



center for rural policy and development

Seeking Solutions for Greater Minnesota's Future

VOLUME XIII • ISSUE 3

FALL 2011

Executive Director's Note *Insights On the Future of Rural Minnesota's Economy*

by Brad Finstad



In his first inaugural address in 1933, during the depths of the Great Depression, Franklin Delano Roosevelt boldly exhorted forlorn and discouraged Americans that “the only thing we have to fear is fear itself.” Some 50 years later, in 1984 while running for re-election, Ronald Reagan’s campaign aired the classic “Morning in America”

ad which touted the strong economic recovery of the early 1980s as a basis to be optimistic about the future.

Both presidents sought to rally a disheartened American public and uplift our nation’s collective spirit and, if election results can be used as an indicator of success, both were enormously successful.

To be sure, the recession has negatively impacted both Minnesota and the nation in ways large and small for several years running, and economic recovery seems elusive.

However, despite the challenges facing our state – or perhaps because of them – rural Minnesotans are determined to persevere and remain cautiously optimistic about our economic future. This edition of the newsletter shares some of that insight, gathered by Yvonne

Simon, the Center’s Director of Outreach. Yvonne’s extensive travels this summer and fall and meetings with business, government and nonprofit decision makers (see accompanying article) have yielded important information about the direction of our state from these key leaders.

State Economist Dr. Tom Stinson also shares his insights on state finances and offers three reasons why rural Minnesota, despite the sluggish recovery, stands to experience positive economic growth in coming years.

While no one can know with certainty what economic conditions will be like in the fourth quarter of 2011, let alone 2012, what will remain constant is that the dogged determination of rural Minnesotans will remain strong, as it has since statehood. ●

Dr. Tom Stinson *State Economist Provides Rural Minnesota Update*



Dr. Tom Stinson is no stranger to the Center for Rural Policy and Development. He, along with Minnesota State Demographer Dr. Tom Gillaspay in a 2006 *Rural Minnesota Journal* article coined the term “ruralplex” to describe the networks of localities that exist in

rural Minnesota. In their critically acclaimed study covering a 30-year period from 1975-2005, they learned these ruralplexes largely performed stronger economically than the rest of the United States. Some ruralplexes in fact did better than the Twin Cities. (See the full article at <http://tinyurl.com/3jnu8w4>.)

Stinson believes what he and Gillaspay wrote then is still highly relevant today and that it is imperative to understand these ruralplex regions are quite different, and a one-size-fits-all public policy approach will likely not be successful.

Rural Minnesota is “a network of spatially separated neighbors,” Stinson says, containing concentrations of commercial activity, similar to neighborhoods in the

metro area. Over time, there will be a decline of separate shops and stores, as people’s buying habits change which will, in turn, lead to a continued concentration of business activity in regional centers. This doesn’t mean these smaller communities will die; however, the services they provide will change.

Regarding the general direction of Minnesota’s rural economy, Stinson states, “...it’s stronger than it’s been for some time and we can generally expect it to continue to do well.” Stinson lists four reasons for optimism:

- Agriculture commodity prices are high and are likely to remain high for several years. As a result, agriculture incomes will continue to do well.
- For central Minnesota and

Board Member Spotlight: *Amy Fredregill*



Though she never grew up on a farm, Amy Fredregill not only has strong rural roots, but has been deeply immersed in the development of rural policy for nearly fifteen years. The Sioux City, Iowa, native brings an impressive rural resume to her position on the Center’s Board of Directors.

After graduating from the College of Saint Benedict and working for a national nonprofit on energy and agriculture policy for a few years, Fredregill moved to the nation’s capital to attend graduate school at George Washington University. Soon thereafter, she landed a job on Capitol Hill working for the Senate Agriculture Committee where she helped assemble and implement the 2002 Farm Bill.

After an eight year stint at the Cooperative Network where she served as vice-president, Fredregill recently was named Executive Director of the Midwest Renewable Energy Tracking System Inc., a public-private-non-profit partnership of utilities, state regulators and nonprofit organizations that assists utilities in complying with renewable energy mandates.

