

CENTER *for* RURAL POLICY and DEVELOPMENT

Seeking Solutions for Greater Minnesota's Future

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Executive Director's Note

Solving state's budget deficit focus of 2011 legislative session

by Brad Finstad



The legislature is in full swing, with the Republican-controlled House and Senate and DFL Governor Dayton each undertaking the painstaking process of solving the state's massive \$5 billion deficit. As is customary, the governor released his budget plan first, and

in his accompanying news release, described it as a "Fair, Responsible, Balanced Budget [that] invests in K-12 Education, public safety, and proposes no property or income tax increase on Middle Class Minnesotans."

For the 2012-2013 biennium the governor proposes to spend slightly over \$37 billion. Notable budget highlights include a slight increase in K-12 education funding as well as no cuts to local government aid (LGA), the latter proposal certain to be welcomed by many rural Minnesota cities. The updated February budget forecast lowered the projected deficit by \$1.2 billion, welcome news to the governor and legislators. As a result the governor modified his earlier proposal to cut health and

human services programs (reducing the cut from 4.5 to 2 percent) for senior citizens and the disabled, reductions which advocates for these programs had earlier described as particularly unfair.

To help bridge the budget gap, the governor proposed two significant tax increases including a boost from 7.85% to 10.95% for those with joint income of \$150,000 and a property tax surcharge on homes worth more than \$1 million. He dropped an earlier proposal to impose a two-year income tax surcharge on those with income of \$500,000 and above.

As might be expected, House and Senate Republican leaders condemned the Dayton budget as being detrimental to economic growth and job creation and

BUDGET CONTINUED ON PAGE 2

Board Member Spotlight: Kevin Paap



Lifelong Minnesota resident and family farmer Kevin Paap is the newest board member of the Center for Rural Policy and Development.

Kevin's roots in rural Minnesota run deep. "I've lived in three houses on two yards within a half mile of each other my entire life," he says. He and his wife Julie own

PAAP CONTINUED ON PAGE 4

2011 Legislative Session Priorities for Rural Minnesota

Republican Perspective

by Senate Majority Leader Amy Koch



The last election saw Republicans in the State Senate take the majority for the first time in 38 years. The historic significance of this cannot be overstated.

The Senate Republican Majority Caucus got right to work before convening the 2011 legislative session. In order to improve the way we govern, we needed to productively innovate and redesign the

existing structure of the Minnesota Legislature. The reformed committee structure opens the legislative process by making it more understandable and transparent to the citizens of Minnesota. In total, the new Republican leadership in the Minnesota House and Senate reduced the number of committees from 61 to 40, a reduction of approximately 35%.

We sincerely believe leading by example, so we cut our own compensation by adopting an over 10 percent reduction in daily per diem payments, with a potential savings of \$100,000. We also decided not provide reimbursement for out-of-state travel.

As we meet with constituents and citizens from all areas of the state, one message is clear and consistent: Stop the out of control government spending! We do believe that Minnesota government has a spending problem and the answer

REPUBLICAN CONTINUED ON PAGE 2

DFL Perspective

by House Minority Leader Paul Thissen



The stakes are high at the Capitol in St. Paul. By the end of May, legislators and Governor Dayton will decide between a future where the divide between the privileged "haves" and the rest of the state continues to grow. Or will we move in a new direction where all Minnesotans stand together to take on the challenges we face but also share in a broad prosperity built on

fairness, opportunity for all and a strong middle-class.

And this is not just a matter of balancing the state budget. Minnesota's economy is recovering – but that recovery is extremely fragile. It hangs in the balance of the decisions we make in the coming months.

What we know for certain is that a return to the failed policies of the past decade—policies that put a greater and greater squeeze on middle class pocket-books with increasing property taxes, tuition, and fees—will only stall our recovery. Minnesota has recovered more slowly from the recession than other states largely because we have followed the flawed economic policies of Governor Pawlenty—policies legislative Republicans want to extend. Case and point – between 2002 and 2010, Minnesota ranked 15th from the bottom of states in job growth.

