

CENTER *for* RURAL POLICY *and* DEVELOPMENT

Seeking Solutions for Greater Minnesota's Future

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SUMMER 2010

Executive Director's Note

2010 Legislative Session Recap

by Brad Finstad



A couple newsletters ago, I previewed the 2010 Session of the Minnesota Legislature. The session is behind us now, but the events that transpired will greatly impact the upcoming gubernatorial—and potentially presidential—elections. Here's a recap of what happened this year in St. Paul.

Budget: Going into the session, the state was facing yet another budget deficit. Minnesota's Constitution requires a balanced state budget, and in past sessions bringing the budget back into balance has always proven to be a very difficult task.

This was true again this year,

but even more so. Late in the session, the deficit suddenly grew to \$3 billion when the Minnesota Supreme Court, in a 4-3 vote, ruled that the unilateral cuts Governor Tim Pawlenty made to bring the budget into balance in 2009 were unconstitutional.

In the end, our Republican governor and DFL-controlled Legislature came to an agreement and the current biennium's budget was brought back into balance after a one-day special session. The budget fix, however, is only temporary, as the state simply delayed \$2 billion in school payments (much of which will need to be repaid in 2012) and adopted \$1 billion in mostly one-time cuts that will resurface again next year, including deeper cuts to city and county aid.

As a result, next year the deficit will come back with a vengeance, with the projected shortfall for the 2012-2013 biennium estimated to be \$6 billion without inflation. Essentially, the state's budget problem was "punted" to the next governor and legislators elected this fall.

It's frustrating that this is the route that was taken to balance

the budget, but at the same time, not surprising, as it was very unlikely that the two sides would ever be able to come to an agreement, especially with the politics at play (more on that later).

Bonding Bill: The second year of the legislative biennium is often dominated by debate on the state's bonding bill—legislation passed every other year to fund capital projects for Minnesota colleges and universities, prisons, parks and recreation areas, and other publicly owned infrastructure. The budget debate overshadowed the bonding bill this year, but \$725 million for various state projects was passed into law. The Legislature originally passed a bonding bill with \$1 billion worth of projects, but the governor used his line-item veto authority to cut projects out of the bill he deemed unnecessary in these tough economic times.

Politics: 2010 is an election year, so politics overshadowed and greatly influenced what was passed—and not passed—at the Capitol this year.

Before the session began, numerous legislators from both sides of the aisle had thrown their hats

RECAP CONTINUED ON PAGE 2

Board Member Spotlight: Cynthia Johnson

Cynthia Johnson has been a board member of the Center for Rural Policy and Development since the organization was established in 1997. Johnson's roots in rural Minnesota are deep and she is passionately committed to preserving the rural way of life for future generations.



Johnson grew up near Fergus Falls on a dairy farm that was homesteaded in 1869 by her great grandfather, who emigrated from Norway. Johnson, who currently lives on West Battle Lake in Otter Tail County, now owns the farm and her son and his family live on it. The grandkids are the sixth generation of Johnsons to call the family farm home.

JOHNSON CONTINUED ON PAGE 2

Broadband Speeds in Minnesota School Districts Vary Considerably

Center for Rural Policy and Development research shows cost is biggest barrier to getting more bandwidth in rural areas, but telecommunications access clusters may help

Research conducted by the Center for Rural Policy and Development has found that school district broadband speed—which is critical as schools are becoming more dependent on the Internet and related online services—varies considerably from district to district in Minnesota, with speeds in rural areas usually slower than in the Twin Cities.

Cost is the biggest barrier to getting more bandwidth in rural areas, the research found, but telecommunications access clusters—in which school districts share



bandwidth—may help make faster broadband more affordable to rural schools.

“Due primarily to cost and geography, Minnesota school districts have access to online services

at very different rates,” said Brad Finstad, executive director of the Center for Rural Policy and Development. “Broadband speed greatly affects a district's capacity to use online resources in the classroom and in the school office. This issue warrants further attention and study, as it's clear from our research that intensive Internet use, and the need for greater broadband capacity, will continue to grow as classroom instruction and school district administration goes increasingly online.”

For the study, the Center sur-

BROADBAND CONTINUED ON PAGE 3

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Rural Minnesota Journal Coming in August

With a competitive and exciting governor's race expected this summer and fall, the Center for Rural Policy and Development's next edition of the award-winning *Rural Minnesota Journal*, to be published in August, will be themed: "A Letter to the Next Governor of Minnesota."

The journal will contain articles on business, local government, education, agriculture and more. The Center has recruited experts from around the state to write on the critical issues facing rural Minnesota—issues that the next governor should be well aware of and ready to tackle when he or she takes office in January 2011. ●

RECAP

CONTINUED FROM PAGE 1

into the ring to be Minnesota's next governor. Political jockeying occurred throughout the session and then, with about a month to go before adjournment, the state DFL and Republican parties held their endorsing conventions.

Democrats endorsed state Representative Margaret Anderson-Kelliher (DFL-Minneapolis), the current speaker of the Minnesota House, and Republicans endorsed state Representative Tom Emmer (R-Delano), the former deputy House minority leader.