Fredregill echoes a theme shared by many with experience working on rural issues, namely, the interconnectedness of rural and urban

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communities. “Agriculture is so important to both the rural and urban economies and serves as a catalyst for economic development across our state.”

Fredregill actively sought a position on the CRPD Board because she believes the Center provides the research and data analysis to help rural communities develop unique partnerships in agriculture, renewable energy, economic development and business opportunities for communities – including retaining young adult populations.

Despite state budget challenges, Fredregill is decidedly bullish on the future of rural Minnesota. “The vitality of rural small towns is very evident when you regularly see everyone wearing many hats; from coach to church board member to chair of the food drive and how it all comes together across our state. This is a rural characteristic that urban folks may not be aware of,” she notes. Given her background and experience, it’s likely only one of many rural perspectives Fredregill hopes to champion as a CRPD board member. ●

Taking the Helm: Rural Minnesota Youth and the Future

Latest Issue of Rural Minnesota Journal Coming Soon

Young people are the perfect candidates to be entrepreneurs, says Michael Nolan, director of the Small Business Development Center at Minnesota State University, Mankato, and a serial entrepreneur himself. According to Nolan, kids and young adults are full of ideas, and rural communities would be wise to encourage them.

Nolan, and a host of other writers have penned articles for the newest issue of *Rural Minnesota Journal* which explores the role of youth and young adults in rural Minnesota communities. Stay tuned. Center members will receive hard copies and online access of RMJ will become available the first week of November. ●

Board Member Spotlight: Wade Fauth



To describe the differences between rural northern Minnesota and rural Honduras as large would be, well, a large understatement says Wade Fauth, one of three new members recently appointed to the Center’s Board of Directors.

As a former Peace Corps volunteer, Fauth was stationed in a deep rural village in Honduras, one of

many rural locations across the globe in which Fauth has worked or been a visitor. In his Peace Corps stint, as well as for former employer Land-O-Lakes, Fauth’s travels to rural locales have provided him with a unique and, as he notes, “incredible” perspective on rural living in many countries.

In fact, Fauth’s entire career has been spent either working in rural settings or specifically on rural issues. It is critical, Fauth says, “that Minnesota has a center dedicated to rural issues and communicating those issues to a broader public that is more and more urban all the time.”

In his position as Manager for Land-O-Lakes, Fauth was responsible for implementing economic restructuring programs in the former Soviet Union, the Balkans and Latin America. He also served as

the Legislative Assistant for Agriculture for former U.S. Senator Tom Daschle of South Dakota.

At the Blandin Foundation, Fauth is vice president and director of the Foundation’s Grants program with responsibility over strategic planning, assessment and grant-making activities, which includes grants made to organizations and communities whose work focuses on rural Minnesota issues and concerns.

He is decidedly upbeat on the future of rural Minnesota. “Throughout the long arc of history, rural regeneration is a product of applying new technologies to existing natural resources. We’re in the midst of an incredible advancement and transformation in technology that rural Minnesota is well poised to benefit from.” ●

Did You Know? Facts on Pumpkins

- Pumpkins are grown on every continent except Antarctica.
- According to the University of Illinois, 90 percent of the pumpkins grown in the United States are raised within a 90-mile radius of Peoria, Illinois.
- Top pumpkin production states are Illinois, California, Ohio, Pennsylvania, New York and Michigan.
- One-third of the U.S. pumpkin crop is canned.
- Pumpkins are indigenous to the western hemisphere and were completely unknown in Europe before the time of Columbus.
- Pumpkin seeds dating back to 7,000 B.C. have been found in Mexican caves.
- Colonists sliced off pumpkin tops, removed the seeds, filled the insides with milk, spices and honey and baked the pumpkin



in hot ashes which became the origin of pumpkin pie.

- Eighty percent of the U.S. pumpkin production is available in October. ●



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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.

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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.

She's Been Everywhere

CRPD Outreach Director Yvonne Simon Hits the Road



This summer and fall, Outreach Director Yvonne Simon traveled the state, meeting with, listening to, and learning from both CRPD members and non-members alike. We recently sat down with her to catch up.

