

# CENTER *for* RURAL POLICY and DEVELOPMENT

MINNESOTA STATE UNIVERSITY • MANKATO

*Seeking Solutions for Greater Minnesota's Future*

NEWSLETTER No. 2

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## *Education, Community Issues Lead Research Funded by Center*

RURAL EDUCATION FINANCING equity, teacher shortages, electric utility deregulation, urban-rural connections, and economic contributions of Latino immigrants in southern Minnesota are among research projects recently approved by the Board of Directors of the Center for Rural Policy and Development at Minnesota State University, Mankato.

Researchers from several Minnesota universities and social-policy programs were selected among a pool of applicants for the Center's first round of funds allocated through its Small Grants program. Projects must be completed within 12 months, with results to be disseminated in appropriate forums, including legislative hearings, when completed.

Approved projects include:

### **Testing State-Aid Education Formulas**

In a broad-based study, Dr. Greg Thorson and Dr. Jacqueline Edmondson, professors of political science at the University of Minnesota at Morris, will examine apparent funding disparities between large and small (mostly ru-

ral) school districts across the state. They hypothesize that current per-pupil formulas create inequities that disproportionately penalize rural schools. Part of the study involves testing and measuring impacts of alternative means of financing, including prescriptions for a fixed (rather than per-pupil) share of each district's expenditures to be paid by the state.

### **Outlook on Teacher Shortages in Rural Minnesota**

Research conducted by Dr. Joe Nathan and Debra Hare of the Center for School Change at the Humphrey Institute at the University of Minnesota will examine relationships between projected rural teacher shortages in the next 10 years and state and local policies.

The study will focus in part on teacher turnover, including why so many educators leave the profession before retirement. Using data from the Minnesota Department of Children, Families and Learning, as well as surveys of administrators across the state, the researchers hope to suggest strategies to ensure an adequate supply of well-qualified teachers for the future.

### **Community Aggregation Under Utility Deregulation**

Working with the staff of the Minnesota Project, Dr. Steven Hoffman of the University of St. Thomas will analyze costs/benefits of community aggregation (i.e. pool purchasing by individuals, businesses, co-ops, municipalities, and/or their agents) to reduce electricity costs in an increasingly deregulated utility environment.

Beyond assessing risks and opportunities, the researchers will develop a framework to determine the "right-sized unit" for aggregation, as well as consider various purchasing arrangements (e.g., binding vs. opt-in/opt-out) for customers.

### **Seeking Urban-Rural Policy Connections**

Marcie McLaughlin, executive director of Minnesota Rural Partners, and Lynnette Mullins, speech professor at the University of Minnesota at Crookston, will study common characteristics between small towns and inner-city neighborhoods in an effort to define and plan economic- and community-development strategies beneficial

to both. This project springs out of earlier "Community Conversations" sponsored by Rural Partners, and the more recent Lucille's Kitchen/Crookston broadcasts on Minnesota Public Radio.

### **Economic Impacts of Latino Immigrants in Southern Minnesota**

This study, by Dena Nundahl Colemer of the Region Nine Development Commission and James Kielkopf of TCF Financial Corp., will assess economic costs and contributions of growing Hispanic populations in the Region Nine area (Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan counties).

In an effort to assess "value" of Latino immigration on local economies, the researchers will analyze census, labor, and other economic data through IMPLAN computer software that calculates direct, indirect, and induced effects. They hope the study gives policymakers and residents more data for resource allocation decisions.

## **Legislature Renews Funding Commitment to Center for Rural Policy & Development**

ST. PAUL — Several months of uncertainty about state funding for the Center for Rural Policy and Development finally gave way to clarity as the Minnesota Legislature authorized money for CRPD before adjourning on May 17.

Lawmakers agreed to allocate \$200,000 for the first year of the next biennium, contingent upon the Center raising matching private dollars. Future state commitments would be subject to results of later program review conducted by the Minnesota Office of Strategic and Long-Range Planning.

In 1997, the legislature created a \$2 million research endowment for the Center, in addition to earmarking \$500,000 for start-up, administrative, and operating costs for the two-year fiscal cycle. This year's appropriation advances the state's commitment to research and dialogue on rural issues currently on the public agenda.

