Minnesota agri-

culture. In one project, we helped a large, family-run green house operation develop a pellet fuel from processing waste and agricultural biomass for use in on-farm boilers, allowing the operation to better manage heating costs. We also recently provided assistance to First District Association dairy processors of Litchfield on the identification of new whey processing technology that will allow the cooperative to greatly expand their capacity and increase jobs. Additionally, we’ve helped hundreds of entrepreneurs develop new food products like gluten-free bakery items. Currently, we are involved with several feeding trials that are examining the use of ag processing coproducts as feed ingredients in an effort to lower input costs for livestock producers.

The portfolio is varied and much of what we are currently working on is proprietary, but these are just a few of the many successes we can celebrate.

Q: What initiatives will the AURI focus on in 2010 and beyond?

A: AURI focuses on seeing around corners—trying to identify the new, emerging technologies and opportunities that can benefit Minnesota. As such, we will continue to focus on biofuels development, bio-based product development, coproduct utilization, consumer product development and innovative technology identification. We also will strive to make sure agriculture is recognized as a key component to economic development and recovery in Minnesota. ●

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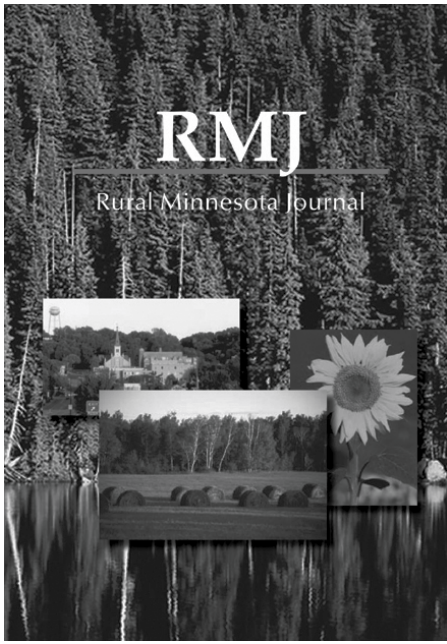
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policies have tackled some of the issues of water quality, are new policies required to tackle the rest?

Expanding the Effective Use of the Rail System in Rural Minnesota *By Matthew Pahs, Minnesota Department of Transportation:* The railroads were a vital part of Minnesota's economic development, and it appears now they are poised for a revival if crucial issues can be addressed.

Trapping Greenhouse Gases: A Role for Minnesota Agriculture and Forestry in Climate Change Policy *By Cheryl Miller, Minnesota Terrestrial Carbon Sequestration*

Initiative: Climate change policy is the next big debate in Washington. There are several ways Minnesota, with its significant natural resources, can play a role.

Landowner Attitudes and Perceptions Regarding Wildlife Benefits of the Conservation Reserve Program *By Martin D. Mitchell, Minnesota State University-Mankato, and Richard O. Kimmell, Minnesota Department of Natural Resources:* While the Conservation Reserve Program began as a means for keeping land idle to improve commodity prices, participants and non-participants of the pro-

gram have also come to recognize its value for wildlife protection. More uses may lie on the horizon.

In Pursuit of a Cure: Searching for Food-Based Cancer Therapies and Preventions at the Hormel Institute *By Ann M. Bode, The Hormel Institute, University of Minnesota:* One of the most exciting industries emerging in Minnesota is bioscience, especially as it intersects with agriculture. One of the leading researchers at The Hormel Institute in Austin, Minn., discusses the research happening there. ●

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