DFL CONTINUED ON PAGE 2

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REPUBLICAN

CONTINUED FROM PAGE 1

to solving the budget deficit is not to raise taxes, but to help create a business friendly environment that will stimulate the creation of private sector jobs. We want to encourage investment, so that private sector jobs will be welcomed, not chased away by excessive taxes and regulation.

Make no mistake, our priorities are restoring the state’s fiscal health and encouraging private sector job creation. However, we are actively working on several policy reforms that are long overdue. One item that we care deeply about is reforming and recalculating the state’s funding formula for K-12 education. The distribution of school operating revenue (capital funds excluded) is not equal per student and we intend to offer solutions to address this inequity.

Another reform measure we feel strongly about is creating an alternative pathway into the classroom for well-qualified candidates whose education or career backgrounds are not currently a match with what is typically required of licensed teachers. Lowering the barriers for qualified people would help close the education achievement gap between white students and racial minorities, and alternative licensure is a tool that we believe can attract well-educated, diverse and dedicated people who

want to join the teaching ranks. The Minnesota Senate has given bipartisan approval to a bill that will finally untie our hands and enable a discussion of the options available to us to meet future energy needs and fulfill the commitment we made that a quarter of the state’s electricity be generated by renewable sources by 2025. Nuclear energy has many things going for it: It is clean, inexpensive, and helps us become less dependent on foreign oil and gas. It is safe, and new processes are showing us great strides in efficiency.

This bill is more than an energy bill. It is a path to energy independence that will offer certainty for businesses and job creators as they plan for tomorrow and work to keep existing jobs. Entrepreneurs seeking to invest, expand, or start a business in Minnesota need to be assured of our state’s ability to deliver base-load power.

Our caucus is fortunate to have many members from greater Minnesota. We all benefit from the diverse backgrounds and knowledge base of each of our members and their constituents. And while we benefit from these backgrounds and varied experiences, we are united in our goal of service to our constituents and a commitment to get our work done on time. ●

DFL

CONTINUED FROM PAGE 1

We know that for too many years, people in greater Minnesota have been asked to do more than their fair share to balance Minnesota’s budget. That is unacceptable.

However, the state can act as a good partner with local communities, while understanding that real change happens when local folks step up on behalf of their neighbors. The legislature should support people like Muriel Krusemach, who is spearheading a movement to rebuild Main Street in Hoffman, and thousands like her who are doing the real work of making cities and towns across the state places where people want to and can live, stay, and raise a family.

We do that by investing in basic infrastructure—roads, bridges and broadband—and restoring state aid to cities and schools. Property taxes are killing Greater Minnesota. The DFL is committed to making sure that every community in our state has equal access to opportunity and a high quality of life regardless of property wealth.

We also create a thriving greater Minnesota by strengthening family farm’s ability to compete for fair prices. The State should support research and provide resources for value-added, farmer-owned enterprises - in renewable energy, green chemistry, manufacturing, and

food processing. The state should help farmers compete not just on price, but on quality, by marketing and making Minnesota Grown the standard for quality across the globe.

Above all, we grow prosperity in rural areas by helping our aging generation and holding on to the next. The average age of a farmer today is near 60, and we need to plan to pass on the tradition of farming to future generations. We should grow and support groups like Farm Beginnings to identify, train and provide seed capital for the next generation of farmers. And we should enact the Opportunity Minnesota Act which provides tax credits to young people who attend college in state and then return to their home towns to help pay off their student loans.

Instead of returning to the failed policies of the past, we should move ahead to a prosperous future. We should not play the same budget games and gimmicks that got us into this mess. Instead, we should balance the budget responsibly and fairly, keeping more money in middle class families’ and rural people’s pockets, and protecting the jobs that make up Minnesota’s middle class – jobs teaching our children, building our state, farming, and protecting our communities. ●

BUDGET

CONTINUED FROM PAGE 1

vowed to balance the budget without raising taxes. Attention will now shift to the Republican plan, expected to be unveiled in the coming weeks.