House and Senate conferees reconciled different spending bills, which passed as omnibus legislation during the final weekend of the session. A separate Senate provision containing minor changes in Board of Directors' authority, as well as creating a new at-large board position, was also approved.

## **LEGISLATIVE ROUNDUP**

### *Rural Issues Occupy Part of Lawmakers' Agenda in Session*

Financially strapped farmers may get \$4 an acre in short-term relief from the state this year, but will have to brake a bit while driving to town to cash their checks under new laws affecting rural Minnesota passed by the legislature.

From low crop prices to lower back-road speed limits, lawmakers considered a host of rural issues amid the 4,760 bills introduced during this year's session. Agriculture, education, environment, health care, natural resources, economic development, and tax policy in Greater Minnesota were among topics debated in the historic first year of tri-partisan government.

Farm relief led the way, with passage of a \$70 million package

giving farmers with more than 40 acres up to \$5,600. Livestock producers were allowed a similar credit on 1999 property taxes. However, the legislation had its critics, including farm groups seeking longer-term solutions, and passed into law without the signature of Governor Jesse Ventura, who said he had hoped the bill targeted only family farms meeting demonstrated needs tests.

With controversy, lawmakers also approved lifting some feedlot-emissions rules, but Ventura vetoed that action on May 25.

Income-tax cuts and sales-tax rebates grabbed the largest headlines as legislators and the governor approved the biggest combined tax-relief package in state

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**J**UST LAST WEEK I COMPLETED nine months as president of the Center for Rural Policy and Development. Yes, I know that nine months is not an anniversary date that is traditionally celebrated or even worthy of serious reflection. But for me, it seems that the end every work week is an opportunity for reflection.

For you see, building a new organization is a constant process of developing new structures, initiatives, and relationships, and then constantly reviewing and reflecting to discern progress. Are we on the right track? Is progress as fast as we anticipated? You know the routine. Of course, the only thing you can be truly certain of is that some of your ideas will work and others will flop! And so I was particularly reflective last week as I was reviewing the past nine months since my arrival.

I vividly recall traveling around the state meeting with faculty member from various colleges and universities about the development of the Center. Specifically, I remember talking about the establishment of a network of active researchers from all over the state, including U of M, MnSCU, and private institutions, all conducting research for the betterment of rural Minnesota. I also remember several prominent administrators telling me that, on the one hand, the development of such a network, cutting across the traditional "turf boundaries" of the public institutions, would be hard to pull off. On the other hand, if we could establish such a network, it would be an extremely worthwhile accomplishment.

So in my nine-month review, how are we doing? Well, we now have six research projects under way in the areas of rural education, ethnic diversity, electric deregulation, and urban-rural

## Moving Ahead

by **Jack Geller**  
CRPD PRESIDENT

interactions. Our small but growing network of researchers reaches from the Red River Valley (University of Minnesota-Crookston) to the rolling hills of southern Minnesota (Region 9 Development Commission).

We are also in the final stages of establishing two major research panels on Minnesota agriculture and rural telecommunications. These are two of the four areas that the CRPD Board of Directors have identified as priority areas for research. News of the development of these research panels and the researchers that comprise the panels will be out shortly.

Lastly, we have seen substantial progress in our organizational presence. We have now received our IRS-designated 501 C(3) nonprofit status, maintained a legislative appropriation for the coming biennium, and settled into an office with a small administrative staff nicely situated on the campus of Minnesota State University at Mankato.

While I am generally pleased with our overall progress, we still have miles to go. As you know, much of the recent news about agriculture — and its impact on the rural economy — is very disconcerting. But for me it is a "call to arms" for more and better research. Such research is greatly needed to assist policymakers in understanding what's happening in rural Minnesota and what policies they can initiate that would be most effective. To do this, we need to expand our network of researchers and areas of research.

Yes, the challenges ahead are great — but we are farther along than we were nine months ago!

Till next time.



### 2nd ANNUAL GATHERING

## Rural Summit Focuses on Linking Technologies and Communities

DULUTH—Community advocates, university researchers, state legislators, foundation officers, and local officials will gather here August 11-12 to share common problems and discuss possible solutions for rural Minnesota in the 21st century during the second annual Minnesota Rural Summit.

