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Interim

Minnesota House of Representatives

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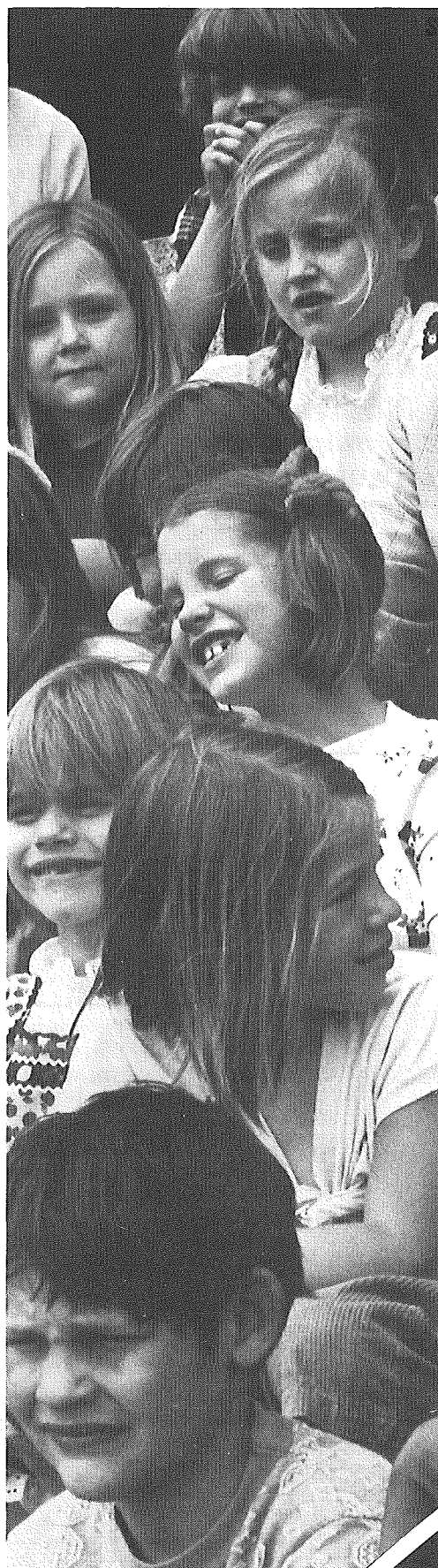
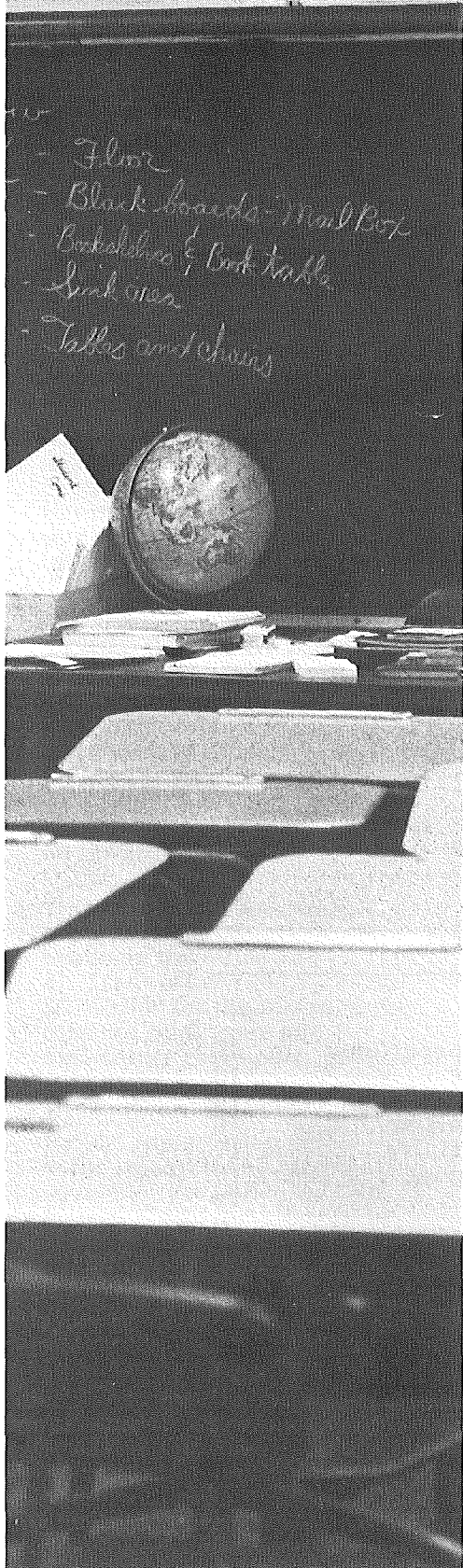
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Inside:
Interim committee
meetings and September
mini session

During mini sessions, committees have the power to act on bills just as they do during the regular session of the Legislature, hearing public testimony, recommending or rejecting proposed legislation. The mini session schedule is: Oct. 17-21; Nov. 14-18; Jan. 16-20; and Feb. 20-24. The Legislature reconvenes for the second part of the 1983-84 session on Tuesday, March 6.

"Interim," the Minnesota House of Representative's between-sessions magazine reports on mini sessions and other interim committee action.

And, because legislators also work on commissions, we give you a review-in-brief on commission meetings in each "Interim." This issue covers those meetings up to Sept. 17.

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This issue covers meetings since June and the September mini session.

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Agriculture

The new Minnesota Trade Office is the talk around the state since the governor's recent trip to Austria, the Soviet Union, Finland, Sweden, Norway, Denmark, and Iceland to try to establish Minnesota as an international marketing center.

Trade office organization

Earlier in the summer, the subcommittee on Agricultural Exports and Marketing of the Agriculture Committee, and the Consumer Affairs and Tourism subcommittee of the Commerce Committee heard a presentation on the organization of the Trade Office.

William Dietrich, assistant commissioner of agriculture, heads up the office and its staff of 31. Trade office funding totals \$6,655,000 for the biennium for international trade and agriculture commodity promotion.

Divisions of the Office include an Agricultural Trade Division and Export Information Office which is the research and information source for the Office, and an Export Finance Authority to administer a \$2 million fund for loan guarantees for small exporting companies.

The World Trade Center Study Commission, part of the Trade Office, will be a nine-member commission to review Minnesota's potential as a World Trade Center. The Center would act as a one-stop shop where foreign investors and buyers could learn about and make contacts with Minnesota firms.

Trade missions

Eldon Brustuen, from the Trade Office, told the subcommittee of an invitation to Taiwan to bring a trade mission to Minnesota in September, and the upcoming visit of a fact-finding team from Japan's Mitsui Company. Mitsui's visit would be phase one of development of an export presence in Minnesota. Brustuen said a recent trip to Taiwan and Japan resulted in a number of contacts and support from the two countries for a possible governor's trip in November.

Agricultural alcohol

Gas tax reductions of two cents per gallon until 1985, and four cents thereafter until 1992, on gasoline containing agricultural alcohol, and an eight-cent reduction for some bulk sale purchases, starting in 1984, are changes the 1983 Legislature made to provide an incentive for use of gasohol.

Carol Wawrzyniak, from the Department of Agriculture, reported the use of 42,000 gallons (as of June 8) since the governor, in March, issued an executive order requiring state cars to use the alcohol-blend gasoline.

Sept. 21, the House Agriculture Committee met to review current dairy legislation on several topics.

Recently, Minnesota adopted the United States Department of Agriculture's (U.S.D.A.) milk quality standards for manufacturing grade milk. The standards set requirements for herd health, cooling milk, milk quality, milkhouse or milkroom construction, water supplies, waste disposal and certification, and inspection of farms.

Bill Coleman and Daryl Piltz, Minnesota Department of Agriculture, Dairy Industries Division, reported on the progress of getting the milk quality program started.

Program on schedule

Coleman told the committee the program is on schedule. His office, along with Dr. Vernal Packard from the University of Minnesota and the U.S. Department of Agriculture, have put together a booklet on milk quality standards.

This booklet will go to every manufacturer and grade producer in the state as a guide for meeting milk quality requirements.

Coleman says his office is setting up a series of meetings around the state for field service people and producers to help them establish required standards on their particular operations. Piltz says the deadline for temporary rules for the investment reimbursement part of the program is Feb. 1, 1984. All producers on record as of July 1, 1983, will get a notice of availability.

Solids and protein

The committee also heard separate views on pricing on the basis of solids and protein.

Coleman says dairy companies in Minnesota pay a premium for protein and solids which functions as a bonus program. He says his department is not proposing any kind of legislation or changes in the current law to handle the payment system for protein and solids at this time.

Paul Christ of the Minnesota Association Co-op Dairy Committee (MAC) says, it's a belief of MAC that the payment system for protein and solids should reflect the technical reality of yields.

"The existing law needs to be modified to provide for uniform treatment," says Christ.