While budget concerns will rightly consume much of the legislature’s time, every legislative session features a half dozen or more noteworthy issues covering a whole variety of topics, many of which have a pronounced impact on rural Minnesota. This year is no different.

Among the 800+ House bills

and 500+ Senate bills introduced as of early March are bills to approve Sunday off-sale liquor sales, repeal Minnesota’s moratorium on the construction of new nuclear power facilities, provide alternative teacher licensure and require photo identification to vote. All have received a great deal of press and, if passed, will certainly have an impact on rural cities, counties and school districts. Add to the mix bills to redraw Minnesota’s congressional and legislative districts, and the all-but-certain introduc-

tion of Vikings’ stadium legislation, and an action-packed 2011 legislative session is well underway.

How the budget and other issues are resolved remains to be seen, but what is a certainty is that to avoid a special session, lawmakers must complete their work by the constitutionally-mandated deadline of Monday, May 23. Will they or won’t they? Stay tuned. For fans of the legislature, the action is sure to be entertaining. ●

Did You Know? Minnesota Demographic Facts

Minnesota is home to 855 cities. This compares to 947 in Iowa, 310 in South Dakota, 357 in North Dakota and 190 in Wisconsin, which is also home to 393 villages.

Minnesota cities range in size from Minneapolis, with a population of 385,378, to Tenney, with a population of 5.

Minnesota has 369 cities with a population under 500 and only three (Minneapolis, Saint Paul and Rochester) with a population over 100,000.

Minnesota cities are either statutory cities, primarily governed by Chapter 412 of Minnesota Statutes, or home rule charter cities, which operate under a local charter, or constitution.

The oldest city in Minnesota is Wabasha, founded in 1830 and named after an Indian Chief of the Sioux Nation, Chief Wa-pa-shaw.

Minnesota’s newest city, Nowthen, became a city in 2008 from the former Burns Township in Anoka County. ●

CENTER for RURAL POLICY and DEVELOPMENT

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.

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.

Rural Perspectives: *Tom Gillaspy – Minnesota State Demographer*



Q: How did you get to be the Minnesota State Demographer? How long have you held the position?

A: I was born and raised in Texas, and graduated from the University of Texas with a degree in Economics. I received my Masters and Phd in Economics from Penn State University and then taught at the University of Southern California. Los Angeles is too big a city for me so, I considered two other jobs. The first was to run the census for the Kingdom of Bahrain. This was as the same time as the Iranian hostage crisis; I took the other job as Minnesota State Demographer, a position I've held for 32 years.

Q: What is the timetable for the redistricting process?

A: Census data will come before the end of March by federal law. Those states that have to redistrict

this year get their data first. Minnesota has one month less to redistrict this decade than last because we moved up the date of the primary election by a month. By law, redistricting must be completed 25 weeks before the primary election. That makes February 21, 2012 the deadline. This in turn sets in place a short time limit for local governments to redraw their boundaries. The final outcome must be precincts that have a single ballot with a single slate of candidates.

Q: At what point does your office gear up for the reapportionment and redistricting process?

A: A lot of work takes place up front because our office continuously operates as the state's liaison to the Census Bureau. Our role starts four years before the census when we begin working with the Census Bureau to determine the best form for data to be compiled and assembled. Because Minnesota is home to many rivers, lakes and marshes, it is important to update boundaries and ensure block, precinct and legislative district data are accurate. We also provide periodic population estimates of legislative districts during the decade. This gives people an idea of where changes will be and how large they will be.

Q: Did the Demographer's office play a role in ensuring Minnesota maintained all eight congressional districts?