Held at the Duluth Entertainment & Convention Center, the event is hosted by Minnesota Rural Partners and Minnesota Regional Development Organizations, with sponsorships by various federal, state, and local organizations and businesses, including the Center for Rural Policy and Development at Minnesota State University.

This year's theme, "Communities, Tech-

nologies and Connections for the Next Millennium," focuses on issues facing towns and regions across the state, including arts and culture; community building; economic growth and development; education and lifelong learning; environment and natural resources; leadership and public policy; "The New Economy"; "One Minnesota" (the rural/urban/suburban interface); job, workers and employers; underserved and new populations; and families and youth.

Workshops, speakers, and presentations will explore how technology creates opportunities for individuals and communities through information, training, and networking. Rural Summit sessions are designed to integrate and

emphasize connections in agriculture, health care, social services, natural resources, telecommunications, small-business enterprises, value-added industries, and other key issues.

Featured speakers include Dr. Jennifer Jones, a cultural anthropologist and columnist for the *Seattle Times*; Dr. Jim Benson, president of Bemidji State University; and Dr. Chuck Fluharty, director of the Rural Policy Research Institute, a multistate research consortium for public policymakers.

For conference and registration information, contact Monica Hendrickson of the Arrowhead Regional Development Commission at (800) 232-0707 or (218) 529-7543.

### Small Grants Program

CRPD provides funding for independent researcher-initiated projects on rural issues in addition to those currently designated on the research agenda. Topics, **which must be focused on Minnesota**, may include education, health care, environment, economic development, law enforcement, human services, community relations, public utilities regulation, land use, and transportation, among many. Projects must be relevant to current or proposed state economic or social policies. Guidelines and applications are available at CRPD, or can be downloaded from the Web: [www.ruralmn.org](http://www.ruralmn.org).

## CENTER for RURAL POLICY and DEVELOPMENT

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## Legislative Commission on Minnesota Resources

**A**MONG STATE AGENCIES WHOSE work affects rural Minnesota in significant ways is the Legislative Commission on Minnesota Resources, which provides recommendations to the legislature each biennium on various projects to be funded with proceeds administered through the lottery-financed Environment and Natural Resources Trust Fund, the cigarette-tax Minnesota Futures Resources Fund, and the Great Lakes Protection Account.

This year, nearly 120 projects (out of 462 proposals) totaling more than \$42 million were proposed for funding in respective House and Senate bills (**HF385/SF149**).

[During hearings in the House, however, lawmakers cut or reduced appropriations to 36 projects, while LCMR added a handful of new proposals. Legislators later met in Agriculture & Natural Resource conference committee to reconcile the different bills as part of omnibus funding packages (**HF2388/SF2226**). Governor Ventura, exercising line-item vetoes, cut several projects after the session.]

A survey of programs reveals a range of interests across the state — from water quality and habitat restoration to aquaculture initiatives and outdoor education. A reading of the proposed legislation also provides an appreciation of Minnesota's geological and biological diversity, and the role that government — with the substantial help in this case of gaming and cigarette-tax dollars — plays in the state's environmental stewardship.

Twenty members of the legislature — 10 each from the House and Senate, including the chairs of major environment and finance committees — comprise the commission, which is currently chaired by Rep. Dennis Ozment (R-Rosemount). In addition, an 11-member Citizen Advisory Committee, chaired by Nancy Gibson of St. Louis Park, reviews proposals and offers recommendations for funding projects.

An extensive application process is open to all Minnesota organizations. The commission is egalitarian in its approach — that is, all proposals, public and

private, are worthy of consideration, as long as they in some way preserve or enhance the state's natural resources and heritage.

About 7 percent of net lottery proceeds are dedicated to the Trust Fund, raising about \$24 million a year. Since 1989, more than \$185 million in lottery money has been deposited in the fund. 1999 marks the fifth funding cycle since the lottery's launch a decade ago.

Cigarette-tax revenue of more than \$15 million was earmarked for 1999 projects through the older Minnesota Future Resources Fund.

### *Minnesota's ongoing commitment to natural resource management can be seen in LCMR's work*

And about \$100,000 was proposed to be spent from the Great Lakes Protection Account. In all, more than \$350 million has been funneled through the Commission since its inception in 1963. (Information about the Legislative Commission on Minnesota Resources can be found on the Web @ [www.commissions.leg.state.mn.us/lcmr](http://www.commissions.leg.state.mn.us/lcmr).)