According to Christ, MAC has resurrected an old bill that the legislature considered in 1980 that permitted either protein milk pricing or solid non-fat milk pricing. Manufacturers could adopt either pricing plan in addition to the butterfat system that the state now has. The bill also requires applying a uniform differential for above-average or below-average milk on the basis of component tests.

Effects of stray electrical voltage

Robert Gustafson, University of Minnesota Agricultural Engineering Department, talked about some of the problems Minnesota dairy farmers are having with stray voltage from farm electrical systems lines. He says some problems are a result of faulty equipment or wiring on the farm and others occur off the farm because of poor ground connections along the primary distribution lines.

Gustafson says researchers have defined problems with stray voltage in three categories: animal sensitivity, physical equipment design and in electrical system areas. They've conducted one series of experiments with animals and are working on modeling a distribution system to set up wiring on dairy farms to eliminate stray voltage.

What's happening on federal farm legislation

Since Feb. 1983, the U.S. Senate and House have introduced 26 pieces of federal legislation to address the dairy support problem, says Lois Mack, legislative assistant to Senator David Durenberger for Agriculture and Rural Concerns. According to Mack, the bottom line in the July session of Congress was a combination of milk, target, and loan price freeze legislation.

She says there is a consensus in Congress that U.S.D.A. costs must go down, but the administration wants to continue the combination dairy, target, and loan freeze.

Mack says another area the country has to really look at is the agriculture appropriation legislation. The Senate Agriculture Committee cleared the legislation and the House Agriculture Committee now has it in conference. Appropriations run out as of Oct. 1.

Rep. Steve Wenzel (DFL-Little Falls) in his report on his trip to Washington D.C. said Congressman James Oberstar will add two amendments to Senator Rudy Boschwitz's compromise bill. The amendments will extend the paid diversion program that's in the Boschwitz bill from 15 months to 24 months. The second feature will allow farmers to participate directly in the referendum on the 15-cent mandatory checkoff.



Appropriations

Education Division

We are not graduating nearly enough students in the Institute of Technology (IT) to meet the state's needs," Dr. Ken Keller told members of the House Education Division of Appropriations during a Sept. 20 mini-session meeting.

Keller, vice president for Academic Affairs, University of Minnesota, appeared before the House division with a proposal for an Electrical Engineering Computer Science Building (EECS) at the Twin Cities campus.

Keller outlined the problems IT is now facing. He says University programs in computer science and electrical engineering have dropped in national rankings which has led to tremendous difficulty in attracting graduate students. However, undergraduate enrollment is growing and the University has not added faculty.

"We are bursting at the seams," says Keller, "not able to maintain classes, making it difficult for students to get the classes needed to graduate on time."

Science and engineering are top priority

Keller says the growth and development of computer science and electrical engineering are top priority in the University's long-range plans. He says doubling staff, creating competitive programs, and developing other activities that support computer science and electrical engineering, will help make both programs rank among the top 10 in the United States. But, he says, an extraordinarily important element to these goals is space, which is where the EECS building comes in.

New building would allow room for more faculty

In addition to the Departments of Electrical Engineering and Computer Science, the new building with a price tag of about \$56 million dollars will house the Micro Electronic and Information System Center, the Charles Babbage Institute, the Institute for Mathematics, and the new proposed Center For Large Scale Scientific Computing.

It's size will allow for additional faculty members, which the University considers one way to improve undergraduate programs. The preliminary design calls for 290,000 square feet. The University has targeted \$320,000 into this project.

Governor backs EECS project

Tom Tripplet, director, State Planning Agency, expressed the governor's opinion on the proposal. He said the governor views the EECS building as being a natural extension and follow-through with the technology education initiative the Legislature passed last session.

The governor will try to put in place a system that would target federal revenue sharing money (\$964,000) into the works drawing funds for the EECS building.

Appropriations divisions met during mini-session to hear about Federal Block Grants (see Health/Welfare) and plans from new education leaders (see Education).



Commerce/Economic Development

A discussion of the state's set-aside program for small business and SED businesses (businesses people who are socially and economically disadvantaged own) was on the agenda for the Commerce and Economic Development Committee Sept. 20.

Jim Weyandt, director of procurement, Department of Administration, gave the committee some background information on the small business set-aside program. He says when he came on board there were a total of about 316 qualified participants. Legislation at that time called for participation of small business at the rate of 20 percent. Last year because of the economic crunch, the number of certified vendors dropped to around 169. For better use of the program, the division started what they call Operation Outreach.

Northern Minnesota seminars attract vendors

Weyandt says the Department held six seminars to reach qualified vendors in the labor surplus counties in northern Minnesota to promote the geographical distribution of set-aside awards. Seven thousand invitations went out to possible participants. Of those, 700 people attended the six sessions. One-hundred and ten became certified, and through this continued effort there are about 400 certifiable participants today.

Babak Armajani, assistant commissioner of administration, says the Department went to the 20 counties in northern Minnesota because the U.S. Department of Labor just declared them labor surplus counties some six months ago. And a provision in the law allows the state to call any small business in one of the counties a SED vendor. Armajani says these business owners had no previous information about the SED program, while a lot of promotion of the program goes on in the Twin Cities area.

Law changed in 1983

Changes in the 1983 legislation increased the percentage of purchases the state is to set aside for small business from 20 to 25 percent and increased the percentage of set-aside awards to businesses that SED persons own and operate from 15 percent of the total small business set-aside to 24 percent. The law also gives the commissioner authority to adopt rules establishing a 5 percent preference for SED businesses.

Some committee members question the division's decision to hold seminars in northern Minnesota and not in the remainder of the state.

Weyandt replied that the division didn't send invitations or hold seminars in the surrounding areas because of economics.

"If we were to put on a blitz like that and go into the balance of some 67 counties, I think we would need an extensive budget and I don't think we would get near the participation," says Weyandt.

Information distribution

Rep. Randy Staten (DFL-Mpls), chief author of the 1983 set-aside legislation, says he is dissatisfied with the way the information about the set-aside is going out.

"We certainly don't want to give some vendors in some parts of the state," says Staten, "an upper hand in terms of knowing how to utilize the program and take advantage of the contracts six months in advance."

Staten says what we ought to have is an over-all scheme in terms of how we communicate the set-aside program, and how we best use the dollars we have available to us to communicate to as many people as possible in the state of Minnesota.

Weyandt says to comply with the law the state now has a new Advisory Procurement Council which will be identifying vendors.

The committee will discuss the "Buy Minnesota" law at its October mini-session meeting.

At a Sept. 22 meeting the Commerce and Economic Development subcommittee on License and Regulation heard an amended version of HF963 (Cohen, DFL-St. Paul).

Originally, HF963 empowered the Metropolitan Transit Commission (MTC) to regulate the operation of taxicabs in the seven-county metropolitan area. The amended version of the bill transfers this power from the MTC to the commissioner of the Department of Transportation (DOT) and the Transportation Regulation Board (TRB).

The bill's author, Rep. Richard Cohen, says the bill does one basic thing: terminates all municipal jurisdiction over licensing of cab services and fares. He says the bill is a step toward getting a better handle on the nature of cab traffic in the Twin Cities.

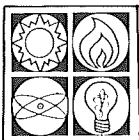
DOT to set rules

Under the bill, the DOT commissioner would prescribe the rules for cab service and safety, driver qualifications and the operation of cab companies. The TRB will set a maximum rate but no minimum rate for all taxicab operators. The bill sets a registration and application fee for each vehicle. The bill doesn't give the board or commissioner the authority to regulate traffic matters on streets or highways, including taxicab stands. This authority will remain with the municipality.

David Supornick, from the MTC, says action at this time to strike the MTC as the regulatory authority might be "a bit imprudent."

Commission looking at the whole picture

Supornick says the Legislative Study Commission on Metropolitan Transit is meeting to examine all facets of metropolitan transportation. He says until the commission makes its recommendations to the Legislature, the committee should



Energy

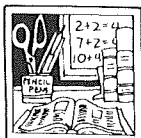
maintain the MTC as the regulatory authority and, then, base a decision on the commission's recommendation. Gene Ofstead, from DOT, is not seeking the transfer of this authority and has some serious questions about appropriateness of all the authority coming over to a state agency. He says metro taxi problems do exist, and the Legislature should probably do something, but the bill in its present form needs more work.

Citizens League recommendations

Brad Richards, a volunteer with the Citizens League, says the League agrees with the general idea behind the bill to establish an area-wide licensing system, encourage competition on the basis of price, and encourage more people to go into this business. The Citizens League report on taxicabs recommended that the Department of Public Safety could do some of the administrative functions, such as licensing and cab inspection.

Richards says there are several cities around the country that have tried transferring the regulatory authority of taxis to the metropolitan level, and in most communities it worked well. But the major issue in communities is the airport. He says you have to organize a special system of competition for airports.