A: Yes, we mounted a substantial promotional campaign leading up

to the census to encourage people to fill out the census, particularly snowbirds. We want them counted here and not in Arizona. We also worked with new communities to the state and with people all over the state to promote filling out the census. With a decade between each census, many people forget what it is and how important it is. As it turned out, we got the last seat apportioned. By pushing hard on the promotional campaign, we were able to keep that seat.

Q: How does Minnesota's population growth compare with other states in the upper Midwest?

A: Minnesota experienced the strongest growth in the Northeast and Midwest parts of the United States with the exception of South Dakota. Over the decade, our population grew by 7.8 percent and South Dakota grew by 7.9 percent. Minnesota grew quite a bit faster than Iowa, Wisconsin and North Dakota, and our state and South Dakota have been the "growth stars" among Northeastern and Midwestern states for six decades. However, the nation grew by 9.7 percent with most of that coming from the south and southwest. Iowa lost a congressional seat, Michigan lost a seat, Illinois lost a seat, we are the state that has held its seats since 1960 and that's really rare in the Northeast and Midwest.

Q: What impact will redistricting have on rural Minnesota?

A: The southwest, western and northeastern portions of Minne-

sota grew slowest and contain the six slowest growing legislative districts in the state. When you get into corners of our state to draw legislative districts, you can't go into Canada or North Dakota to add people. Districts can only go one direction to expand outward. These corner districts will need to get bigger and that means you'll have larger amounts of territory covered than you do now which will result in a proportionate impact on political influence. As districts are drawn, some say we don't want our county split, others say if we split our county, we'll have two or more voices at the legislature. How do you draw communities of interest? What are the links between rural cities and how can you incorporate that into the decision making on how the boundaries will be drawn? There are many questions. ●

The CRPD is getting a new look!

The Center for Rural Policy and Development is getting an updated website and a new logo. Look for these and other changes on our website, www.RuralMN.org, coming in March.

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PAAP

CONTINUED FROM PAGE 1

and operate a fourth-generation family farm near Garden City in Blue Earth County where they raise corn and soybeans. The Paaps have two sons, Matt, 23 and Andy, 20 and hope to have a fifth generation take over farm operations in the not too distant future.

Paap is currently serving his third term as elected president of the Minnesota Farm Bureau, just the thirteenth president in the organization’s last 92 years. He served as Farm Bureau vice president from 1997 to 2005 and has been involved in the organization for

many years before that. Paap is a firm believer that rural Minnesota is a great place to grow up as a kid and raise a family. Working on the farm as a youth taught him the importance of agriculture and how Minnesota farmers literally help feed the world. “We learned about the importance of weather and other conditions beyond the control of farmers, all of which play a huge role in agriculture,” Paap says.

Life in rural Minnesota taught Paap other lessons, namely, the need to be involved in the affairs of the community, and to lend a hand and help others because neighbors will always be there to return the

favor. That is one of the many reasons he was a volunteer fire fighter for 28 years on the Vernon City Fire Department.

In addition to his Farm Bureau background, Paap is an active member of the corn and soybean growers’ organizations, past state president of the Minnesota Soybean Growers Association, a graduate of the first Minnesota Agriculture and Rural Leadership Program and a policy fellow at the Humphrey Institute for Public Affairs. In addition, also serves on the Alumni Board of the University of Minnesota - Waseca, where he earned a degree in crop production.

Paap believes the work undertaken by the Center for Rural Policy and Development plays a unique role in policy discussions at the Capitol. “Research conducted by the Center gives rural Minnesota a voice and an opportunity to help others understand many of the things that are different about rural communities and many of the things that are similar to larger cities,” Paap states. With that research, will better understand the unique challenges and opportunities we have in rural Minnesota — all that it is and all that it can be.”



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What's Inside

- Executive Director's Note:
Solving state's budget deficit focus of 2011 legislative session
- Board Member Spotlight: Kevin Paap
- 2011 Legislative Session Priorities for Rural Minnesota
- Rural Perspectives: Tom Gillaspay

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