Some recommended projects for the 1999 legislative session included:

- Local and regional trail land acquisition, development and maintenance, including the Mesabi Trail, Kabetogama-to-Ash River Trail, and Mississippi Riverfront Trail;
- State parks and recreation areas and trails, including development of the Gitchi-Gami Trail (to Split Rock State Park), and snowmobile trails grants-in-aid;
- Metropolitan area parks, recreation areas and trails, including land acquisition, rehabilitation, and development;
- Historic site management, including Lower Sioux Agency, Jeffers Petroglyphs, and Oliver Kelly Farm; continuing Traverse des Sioux development; and ongoing Old Wadena Historic site development;
- Water quality monitoring, including projects on tracking sources of fecal pollution; identification of sediment sources in agricultural watersheds; water and soil grants for local planning challenge grants; studying erosion impacts in Cannon River Valley Big

Woods; and on-site sewage-treatment demonstration projects;

- Agriculture- and natural resource-based industry development, including projects on Minnesota Wildlife Tourism Initiative; Minnesota River Basin Initiative; sustainable aquaculture development; and a forest wildlife biologist for ruffed grouse;

- Urban area natural resources, including an urban corridor design project; and multi-year updating and digitizing of state soil surveys;

- Tools for decisionmaking, including a Goodhue County natural resources inventory and management plan; and funding for the Minnesota Historical Society to digitize historical timberland survey records;

- Environmental education, including Youth Outdoor Environmental Education program; Minnesota River watershed ecology and historical exhibit; and Minnesota Wolf and Bear centers;

- "Benchmarks and indicators," including Minnesota county biological surveys; Lakes Superior waters assessment; Minnesota Forest Bird Diversity Initiative; and measuring children's exposure to environmental health hazards;

- Critical lands or habitats, including matching grants for sustainable wood lands and prairies on private lands; "Greening the Metro Mississippi-Minnesota river valleys; restoring the prairie chicken to southwest Minnesota; funding for public boat access and fishing piers; RIM shoreland stabilization projects, trout stream protection; enhancing Canada goose hunting opportunities, and prescribed prairie burns;

- Native species planting, including programs for landscaping for wildlife, oak-wilt control, and the Minnesota "releaf" matching grant program;

- Native fish species, including a mussel resource survey; and

- Exotic species, including biological control of eurasian milfoil and purple leafstirpe, along with evaluating and estimating the impact of leafy spurge biocontrol agents.

## LEGISLATIVE ROUNDUP

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history, which will affect most Minnesotans — rural and urban — in some way. But not without a battle: House Republicans, Senate DFLers and Ventura waged long and occasionally divisive public campaigns to claim high ground.

Public education received a substantial boost in funding. The \$7.9 billion K-12 finance bill included increases in per-pupil aid formulas, funds for smaller class sizes, support for charter school startups, increases for special education, and \$14 million to finance all-day kindergarten pilot programs statewide. Especially significant for rural schools were provisions for addressing statewide funding disparities through "equity revenue" — a mechanism to raise below-average revenues affecting nearly a third of the state's districts.

Among major economic development programs, the Minnesota Housing Finance Agency received \$120.5 million to address shortages of affordable housing — a problem in many Minnesota communities, large and small. Included in the legislation were provisions for creating "challenge grants" to entice developers, as well as "innovative and inclusionary housing" programs to encourage new building practices. The bill also dedicates funds to help homeless families find affordable housing.

As the session progressed, lawmakers approved other rural-based legislation in commerce, public safety, employment, economic development, agricultural products marketing, fishing rights, health care, insurance, historic preservation, and recreation — including the widely publicized repeal of the controversial snowmobile-stud ban.

## *New Members Join Rural Policy Board*

Two recent appointments to the CRPD Board of Directors have been announced:

- Sen. LEROY STUMPF (DFL-Thief River Falls), who chairs the Higher Education Budget Division and co-chairs the Children, Families & Learning committee, fills the seat formerly held by Sen. Tracy Beckman.

- TRACY BECKMAN, now working for the Farm Service Agency in St. Paul, has been appointed to the newly formed citizens' position on the board.

- TOM RENIER of the Northland Foundation has been recommended to the governor for board appointment, representing Minnesota Initiative Funds.