People opposed to the bill say it will hurt small cab operations and will only help airport traffic.



Education

See page 24.

“These are things that have never been done before,” said Ken Dzugan, coordinator of Energy Park, an industrial, commercial, retail, and residential project the City of St. Paul and the St. Paul Port Authority began to consider in 1979.

July 21, House members serving on the Energy Committee went to the park to get a first-hand view of it as it stands so far. The park has a central location between St. Paul and Minneapolis business districts, close to air, rail, water, and road transportation routes, and is energy efficient. The complex uses a central energy plant, tinted glass, and earth sheltered buildings. The park will use 20 to 25 percent less energy than conventional systems.

Bandana Square, a group of retail shops to open soon, is in an old building, the Como Shops, an 1885 structure that originally housed a repair shop for rail equipment.

AHW Corporation, the Energy Park builder/renovator, hopes to construct 950 energy-efficient condominiums, a skyway system, and a 3,000 seat athletic stadium/skating rink.

We're trying to make sure there's as much cooperation as possible between utility companies and small scale power producers,” said Rep. Todd Otis (DFL-Mpls), chairman of the subcommittee on Energy and Economics.

“We want to know how much cooperation is going on, and the problems that may exist for small-scale power generators.

“It really is a serious issue. Some of the utilities have resisted cooperation with some of these generators who want to generate electricity for themselves, and sell excess back to the grid—the whole electrical power system. The small generators are legally entitled to do so at a decent rate. That rate is still up in the air,” said Otis.

The issue is cogeneration and it was up for discussion at an Aug. 3 meeting of the subcommittee.

Three areas which the Public Service Department has under investigation are: calculation of a rate that utilities pay small power generators for energy they produce; notice to customers regarding PUC (Public Utility Commission) deliberation on establishing reasonable rates; and whether or not the restrictions which utilities place on cogenerators are reasonable.

Otis says the subcommittee may take up the issue again early in 1984 to find out if there have been improvements in relations, and about any problems that continue to exist.

During mini-session the committee met with the Regulated Industries Committee Sept. 19 to hear industry leaders speak on natural gas pricing (see Regulated Industries). The Energy Committee also met with the Financial Institutions Committee Sept. 20 to review residential mortgage financing (see Financial Institutions).



Environment & Natural Resources

“How clean is clean enough when you're talking about chemical contaminant spills?” Sandra Gardebring, executive director of Minnesota's Pollution Control Agency (PCA), asked members on the Minnesota House Environment Committee Sept. 20. The agency is putting together an advisory group to draft a cleanup policy to answer that question as it relates to PCB (a manufactured chemical substance) spills.

PCB spills in St. Paul schools and a food preparation building triggered recent controversy over the role of the PCA in cleanup. Some questions are: “Are the rules too stringent?” “Are the cleanup methods too costly?”

“Although state and federal governments regulate the manufacture, use, and possession of PCBs, the regulatory programs do not adequately define the

criteria the agency should use in PCB cleanup," Gardebring said.

"It's impossible to determine specific levels of cleanup because each spill is unique and requires its own method of handling, which the PCA determines according to the approach to cleanup the agency developed."

PCBs in air and water

In her testimony, Gardebring told members the manufacture of PCBs took place from 1929 to 1977. Because PCBs resist decomposition and act as a flame retardant, they were good as a coolant in oils of heavy electrical equipment, and in a wide range of other products, such as adhesives, upholstery materials, ironing board covers, paints, fluorescent lights, and soaps.

The chemical stability of PCBs became a concern to environmentalists and health specialists, especially once scientists began discovering them in the environment in the late 1960s.

The U.S. Environmental Protection Agency (EPA) estimates that of the 1.4 billion pounds of PCBs the United States produced, over 150 million pounds are now in the nation's air and water. The EPA also estimates that 90 percent of the population has at least trace levels of PCBs in their bodies.

Cost versus health

In PCB cleanups, Gardebring says the agency tries to balance cost factors against public health issues. To evaluate and clean up spills she says the PCA uses three different approaches or a combination of them:

- Health Risk Approach—setting cleanup criteria at levels which would not present a health risk
- Background Approach—restoring the affected area to the pre-existing condition as nearly as possible
- Performance Approach—cleaning to levels which those cleaning can accomplish effectively and efficiently, following with an assessment of the remaining amount of PCB, and actions to alleviate the problem such as sealing to cut off pathways of human exposure.

Superfund

"Superfund is working," Gardebring said of the 1983 hazardous waste cleanup law. "Successes in cleanup are many."

Gardebring said Superfund is bringing in companies which are willing to work out cleanup agreements. Within a week of the bill's signing, FMC Corporation began negotiations on the Fridley site, which was one of the worst hazardous waste sites in the nation according to the EPA. Another agreement between the PCA and 3M resulted in the cleanup of the Oakdale disposal site at a cost to 3M of over \$6 million.

These and other agreements have brought over \$300,000 to the state's superfund, and more negotiations are underway.

How PCA responds

Gardebring said the agency created a Site Response Section which has two divisions: the Responsible Party Unit which works on sites where responsible parties are available and ready to do the cleanup work; and the Superfund Unit which handles cases when the PCA can't find a responsible party and must seek federal or state superfund money.

The Superfund Unit is also involved in cases when the responsible party won't cooperate in cleanup efforts.

This summer's hot weather, after a wet fall in 1982 and cool and rainy spring in '83, produced a large mosquito crop in the state and the possibility of an outbreak of Western encephalitis, said Dr. Michael Osterholm of the Minnesota Department of Health at a Sept. 22 meeting of the Environment Committee. As a means of prevention, the Department used malathion to kill *Culex tarsalis* mosquitoes, carriers of the encephalitis virus, he said. Health Department officials were at the meeting to talk about the Department's recommendation to use the chemical.

Encephalitis causes inflammation of the brain and may result in permanent brain damage, retardation, paralysis, or death. A 1941 outbreak resulted in 1000 cases of the disease, and over 100 deaths.

When Colorado's Center for Disease Control in mid-August reported finding the virus in mosquitoes from Minnesota, the Department decided to spray malathion in 40 counties (280 communities), covering 60 percent of the state's population and 1000 square miles.

Beekeepers report damage

Minnesota has no confirmed cases of Western encephalitis in humans but has some irate beekeepers who lost bees as a result of the spraying. According to Art Mason from the Minnesota Department of Agriculture, 3,504 bee colonies were in the spray area—1.75 percent of the cultivated bee population.

The state program to protect bees needs improvement, but, Mason says, "There wasn't much we could do except notify the beekeepers."

Health Department spokesmen say malathion has had wide use and has minimal impact on humans and the environment.

“We're running out of land, and out of resources. It's senseless to continue throwing away our resources," says Rep. Kathleen Vellenga (DFL-St. Paul). She's author of HF683, legislation that would call for a five-cent deposit on any carbonated beverage container, whether the container is glass, metal, or plastic, and require retailers to charge consumers the deposit and repay the refund value.

"How many jobs will this legislation cost?", "Will deposits clean up the roadsides?" opponents argued at a Sept. 22 meeting of the House Environment subcommittee of the Environment & Natural Resources Committee and the Senate Environment Protection subcommittee of the Agriculture and Natural Resources Committee.

Jobs versus cost versus environment

Passage of the bill, says Danny Bryant from the Teamsters, would mean loss of sales, loss of taxable income, and loss of jobs. As the alternative, Bryant says he supports the current voluntary resource recovery program.

"We support a clean environment," says Bernard Brommer from the AFL-CIO, "but don't single out products to tack deposits on to. Is the jobs trade-off worth it?"

Cost: a two-sided question

Countering arguments of expense to retailers and consumers of putting the program into action, Rep. Darby Nelson (DFL-Champlin) pointed out the high cost of a land fill, site acquisition, leakage into ground water, loss of land productivity. "Cost," he said, "is a two-sided question."

Environmentalists at the meeting see the bill as a measure to help clean up the environment, conserve on natural resources, and create jobs in the recycling, retail food, and transportation industries.

According to Nancy Grimsby, from the League of Women Voters, "The volunteer effort isn't working."

The subcommittees will continue to hear the issue at later dates.



Financial Institutions & Insurance

"Housing finance is not going to look anything like it used to look—not the financing or perhaps even the housing itself," said Mike George from the Mortgage Bankers Association of Minnesota.

George gave a history of residential mortgage financing in this country with an explanation of current developments. He told the House Energy and Financial Institutions Committees that there are so many fundamental changes occurring in the real estate finance business that it's hard to keep up with the developments and new trends in how we finance housing.

The old days

Before the 1920s the primary real estate lenders were individuals—relatives helping out a young family member. Farmers would form Building and Loan companies to pool their money to purchase land. But the company would dissolve when borrowers repaid all the loans. After the Civil War, when the midwest needed money for new land, mortgage bankers would correspond with the eastern banks to make loans. Loans were short term then, and renegotiable every 3 to 5 years.