While the gubernatorial campaign was playing out, Governor Pawlenty was also testing the waters for a potential run for president in 2012. President Barack Obama's popularity has dipped, and Republicans are looking for a viable candidate to emerge. Governor Pawlenty is taking a run at being this candidate.

With intense gubernatorial and presidential politics as a backdrop, one can see very clearly why things ended the way they did this year in St. Paul.



As always, the Center is keeping a close tab on events at the Capitol—and on the campaign trail. We will continue to provide updates and analysis in future newsletters. ●

Did you know?

TOP 10 GREATER MINNESOTA COMPANIES

The top 10 public/private companies headquartered in Greater Minnesota, ranked by annual revenue.

1. Hormel Foods Corp., Austin, \$6.5 billion, public
2. The Schwan Food Co., Marshall, \$3.5 billion, private
3. Rosen's Diversified Inc., Fairmont, \$2.1 billion, private
4. Fagen Inc., Granite Falls, \$2 billion, private
5. Fastenal Co., Winona, \$1.9 billion, public
6. Taylor Corp., North Mankato, \$1.6 billion, private
7. Associated Milk Producers, New Ulm, \$1.4 billion, private
8. The Federated Insurance Cos., Owatonna, \$1.4 billion, private
9. American Crystal Sugar Co., Moorhead, \$1.2 billion, private
10. Otter Tail Corp., Fergus Falls, \$1 billion, public

Sources: *Star Tribune*, *Minneapolis/St. Paul Business Journal*

JOHNSON

CONTINUED FROM PAGE 1

After graduating from Fergus Falls High School and North Dakota State University, Johnson was a teacher for two years in Columbia, South Carolina while her husband served in the Army at Fort Jackson.

When the Johnsons moved back to the Fergus Falls area, they established and operated "GAJ's Registered Holstein Farm." They raised four children and hosted 70 foreign exchange students through the University of Minnesota's Minnesota Agriculture Student Trainee Program. The Johnson Farm also played host to several agriculture-related community activities.

Community service has al-

ways been—and continues to be—a central part of Johnson's life. Throughout the years, she has been very active in 4-H and her church, serving in leadership capacities with both. She has also served on several boards and advisory committees, including the Minnesota State Extension Advisory Board, the Pioneer Retirement Community Board, the Wells Fargo Bank Community Board and the Otter Tail County Commissioners' Agriculture Advisory Committee.

Johnson has been a substitute teacher at the junior and senior public high schools in Fergus Falls for 40 years. She has also served on the Fergus Falls High School Dollars for Scholars Board, the Fergus Falls School District Strategic Planning Committee and

the Fergus Falls Community College Foundation Board.

"A strong rural Minnesota is extremely important to the well-being of our entire state," said Johnson. "The Center for Rural Policy and Development recognizes this importance and holds rural Minnesota as its focus."

"I've had the pleasure of serving on the board of the Center from the very beginning," said Johnson. "My time on the board has been very rewarding, as the research done by the Center has influenced many decisions made by Minnesota policymakers. I am also very proud of the Center's focus on development, which is critical to the vitality of our rural Minnesota." ●

CENTER for RURAL POLICY and DEVELOPMENT

Seeking Solutions for Greater Minnesota's Future

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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.

VALUES:

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.

BROADBAND

CONTINUED FROM PAGE 1

veyed technology coordinators for 39 Minnesota school districts that are not currently part of 12 telecommunications access clusters around the state, as well as the coordinators of these clusters. The Center also obtained the bandwidth in 230 of Minnesota's 336 school districts.

Key findings of the research include:

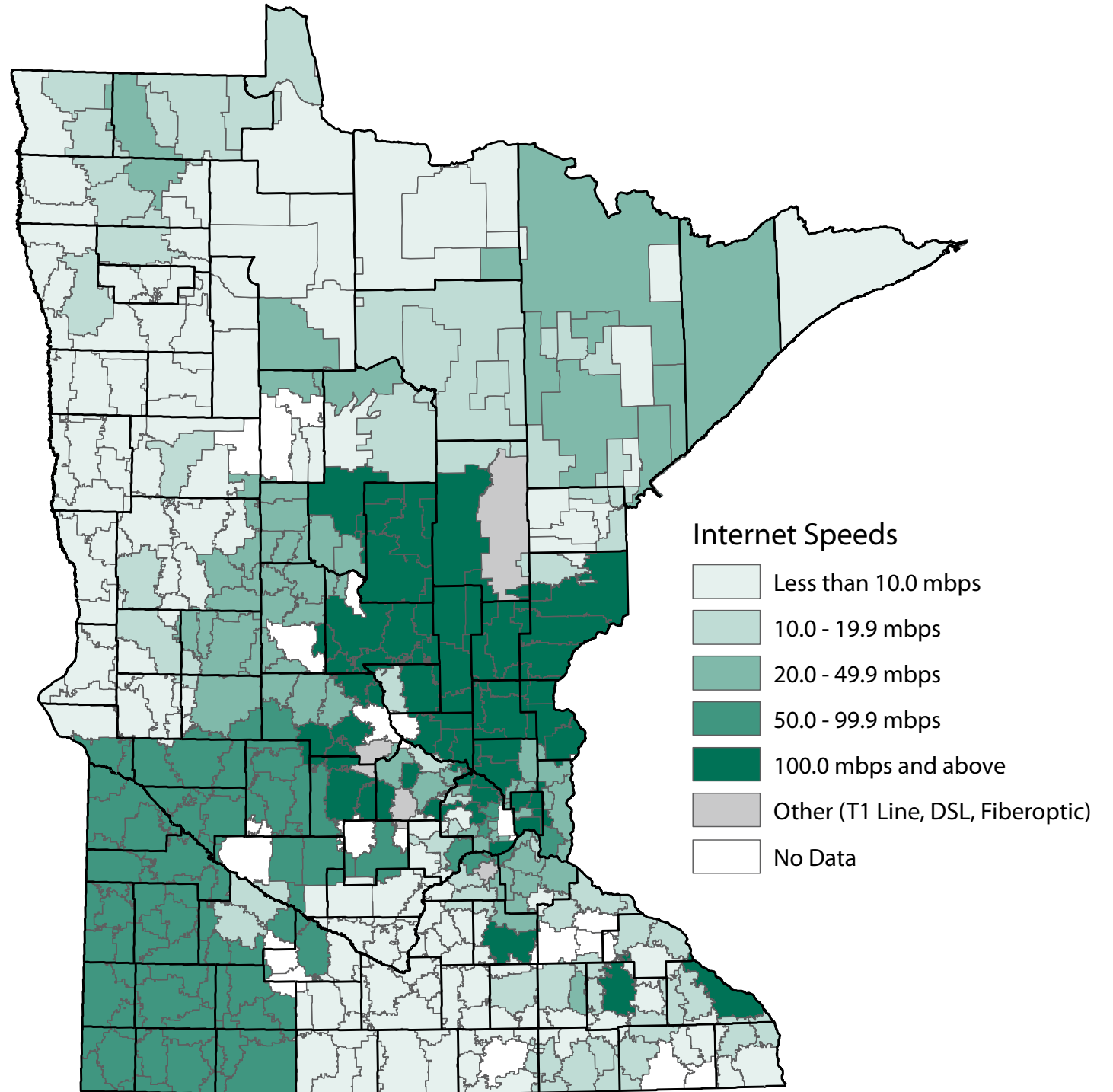
- In the ten years or so that the Internet has been widely accessible to schools, they have become dependent on the technology. Primary uses include student testing, daily reports to the state, maintaining information portals for parents to access their children's information, using video in the classroom and online classes.

- Bandwidth varies considerably from district to district. The average bandwidth is 28 mbps, while the median is 10 mbps.

- The majority of school districts rate their current bandwidth as adequate, but they anticipate needing more next year and the year after. The ever-increasing supply of online resources and their increasing use in the classroom are driving that need.

- The biggest barrier to getting more bandwidth is cost. The more remote a district is, the greater the cost and problems with accessing the necessary infrastructure. The federal e-Rate program and the state's Telecommunications Access Equity Aid program, however, help lower the burden of these costs.

- Telecommunications access



clusters report that they are saving school districts money by pooling administration, tech support and other services for groups of districts at a lower cost than the districts could access individually.

"Anecdotally, telecommunica-

tions access clusters appear to be saving school districts a considerable amount of money and time," Finstad said. "A closer look at exactly how much they are helping and why some districts choose not to participate in them could yield

valuable information."

The entire school district broadband report can be found on the Center's website at www.RuralMN.org. ●

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Center to Publish 2010 Minnesota Internet Report

In July, the Center for Rural Policy and Development will publish the 2010 Minnesota Internet Report. Going forward, this report will be published annually.

First published in 2001, the Minnesota Internet Report measures and compares computer ownership, Internet access and broadband adoption in rural Minnesota and in the Twin Cities metropolitan area. The report also looks at what people are doing online and whether broadband makes a difference, the impact of age and income, why people may not be us-



ing computers and broadband, and cell phone adoption.

This year, the Minnesota Internet Report will also look at adop-

tion rates by “ruralness.” In addition to comparing broadband adoption rates in the 80 Greater Minnesota counties to rates in the seven-county Twin Cities area, Greater Minnesota’s counties will be grouped according to how rural they are: (1) counties with larger cities; (2) counties adjacent to these larger populations; and (3) the most rural counties.

Looking at the data this way, the report should shed some light on the extent of broadband access and adoption by population, not just location. ●

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NEWS Letter

- Executive Director's Note: 2010 Legislative Session Recap
- Board Member Spotlight: Cynthia Johnson
- Broadband Speeds in Minnesota School Districts Vary Considerably
- Rural Minnesota Journal Coming in August
- Center to Publish 2010 Minnesota Internet Report

What's Inside

Seeking Solutions for Greater Minnesota's Future

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