CRPD: You've had a busy summer and fall. What was the goal of your travel across Minnesota?

Simon: As Outreach Director, my job is two-fold. Update CRPD members on what projects we're doing now, as well as what's upcoming on the Center's schedule, but equally important, learn from them what issues are developing at both the city and regional level, and solicit their input on what issues should be researched in the future. The best way to undertake this type of fact-finding is simply get in the car and meet folks where they live. Secondly, I spoke to many prospec-

tive members about the mission, vision and values of the Center and how our research can be a strong value-added component to their organizations in the future.

CRPD: Where did your travels take you?

Simon: I met with stakeholders in over 35 cities across Minnesota, from North Branch to Ely in eastern and northeastern Minnesota; from Warren to Moorhead in northwest Minnesota and from Detroit Lakes to Redwood Falls in the north and west central part of the state.

CRPD: With whom did you meet?

Simon: A key goal of the trip was to learn from a very broad cross-section of policy-makers their successes, setbacks and challenges, and how, through our past, current and future research efforts, the CRPD may be able to help. I met with city administrators, owners of small and medium-sized businesses, city and county agency heads, economic development officials, non-profit managers, electrical co-ops, planning and zoning professionals, civic group leaders, utility companies, a solid waste company, a hospital, ethanol plant, telephone company and numerous elected officials, among many others.

CRPD: What were some of the

key concerns you heard?

Simon: There were literally hundreds, but the overriding concern was about the economy. Business owners are nervous about health care, the cost and potential impact of the federal legislation. If they hire employees, will they have to lay them off because they can't afford to pay health care premiums? Dealing with the regulatory burden, particularly from the federal Environmental Protection Agency was also high on the list.



Economic development experts indicated that in many cases, small towns have been able to persevere during the slump of the past several years, but worry that a continued economic slowdown will be hard to overcome. Government officials expressed concern about reductions in local government aid which could result in layoffs or in-

creased taxes.

CRPD: Unfortunately, it sounds like the overall mood was downcast.

Simon: On the contrary, just the opposite. In spite of, or perhaps because of the economic challenges, Minnesotans are remarkably upbeat and optimistic. Regardless of where I went, I found a strong can-do spirit. For instance, several city and county officials were exploring the option of consolidating their law enforcement departments; two counties had held brainstorming sessions on a possible merger and small business owners were experiencing increased orders and economic optimism.

CRPD: Based on your findings, what are the next steps?

Simon: There is clearly no shortage of solid ideas, and in the immediate term, the ideas generated from our outreach will provide the Center additional direction on future research topics. Looking farther down the road, our listening and outreach efforts enable us to better accomplish our mission, to be a trusted source of recommendations to advance policies that improve the quality of life in Greater Minnesota. ●

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the lakes areas, the increasing numbers of people seeking to live or retire here will drive demand for main street services.

- The outlook for northeast Minnesota and the Iron Range is optimistic with many large scale developments, including copper-nickel production and other ferrous mining activities poised to become operational.
- Overall, the resource-based economies of non-metro Minnesota are likely to do relatively well for the next 5-10 years.

Dr. Stinson believes there is room for growth in manufacturing in rural Minnesota. "One of the things that is going to be important 5-10-15 years down the road is the existence of a skilled, trained workforce, and rural Minnesota has long had a reputation of being a source of highly productive, well educated workers for the factory floor," he notes.

At the same time, Stinson expresses concern about demographic changes impacting the workforce. "We're going to have so many

people retire, and we won't have any growth in workforce until 2020 or 2030. If you're a firm, where do you get the workers you need to produce the products that are your bread and butter? It will require an increasingly skilled workforce that is increasingly productive. Firms will go to where there is a supply of skilled workers."

Stinson is certain about one thing; namely, that as Minnesota emerges from the economic slow-down, change will be a constant. "We're not going to go back where

we were in the late 90s or early 00s. What's normal is going to change. There will be a new normal. We don't know all the characteristics of this new normal, but we do know that labor is going to be a scarce resource, and to be competitive in the global economy, we'll have to be extremely productive which will require investments to improve quality control and quality of output." ●

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