The 20s brought a big real estate boom. Land values that appreciated at up to 50 percent per year caused wild speculation. Then the market crashed, values plummeted, and banks failed.

After the crash

In the 30s the government created agencies to insure loans and back up the banks so people would take money out of their mattresses and put it back in circulation again, George said. We used that structure for housing finance for the next 30 or 40 years, he said.

In 1934 The National Housing Act created the Federal Housing Administration (FHA). FHA provided, for the first time, 20 or 30 year fixed rate mortgages so a borrower wouldn't need to renegotiate every few years. Lenders were willing to make FHA loans because the government insured them.

"FHA revolutionized housing finance in terms of the way loans were made, the kinds of loans made, who made them, and the people who could now afford them," George said.

Then in 1938 the government created the Federal National Mortgage Association (FNMA "Fannie Mae"). Fannie Mae could buy FHA and later VA mortgage loans from S & Ls. In 1944 the federal government created the Veterans Administration (VA) that added VA guaranteed loans to this structure. But, because of the depression and war, people weren't buying homes. The country didn't test the system until 1946.

The 50s and 60s

After the war FHA and VA financing built whole cities in the post war housing boom. Most of the capital came from people's savings, with savings and loans

institutions (S & Ls) as the primary lenders, banks and insurance companies as major lenders. Mortgage bankers handled some of the loans and sold them to insurance companies and other investors. This was the basic system of the 1950s and 60s.

Conventional loans required a 20 percent down payment by law, and were uninsured. Lenders said they couldn't compete with FHA or VA on those terms so they created a private mortgage insurance company in the 50s to insure conventional loans, too.

In reaction to the speculation of the 20s, the government had passed laws regulating the amount of interest banks could pay depositors. That group of laws is known as Regulation Q. When inflation was only about 1 percent in the 30s an interest rate of 2 or 3 percent could attract savers.

Then, in the 50s the government borrowed millions of dollars and sold high interest government securities to pay it back. People took their money out of banks to buy the securities. Now banks and S & Ls didn't have money for housing loans which created housing industry recessions. The term for this economic situation is "disintermediation"—when people move their money out of banks and into other investments such as government bonds.

Finding money for housing in the 70s

"As we move into the 70s the system begins to crumble and the government began to respond to that," George said.

The federal government began a major restructuring of the housing finance system of the 30s. They created the Department of Housing and Urban Development to handle new housing legislation and programs.

In the 1970s Congress allowed S & Ls to pay 1/4 percent more than banks to attract housing money. States changed the usury laws they had passed in the 20s so banks could now afford to lend money. For example, Minnesota's usury law required lenders to charge no more than 8 percent on loans. But they needed to pay up to 7 1/2 percent to attract deposits. The banks couldn't afford to make loans.

States had exempted FHA and VA loans from their usury laws. Banks still made those loans when interest rates climbed above 8 percent. But, they didn't want to make conventional loans usury laws still held at 8 percent. In 1976 Minnesota passed the floating usury law. Interest rates went up, but banks made conventional loans again.

States started housing finance agencies (HFA) to get money for house loans. The agency sells tax exempt revenue bonds. Although the bonds offer a lower yield, people buy them because they're tax exempt. The state uses that money for low interest mortgages. In Minnesota the HFA targeted those low interest loans to low and moderate income people.

Secondary mortgage market

Other federal legislation created the Government National Mortgage Association (GNMA "Ginnie Mae") and later the Federal Home Loan Mortgage Corporation (FHLM "Freddie Mac"). Ginnie Mae provided mortgage backed securities. A lender turns a million dollars worth of loans into a GNMA approved and guaranteed security that the lender can then sell to investors. Investors can put money into mortgages the same as any other market investment. "Ginnie Mae revolutionized the capital delivery system for real estate," George said.

Those three Federal agencies are the main actors in the secondary mortgage market: Fannie Mae, Ginnie Mae, and Freddie Mac. Their purpose is to attract new money and facilitate the flow of capital into housing finance in a variety of ways.

Deregulation

The federal government's decision to allow six-month money market certificates at the same rate of interest as six-month treasury bills certificates in 1976, caught S & Ls in a situation where they could offer certificates to attract deposits with interest rates competitive with government bonds. However, those interest rates were higher than the law allowed for loans.

"You don't pay 12 percent on deposits and earn 8 percent on loans very long and make it up on volume," George said. "S & Ls almost went under, and it got

worse when money market mutual funds made money market certificate rates available to the small investor. Money poured out of banks and into those funds"

Then Congress passed the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) of 1980. The main purpose of DIDMCA was to phase out all controls over interest rates banks could pay on deposits. The Federal Home Loan Bank Board also changed regulations to provide for a variety of new mortgage finance instruments for S & Ls. With deregulation people demand market interest rates for their investments. "There's a price to pay. If we get market rates for investment, we have to pay market rates for the money we borrow," George said.

Where does the money come from?

Mortgage financing is no longer a local business. Local savers' money is not enough to finance local home loans. The design of legislation in the 70s was to gain access to more money for housing.

Public and private pension funds are the biggest source of money in the country. But regulations have only recently permitted pensions to invest in real estate financing, and mortgage-backed securities investments have made pension funds interested in investing in mortgages.

George said future passage of federal Trusts for Investments in Mortgages (TIMS) legislation will give broader latitude for investment by private pension funds.

Because pension funds have to invest at market rates borrowers have to pay market rates, to access those funds. Deposit money comes into banks in six-month deposits and other short term investments. So, lenders aren't willing to offer a 30-year fixed rate loan. "What if you have to pay investors more interest next year to keep money coming in?" George asked.

Alternative mortgage instruments

The regulations to allow new mortgage instruments brought S & Ls and banks back into mortgage financing. The new mortgage instruments bridge the gap between what banks need and what borrowers need, George said.

S & Ls now offer Adjustable Rate Mortgages (ARM), Graduated Payment mortgages (GPM), Graduated Payment Adjustable Rate Mortgages (GPARM), Growing Equity Mortgages (GEM), and loans with balloons. The purpose of ARMs and balloon payments is to keep lenders from paying more interest on deposits than they're earning on mortgages. Lenders adjust the interest rate (or for balloons, renegotiate) every few years.

GPM loans help first-time borrowers to get into the housing market. The amount of monthly payments starts low and increases over time. GPARM loans combine the features of adjustable rate mortgages and graduated payment mortgages.

Into the 80s

Mortgage financing has changed dramatically in the last few years. The time when people saved money in the local bank, which then invested their money in the local community, is over. It hasn't been a local market for years and it will be less so in coming years, George said.

A borrower may still contact the local bank for a loan. The bank services the loan but sells it to the secondary mortgage market. The secondary mortgage market turns such loans into mortgage-backed securities that they sell like money market instruments in the secondary market.

The system has survived and adapted to changes in the economy so that financial institutions finance housing by accessing non-traditional sources of money for housing money.



Governmental Operations



General Legislation & Veterans Affairs

Vietnam veteran exposure to dioxin in the form of Agent Orange got legislator's attention Wednesday, Sept. 21 in the Veterans Affairs and Miscellaneous Legislation subcommittee of the General Legislation/Veterans Affairs Committee.

Committee members viewed "Agent Orange: A Story of Dignity and Doubt" a film independent film producer Jim Gambone produced in 1981. Following the film, Jerry Bender, state agent orange director, gave committee members a glimpse of the presentation he conducts around the state informing veterans' groups of Agent Orange contamination and its effects.

Bender says it's difficult to determine the extent of exposure to Agent Orange veterans had in Vietnam because of inaccurate records on where the military used the chemical to defoliate jungle and farm land, and the varying methods of distribution.

It's safe to say being in Vietnam exposed veterans to the chemical, says Bender, but whether or not there is a direct link between exposure and some health problems such as birth defects or psychological stress remains unproven. Studies on its affects are underway. But at a state level, Bender sees his mission as informing veterans of the possible exposure risks and encouraging them to seek medical attention for any suspected health problems—whether from Agent Orange or from what the veterans administration calls Post Traumatic Stress Disorder (PTSD), the effects of the entire Vietnam experience.

The House Personnel and Administration subcommittee of the Governmental Operations Committee met Aug. 16 and reviewed provisions of the new AFSCME (American Federation of State, County, and Municipal Employees) contract. They also heard testimony on options for flextime and got an update on the jobs program child care provision. And Patric Herndon, assistant director for the Equal Opportunity Division of the Employee Relations Department reported on the state's affirmative action progress.

Mark Shepard, House legislative analyst, reviewed the bargaining agreement between the state and Council 6, AFSCME, which represents about 60 percent of state-represented employees. The agreement, retroactive to July 1, 1983, includes a 4 percent across-the-board general wage adjustment for all units, increased shift pay differential, and increased vacation accrual rates.

Flextime

The subcommittee heard reports, too, on the use of flextime in state government. Michael Hatch, commissioner of commerce, presented the issues that caused problems for his department. Problems relate to arrival times for employees on flextime schedules, prompt return of phone calls, and the hours when the department takes calls.

"I've worked out a proposed schedule with AFSCME to allow employees to use flextime within the range of 7:30 a.m. (arrive half hour early) to 5:00 p.m. (leave half hour late), if supervisors are available," said Hatch.

Advocates of flextime recommend continuing and exploring other ways of meeting the needs it takes care of. Grace Harkness, chairman, Governor's Task Force on Families (1978-79), says, "Flextime tends to reduce stresses on families and eases rigid employment attendance standards. It would be unwise to cancel flextime."

Child care for MEED workers

Barbara Beerhalter, commissioner of Economic Security, said her department is researching child care concerns to help provide child care for workers in the Minnesota Emergency Employment Act (MEED) program. She says single parents who receive AFDC are not top priority for the state program because they're eligible for the federal job training program.

Joe Smargia, MEED program coordinator, says the program's intent is to provide child care wherever needed. The program can provide child care, said Smargia, without a set percentage of the job program funds.

Affirmative Action update

The greatest disparity in state employment is in employment of handicapped persons, Herndon told the subcommittee. He said the state sets affirmative action goals and ideals for areas of the state. In areas where no specialized skills are needed, the state looks at the percentage of minorities in that area. If areas don't meet goals, they must provide justification. Herndon said money the Legislature appropriated last session helped reduce employment disparity, but pay inequities occur between classes of workers, and the Division needs more money to remove remaining inequities.

Subcommittee continues the next day

The subcommittee continued their meeting Aug. 17 to discuss the Administrative Procedures Act (APA); Legislative veto; future of the state telephone system; State Employee Assistance Program; procurement issues; and offices of the Secretary of State.

"There's been a lot of innuendo, a lot of comments made about the Administrative Procedures Act (APA) and people keep saying we've got to fix it, but nobody is saying what's wrong," said Duane Harves, chief hearing examiner.

Since adoption of the APA, state agencies have requested exemptions from the Act, so in

1980, the Legislature added amendments to APA, one of which allowed adoption of rules without a full public hearing. However, an agency must hold a hearing and may be effective for another 180 days if the agency

Legislature allows more exemptions

In 1983 the Legislature allowed more exemptions from the normal procedures. These included total exemption from APA procedures and authority to adopt temporary rules. These temporary rules are effective for 180 days without a hearing and may be effective for another 180 days if the agency gives notice of the extensions.

"The state of Minnesota Executive Branch Agencies adopted more rules in less time and cost as a result of this non-controversial process," said Harves"

Kathleen Burek, executive director, Legislative Commission to Review Administrative Rules (LCRAR), said her commission is making a study of administrative rule-making and is working with state agencies and persons concerned with administrative rules to determine how rule-making should work and what it should cost.

Ray O'Connell, Minnesota Association of Commerce and Industry (MACI), said that MACI believes the APA is working well. He suggests the subcommittee might want to look at the use of policy statements by state agencies and requiring state agencies to give further publicity to proposed rules.

Legislative vetoes

In response to the U.S. Supreme Court decision striking down the use of legislative vetoes on the federal level, committee members heard comments on how this decision may affect Minnesota.

Mark Shepard, House legislative analyst, presented a memorandum on legislative vetoes which says the Minnesota Constitution governs lawmaking procedures and the U.S. Supreme Court decision is not binding on the state. However, the decision's important because it could influence our courts to construe

the Minnesota Constitution to prohibit legislative vetoes, Shepard said.

Burek told committee members she believes the U.S. Supreme Court decision will have little real impact on the activities of the LCRAR.

Telephone deregulation

A 1980 ruling by the Federal Communications Commission (FCC) will deregulate the state's telecommunication services, including the telephone. And that will affect Minnesotans, Clinton Lomis, director of the Telecommunications Division, Department of Administration, told the subcommittee.

"The State is a large user of telecommunication services and is consequently greatly affected by the settlement for the anti-trust suit brought by the Department of Justice against AT&T," said Lomis.

What the future looks like

"The changes will cause a dramatic increase for local calls, and long distance rates are predicted to go down," says Lomis. "Competition will increase in the telephone industry and customers will have to assume many new responsibilities regarding telecommunications services.

"It's very difficult," he says, "to determine design for state telecommunications as a result of divestiture and deregulation."

Bell companies will divide telephone services into three segments: (1) local services or the dial tone line, (2) equipment on the dial tone line and maintenance criteria, and (3) long distance. Customers can expect to do business with more than one company and each will bill separately for the services they give.

State Employee Assistance Program

Warren Gahlon head of the State Employee Assistance Program (SEAP) gave a thorough report of the history and data of SEAP. Executive orders by governors Perpich and Quie established SEAP to work with state

employees whose personal problems, or other problems, interfere with their work performance. The program provides free diagnostic, counseling, and referral services. It also offers training for managers, supervisors, and union stewards on how to use SEAP effectively.

SEAP has a staff of six persons with an annual budget of \$182,600. It is available to about 30,000 state employees and their dependents. During fiscal year 1983, the program served a total of 36 departments of state government. Future plans include adding a full-time counselor to the staff. Gahlon expects the office case load to increase to 1300.

Constitutional officers

Representatives from the offices of the State Treasurer, Secretary of State, and the State Auditor, came before the subcommittee to discuss functions and responsibility of each department.

The State Treasurer's Office is responsible for fiscal management of funds in state accounts in various banks around the state and accounts for all money that goes into and out of those accounts.

The Secretary of State's Office has five functional divisions, each with its own responsibilities: Business Services Division; Commercial Code Division; Elections Division; Financial Operations Division; and the Administration Division.

The State Auditor's Office makes financial and compliance audits of about 300 local government units a year.

Robert Mattson, state treasurer, recommends combining all three departments under a new Office of Comptroller-General.

Mattson says the Office of Comptroller-General would be an elected constitutional officer who would serve on the executive council with the Lieutenant Governor, the Attorney General and the Comptroller-General. Presently the council consists of the Governor; Lieutenant Governor; Attorney General; Auditor; Treasurer; Secretary of State; and Commissioner of Administration.

The committee postponed action on Mattson's proposal.

State purchasing evaluation study

The subcommittee also looked at an evaluation study of the state's purchasing process which the staff of the deputy legislative auditor, program evaluation division conducted. The study suggests that state processing of small purchases is too costly and recommended the state raise the local purchase authority from \$50 to \$500.

Five constitutional officers, and a staff of 25, make up the State Board of Investment. With the help of a 17-member advisory council, the board's responsible for investing \$6.5 billion in public employee retirement funds, Executive Director Howard Bicker told members of the House Governmental Operations Committee Sept. 20.

"A project underway," said Bicker, "is establishing and reviewing the board's long-term asset mix of the \$3.2 billion basic retirement funds for active employees. Those funds comprise the bulk of the assets the SBI controls."

Recommendations of the Investment Advisory Council

Bicker told the committee, council recommendations include investments of 60 percent in common stock (shares in a corporation), 25 percent in fixed income (interest on bonds and cash equivalents), 10 percent in real estate, 2.5 percent in resource funds such as oil and gas, and 2.5 percent in venture capital (financing for rapidly growing businesses in early stages of development).

"This isn't a normal asset allocation for a public fund," said Becker, "but it is a normal asset allocation for a good corporate pension plan. We hope it'll be one of the better pension plans in the United States."

Bicker explained that investments in common stock usually provide a maximum rate of return, and fixed income provides good investment returns and a de-inflationary hedge. Both tend to be less risky, while investments in real estate, resource funds and venture capital diversify the portfolio and provide a hedge against inflation.

Plus the asset mix recommendations, the council recommends that external managers, which the SBI hires to manage funds, account for investment of a greater share of the funds. The council further suggests certain management styles or methods of investing the funds to get a maximum rate of return with the least amount of risk.

External management will expand

According to Bicker, external managers will eventually manage 100 percent of the basic retirement funds. Though the SBI has been monitoring its new external managers since hiring them in January, Bicker said it's really too early to evaluate their performance to date.

To the questions about SBI investments in Minnesota, Bicker responded that much of the money goes out of state. Investments in local firms tend to go toward out-of-state

investments, and the SBI, Bicker says, has a statutory responsibility to invest prudently to provide the best returns to beneficiaries. However, the board has invested money in special Minnesota projects over the last two years.

Changes the board will ask for in the upcoming session, said Bicker, would allow the co-mingling of bonds and SBI authority in the futures market.

Committee hopes to take up unemployment compensation issue

According to the chairman, Rep. Fred Norton (DFL-St. Paul) the full committee will take up the unemployment compensation issue possibly in January or February. Norton said discussion may include outstate hearings.

"Our five biggest customers," said Nancy Abraham of the Information Services Bureau (ISB) in the Department of Administration, "are Public Safety, Revenue, Welfare, Finance, and Transportation, which comprise about 80 percent of our business." In an overview of ISB before the Personnel & Administration subcommittee on Sept. 21, Abraham said the statewide computer network consists of 1100 computers which provide a criminal justice network and services to people who work in counties, public safety, revenue, corrections, highway patrol, natural resources, and state hospitals.

ISB works with other agencies

Abraham said ISB accomplishments include: guidelines for other state agencies to set up systems; resolving the high employee turnover rate; setting up a training information center; strengthening advisory groups; setting up internal automated systems; and assisting the 911 emergency system.

Other projects include: encouraging department and agency long-range planning making it easier to access the central data base; providing an inventory of what information is available at ISB; making sure staff has the necessary tools to do

their job; ensuring the computer hardware is easily accessible and reliable—at a reasonable cost: providing cost effective phone service; communicating with other states and the federal government.

Financing ISB

According to Abraham, the state spends about \$30 million on computer services, about half of that is through the ISB "revolving fund." The Department sets rates for its services and bills its customers rather than relying on full funding through the Legislature.

As to its part in the legislative process, Abraham says the Department prepares requests for state agencies. The request then goes to the Department of Finance and to the governor. The request becomes part of the governor's budget request, which the Legislature then approves for funding. The Department must also approve any agency purchases.

By November 1, we'll have 4,000 formerly unemployed people on the job," Joe Smargia, state coordinator of the Minnesota Emergency Employment Development Act (MEED), told lawmakers on the House Governmental Operations subcommittee on Jobs Creations and Unemployment Issues. Smargia reported at a Sept. 22 meeting, on the \$71 million jobs bill the Legislature passed last session.

According to Smargia, the Department of Economic Security, one of the departments which has a hand in getting the job's program in motion, expects to put over 12,000 Minnesotans back to work through the program.

Despite low applicant turnout in Hennepin County, Smargia says much of the state has gotten the word on private and public jobs for eligible applicants who are out of work and not getting any other form of assistance or unemployment payments.

Over 14,000 have applied

So far, the department has over 14,000 applicants, statewide, for public jobs to put workers on the state's payroll or in public-subsidized jobs with private employers. Smargia said his

hopes are to employ 60 percent of those getting jobs, in the public sector, and 40 percent in the private sector.

One problem the department is having is alerting businesses to the program. "In the past few weeks," said Smargia, "I've gotten a lot of business response, but there are businessmen telling us they haven't heard of it, and if they have, they often misunderstand it."

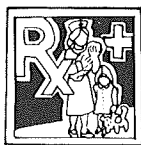
Private sector to learn about the program

Addressing legislator's concerns about getting the private sector to provide jobs, Smargia said the department is launching a campaign using brochures and a media blitz to bring the program to the attention of the private sector.

Smargia said state employment administrators are also working with local chambers of commerce and meeting individually with businesses to explain the program's economic benefit to employers.

Smargia said the program is to put money in people's pockets, but money will also go toward developing the private sector and the possible long-term jobs it can provide.

Smargia will report back to the subcommittee in October's minisession with an update on response from the private sector.



Health & Welfare

Block grants from the federal government for community services, and alcohol/drug abuse and mental health got legislators' attention Sept. 20 at two meetings reviewing block grant proposals.

The Health, Welfare and Corrections Division of the Appropriations Committee heard Barbara Beerhalter, Department of Economic Security commissioner, outline the plans for \$3.96 million in federal funds available Oct. 1, 1983.

"The monies are allocated under a formula basis to local community action groups," said Beerhalter. "The law says we must gradually achieve equity funding, where every part of the state will get funds based on its poverty population."

Some communities get more funds

Because some community action agencies applied for funds earlier than others, they get more money. But each year the law allows for formula adjustment so eventually the distribution of funds will be equal, said Beerhalter.

Some communities, such as suburban Hennepin County and Dakota County, don't have approved community action agencies to administer the grants and, therefore, must get funding out of non-committed money only, instead of the 90 percent of the grant set aside for agency grants.

"The purpose of the federal and state community services block grants are to try to identify and correct the causes of poverty around the state," said Beerhalter.

In addition to federal and state block grant money, community action groups get local government funds and private contributions. Transfer money from the low-income energy assistance program will also go into the block grant funds, but don't have to follow the allocation formula.

At a second meeting, the division met with the Health/Welfare Committee to hear the Department of Public Welfare's (DPW) update on the Federal Alcohol and Drug Abuse Mental Health Block Grant Program.

Like the community services federal block grants, the drug/alcohol and mental health grants require public legislative hearings before funds are available for spending in July, 1984. Release of funds follows the same allocation formula to community action agencies.

"Federal requirements mandate how the department divides the money between services," said assistant DPW commissioner for

mental health Margaret Sandberg. "Mental health funds must go only to community mental health centers, and the chemical dependency funds must be split among alcohol services, drug services, and prevention and early intervention services as specified under law," said Sandberg.

Nursing home legislation gets review

Committee members also heard an update from Maria Gomez and Frank Giberson of the Welfare Department on nursing home rate legislation that passed last session.

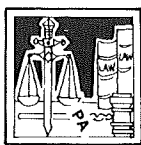
"The Department's been forcefully stating and restating its position on the equalization aspect of the legislation," said Giberson referring to the 1976 law requiring nursing homes to charge the same rates for private-pay residents as the reimbursement rates for Medicaid residents.

"We've also put together a group to resolve specific cases of potential equalization law violation," said Giberson. "So far we've conducted a number of investigations, and the threat of investigation has had some deterrent effect on nursing homes moving toward unfavorable positions."

Giberson also said the Department's considering legislation that would require decertification for homes no longer accepting Medical Assistance residents and therefore terminating their Medical Assistance provider agreements. These homes would then have to apply for state recertification and fall under the certification moratorium.

Maria Gomez told members the Department will complete retroactive permanent reimbursement rates by Oct. 20, 1983, and permanent Rule 50 by April 1984. Once the Department determines permanent rates, homes may appeal the rates within 60 days.

The Health/Welfare Social Services subcommittee heard a presentation on out-of-home placement of children in a joint meeting Sept. 19 with the Criminal Justice Division of the Judiciary Committee. See page 21.



Judiciary

On July 19 the House Criminal Justice Division of Judiciary met with representatives of law enforcement agencies to discuss peace officers' powers and duties. "There are many misconceptions in law enforcement about one's authority," says Mark Shields, executive director, Peace Officer Standards and Training (POST) Board. "The issue is very real and widespread."

"We are here to respectfully request you, the policy-makers to clarify for us, once and for all, the perimeters of peace officers' authority," Shields told the committee.

Authority questions

According to Shields, the issues which have presented problems for peace officers are the authority to make arrests and carry firearms statewide on or off duty, and determining who is responsible and liable for their actions in such circumstances.

Shields reviewed current legislation and pointed out loopholes in the existing law. Other law enforcement agencies testified for new language to clarify peace officers' authority.

The Minnesota Chiefs of Police Association (MCPA) and the Minnesota Sheriffs Association (MSA) proposed some legislative changes for the committee to look at that would more specifically define powers of people the POST Board has already licensed.

Public Testimony Continues

At a July 26 hearing, Jerry Bridgeman, of the Minneapolis Federation of Police Officers, spoke for the Minneapolis Police Department on the problems of peace officers' authority. The Department feels peace officers in Minnesota should have statutory authority throughout the state—able to make arrests and carry their weapons statewide—on or off duty.

"We think it's utterly ridiculous that any police officer stand across an imaginary line or any real line, and watch a crime being committed, and say 'It's not within my jurisdiction. I'm not going to take any action.'"

"I believe police officers are on duty 24 hours a day. Simply going home and taking off the uniform, doesn't relieve us of our responsibilities," says Bridgeman.

Opinions differ among law enforcement officers

The position of the Minneapolis Police Department doesn't agree with that of the Sheriffs Association or the Chiefs of Police Association who feel officers should intervene in deadly force and felony situations only when they are life-threatening.

Holland Laak of the MSA says, "Concern should be directed toward what liability door would open if peace officers are given full statutory responsibility, versus narrowing it to deadly force and felony situations that are life-threatening." His views favor correcting the joint powers agreement which doesn't exist in some parts of Minnesota.

Community standards differ

Spokesman for the MCPA, Melvin Kilbo, is concerned about statewide statutory power in view of community standards that vary from one community to another.

"Each community sets its own standards of enforcement," Kilbo says. "Whether right or wrong, there's a certain standard set. These standards are important to the successful prosecution of events, and to public reaction to the police department."

"I think each police department runs, to a large extent, on the support of the public and public opinion that it generates. If an outside person comes in to enforce a particular law in this municipality or county, he may be doing so in a very narrow perspective, he may not be aware of the community standards that are being applied to a particular law and as such, may create quite a problem in a particular community."

"These standards are important to successful law enforcement and should be borne in mind if we are going to give each officer statutory enforcement power throughout the state," says Kilbo. The committee planned to resume public testimony after the POST Board states its position.

"C rime doesn't pay but it sure has been profitable to a number of people," Holland Laak from the Minnesota State Sheriffs Association told members of the House Criminal Justice Division of the Judiciary Committee at an Aug. 16 meeting. "For more than 22 years," Laak said in support of stronger Minnesota laws as he reviewed the Racketeering Influence and Corrupt Organization Act (RICO), "I've watched people become rich, independently rich, by their criminal activity. "Over that period of time we, in fact, arrested them only to interrupt them, or inconvenience them slightly with a prosecution, and in some cases a few months in jail," said Laak.

U.S. adopted RICO in 1970

The United States adopted the first piece of RICO legislation as a federal act in 1970 through the Organized Crime Control Act. Since then, the federal courts have used the statute extensively. RICO laws simply take existing criminal offenses and change the penalty. The courts may use it against any organized criminal activity.

According to Richard Hodsdon, special assistant to the state attorney general, typical RICO legislation consists of three key definitions: 1) enterprise: an activity, a group, an individual, partnerships, or corporations who participate in some sort of activity; 2) racketeering activity which Congress defines as a list of federal or state felony crimes that have a connection with organized criminal elements; 3) a pattern of racketeering under the federal law consists of at least two acts of racketeering activity.

RICO criminal provisions list four ways people can break the laws: 1) investing and using funds that come from a pattern of RICO

activity to operate or help operate an enterprise, 2) buying a pattern of RICO activity or maintaining an interest in an enterprise, 3) operating an enterprise as a RICO activity, and 4) conspiring to commit any of the other three acts.

Taking the profit out of crime

Some commentators herald the criminal forfeiture provision as the most important or powerful tool in RICO legislation, Hodsdon said. This provision says those that engage in criminal activity can lose the property that's associated with the crime to the government.

"One purpose for this is to take the tools of the trade away and take the profit out of the crime," says Hodsdon.

Civil provisions of RICO laws grant government the authority to prove an illegal activity exists and get an injunction to shut down the illegal operation.

Victims get help

Another part of the RICO civil provision is damage relief. It allows innocent victims of a RICO operation to sue the operators. Depending on the success of their lawsuits, individuals can receive as much as three times the amount they lost, plus attorney fees.

The Criminal Justice Division plans a series of hearings on the RICO concept because of concerns about the line between civil and criminal law and the problem of getting proof of criminal action.

The Criminal Justice Division heard issues on out-of-home placement of children. See page 21.

House file 900 (Ellingson, DFL-Brooklyn Center) came before the subcommittee on Judicial Administration Sept. 21. The legislation would allow persons signing certain legal documents, to sign and certify them as true under penalty of perjury, instead of signing in the presence of a notary public.

"The practice is taking place more often," said Fred Morrison, professor at the University of Minnesota Law School. "District courts in Washington D.C. don't

use notaries at all, but rather declarations under penalty of perjury, which means, 'I certify that all the above is true under penalty of perjury.' It eliminates the need to take documents to notaries on many fairly simple transactions," he said.

"Notaries do perform other functions," said Morrison. "The legislation would rid them of the mechanical function of acknowledging some documents and enhance the value of their other functions," he said.

Mr. Michael Flanagan, from the Minnesota State Bar Association, recommended that legislators amend the bill to provide for notarization of documents affecting real estate and wills.

The subcommittee will take up HF900 again at a later date.

A surviving spouse could inherit more money under a proposal the Law Reform subcommittee of the Judiciary Committee discussed Sept. 21.

Jack Davies, Professor at William Mitchell Law School and former state senator, presented two bills to add to the Uniform Probate Code. SF1023 (Merriam, DFL-Coon Rapids) changes intestate succession so that a surviving spouse with minor children would inherit all of the first \$50,000 of the estate. "Intestate is the 'will' the state makes for you if you die without one," Davies said.

Raymond Reister, a Minneapolis probate and trust attorney, explained, "The theory behind giving the spouse with minor children all of the first \$50,000 is because s/he has to keep the family going until the children are grown—family finances are just extremely difficult after the death of a spouse."



Labor-Management Relations

The bill also defines and limits who gets money if close relatives are hard to find; states that the inheritor must survive the decedent by at least 120 hours to be an heir; defines "heirs at law" to mean heirs at the time the deceased drew up the will; and addresses the problems that happen when the spouse "elects against the will".

Gene Olsen, representing the State Bar Association, said that the bar is preparing an opinion on SF1023. The bill involves a value judgment on how most people want to dispose of their property, because most people die without writing a will, he said. Olsen asked the committee to wait for more testimony and careful consideration before acting on the idea."

Davies also reviewed SF1025 (Peterson, R., DFL-Wyoming), which proposes an informal probate procedure for succession without administration. Davies said this would allow the person who takes care of a decedent's business before death to continue in that role after death. For example, adult children caring for a senile parent's business could become the universal successors after their death by assuming liability for taxes, debts, claims, and distribution to heirs.

Olsen again said that the bill needs a closer look to see if the change is necessary. Duke Addicks from the Banker's Association agreed, saying that bankers are concerned about payment to creditors under the bill. And Bill Holm, a Brooklyn Center attorney, said the probate judges and the Real Estate Council will want to review and offer suggestions on the proposal.

Efforts to put the revised workers' compensation law into effect continued through the interim in meetings between labor and industry commissioners and the House Worker's Compensation Division of the Labor-Management Relations Committee.

Steve Keefe, commissioner of the Department of Labor and Industry, presented revised disability schedules and said he's seeking comments on the schedules from a variety of groups including the Workers' Compensation Advisory Council. The Medical Monitoring Panel, set up to watch over the medical profession and its fees, is not yet underway because of affirmative action rules and the makeup of applicants for the panel, according to Keefe.

The Department is busy drafting rehabilitation rules and rules of practice. Keefe reported that rehabilitation expenses in Minnesota average one-third lower than in Wisconsin.

Mediation offers great help to citizens with workers' compensation problems, according to Gail Dixon, director of Mediation Services for the Department. Dixon hopes to speed up the mediation process by scheduling mediation within one week of the initial contact. Efficiency of the system will increase with familiarity, said Dixon, and the division hopes to use teleconferencing mediations to further streamline the procedures. (See Sept. 22 meeting)

During the last legislative session, Rep. Janet Clark (DFL-Mpls) introduced HF470, a bill that would allow handicapped employees in sheltered workshops the right to collective bargaining.

Clark delayed action on the bill and decided to study the working conditions of sheltered workers during the interim. The study is underway in the House Labor-Management Relations Committee. On Sept. 19 the committee listened to public testimony on sheltered workshops to determine needs for improvement.

Supporters of sheltered workshops urged legislators to review programs and explore problems of sheltered workers and look toward methods to correct the problems.

Many people testified in support of HF470. Many feel it would give sheltered workers the right to participate in the decisions that concern the conditions of their employment. Others suggested establishing a union to improve communication between management and workers.

Issues that surfaced as problem areas for sheltered workers were grievance procedures, job benefits, disciplinary problems, contract bidding, time study procedures, rate of pay, safety, layoff procedures, new fields of work, and other means for workers to present grievances.

The committee will continue to hear public testimony to decide if HF470 will help improve working conditions of sheltered workers or whether to propose another bill to help adjust the problems committee members hear in public meetings.

Steve Keefe, commissioner of the Department of Labor and Industry gave the House and Senate committees on Workers' Compensation an update Sept. 22 on the way the Department is putting 1983 workers' compensation legislation into action and on department rule making.

Department of Labor and Industry workers' comp rules

Keefe handed out the Temporary Workers' Compensation Permanent Partial Disability Schedule Rules and said it was important to publish them so there could be time to make changes and get input from the public and the Attorney General's office before the old rules expire Jan. 1. The Department will hold a hearing on these rules Nov. 4 all day.

Keefe complimented the Minnesota Medical Association on the time and talent they offered and said he believed that Minnesota's new disability schedule is "the best in the country." The agreement will have "at least the grudging support of both the Medical and Chiropractic Associations" because of careful medical terminology on back injuries in the schedule, Keefe said.

The Department needed to remind and assure doctors who helped write the schedules that the schedules do not interfere with treatment. Their only purpose is to translate permanent, partial disability into the arbitrary dollar amounts the law awards for such disability. Whether the person's disability continues and what medical treatment s/he gets is strictly up to medical judgment, Keefe said.

Medical monitoring panel

Appointments for the medical monitoring panel will be complete by Oct. 1, as the Workers' Compensation law requires. The panel will review doctors' charges and care in workers' compensation cases, and can disqualify doctors from accepting workers' comp cases.

The Department is current on other rule-making, Keefe added. They published rehabilitation rules and scheduled all day hearings Sept. 23. They also have an early draft of proposed joint rules which explain procedures for filing claims. The Department is writing rules jointly with the hearing examiners so all rules on deadlines, forms, etc. will be the same.

Administrative hearings on discontinuances

Under the new law an employer must first have a hearing in the Department before cutting off payments to an employee. Keefe said this procedure results in about 50 percent immediate settlements, either through a job offer to the worker, or through an agreement on the employee's rehabilitation commitment. Through experience at the discontinuance hearings the Department discovered that settlement is much more likely when the employer is present and when the insurance representative is prepared to make a settlement. Keefe said he thinks they can greatly improve the percentage of settlements through voluntary compliance and cooperation from insurance companies.

Expansion and personnel

Keefe showed an organization chart of the new personnel structure the Department developed to handle workers' compensation. He explained the new positions and named the people who fill them. The Department is expanding and workers will complete renovations soon. The departments that have a lot of public contact will now be near the elevators, Keefe said. Appropriations for expansion were in the Workers' Compensation bill.

Insurance verification system

The Department needs to track down uninsured employers and require them to buy insurance. The present method we use is inefficient, Keefe said. The Insurance Rating Association also wants to find uninsured employers to sell them insurance. Keefe said they've worked out a deal to use the Association's sophisticated computer system and their data for free. The Department will, then, just need to purchase their own terminals. "This will free up a number of employees to investigate tips on uninsured employers," Keefe said.

State Fund

The State Fund is essentially a state funded insurance company that offers workers' compensation

insurance plans to employers. The State Fund, which may be an alternative to private insurance company plans, now has a board of directors. The board has hired a general manager, Andrew Meuwissen, for the fund, who is selecting a staff and a computer system, Keefe said. The new manager has said they can possibly start selling Workers' Compensation insurance in March of 1984, ahead of the proposed July 1 start-up date. The fund's new manager was formerly risk manager for Peavy Company and very highly respected in the industry, Keefe said.



Local & Urban Affairs

The Local and Urban Affairs Committee on Sept. 20 heard two pieces of legislation, one on Anoka County bond sales, and the other on remonumentation which means restoring land markings on Minnesota's section boundaries.

HF1153 (Simoneau, DFL-Fridley) would authorize the Anoka County Board to issue \$9 million in bonds to pay for purchase, improvement, and construction of libraries. The legislation would allow the board to levy a tax of up to 3/4 of a mill on certain property in the county to repay the principal and interest on bonds, and limit the total amount in bonds outstanding at any one time to \$5 million.

The bill got committee approval, and will go before the full House when session begins in March.

Author explains remonumentation bill

In testimony on HF1055, author Virgil Johnson (IR-Caledonia) told the committee monuments that first marked section corners after the United States public land survey, which began in Minnesota in 1847, were of local materials—such as oak posts, earth mounds, rock piles or metal stakes. Many of these markers are now gone.

According to Johnson, the bill would insure proper remonumentation of all of the U.S. public land survey monuments in Minnesota.

"The reason this is so important," said Johnson, "is that all of our legal descriptions of land are based on physical measurements. The original survey laid out townships, and then broke those pieces of land into smaller ones. Re-establishing these points would make land surveys easier to perform, more accurate, and less costly."

Deed taxes would fund the program

Under the bill, counties would be responsible for records, preservation and re-establishment of monuments. Proceeds from deed taxes, which now go to the state's general fund, would go to the Land Survey Account to fund the program. Total cost would run about \$7 million, and expenditures beyond one year would depend on revenues from the tax.

The Governmental Administration and Structures subcommittee of Local and Urban Affairs will take up the issue again during the October mini-session.

Representatives of local governments, at a Sept. 21 meeting of the State-Local Fiscal Affairs Division of the Local and Urban Affairs Committee, told members they aren't happy with the 1983 revised local government aids formula, which didn't provide for the growth in aid it has in the past.

According to Louis Honebrink from the Minnesota Association of Townships, changes resulted in the loss of about half of most townships' budgets, and 286 townships lost all of their local government aid.

"Townships didn't levy any more taxes than they had to," said Honebrink, "and they're suffering for it now. It seems you have to spend money to get money."

Per capita aid varies

Pointing out differences in the amount of aid to different cities, Howard Nelson, from the Association of Small Cities, questioned the disparity.

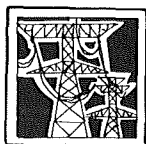
"The average aid per capita in Minnesota is \$77.68," Nelson told members. "Minnetonka gets per capita aid of \$35, Roseville gets per capita aid of \$18, while their neighbor, Minneapolis, gets per capita aid of \$150."

Another example Nelson cited was the difference in per capita aid to two neighboring cities: Leonard—\$25, and Leonidas—\$404.

Legislature set to restore aid cuts

A \$3.5 million shortfall in the local aids appropriation the Legislature approved last May was another setback to over 300 communities. The governor and the chairmen of the House and Senate tax committees have already pledged to restore the local aid cuts in the next legislative session to prevent residents from paying higher property taxes.

The subcommittee will continue the hearings on the effects of the 1983 Local Government Aids formula during the interim.



Regulated Industries

In joint meetings of the Regulated Industries and Energy committees Sept. 19 and 21, representatives from the natural gas industry outlined the history of gas pricing and changes in federal pricing policy they'd like to see.

"For years we got a premium fuel at a bargain basement price," said William Poehling, vice president of supply at Northern Natural

Gas. "Then came the National Gas Policy Act (NGPA) in 1978, designed to encourage conservation, exploration, and competition with other energy forms.

"Very few people could have predicted how fast all these objectives were met. We've seen dramatic consumer conservation," said Poehling. "Some of the factors leading to our current oversupply are double-digit inflation, the recession, and the decline in world oil prices which has caused competitive fuel prices to fall and thus become competitive with natural gas prices."

Drilling investments hurt producers

Some natural gas producers are going bankrupt, said Poehling, because they anticipated high production rates and rising gas prices and invested heavily in drilling that just isn't needed because of the oversupply and soft natural gas market. Raising natural gas prices would put the natural gas industry out of business because it is currently competing for consumer dollars with alternative energy sources.

For the first time in 11 years Northern Natural Gas will not ask for a rate increase, and Northern is taking steps to keep prices down, said Poehling.

Wally Mattson, gas utilization manager for Northern States Power (NSP) which provides gas to 228,000 Minnesotans in 64 communities, said NSP is also taking steps to keep prices down.

"NSP has intervened and participated in every general rate increase filing by our two pipeline suppliers, Northern Natural and Midwestern Gas Transmission Company," said Mattson.

NSP's activity in an ad hoc group of 15 natural gas distributors, the Northern Distributor Group, also keeps prices down by presenting a united position with their chief supplier, Northern Natural.

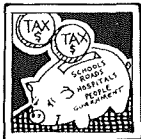
Regulations should stay on some supplies

Government shouldn't totally deregulate old gas, or gas that suppliers bought before 1977, because the price to consumers would have to go up, said Mattson.

Minnegasco, Minnesota's largest natural gas distributor, agrees with continuing regulations on old gas, but wants Congress to continue deregulation of gas pricing, according to Minnegasco's Director of Government Relations Carl W. Cummins.

Jim Smith of North Central Public Service and Darrell Bunge and Linda Thrane of the Minnesota Petroleum Council also encouraged committee members to support national efforts against the deregulation of old gas.

Natural gas pipeline companies want release from "take-or-pay" clauses in gas-purchase contracts which require them to pay for large quantities of high-priced gas at the wellhead even if they don't need it. Gas producers, transporters, and distributors entered into take-or-pay contracts when natural gas was in short supply and high demand, said Poehling.



Taxes

The Department of Revenue presented a review of '83 property tax law changes to the Tax Laws Division of the Taxes Committee Sept. 20 with an update on problems the Department experiences in administering the changes.

Dennis Erno, assistant commissioner of the Department, told the committee that although last session's tax bill (HF1259) did not make sweeping fiscal changes, it did create extensive changes for those who must put the law into effect and make it work. "Every aspect of Minnesota property tax laws changed in one way or another."

Methods of valuing property for credit

Under HF1259 percentages and limits on homestead and farm homestead credits changed. The law also changed credits under the State Agriculture School Credit Program which includes

property tax bills of farms (homestead and non-homestead) cabins and timberland.

The importance of the farm homestead changes, according to Erno, is that the tax no longer ties into the value of the farm. For example, now, the state will pay 29 percent of the farmer's property tax bill on the buildings and the first 320 acres for homesteads, rather than paying a percentage of the assessed value of the house and 320 acres. The law also changed non-homestead farms, cabins, and timberland credits to a percentage of the property tax rather than assessed value.

"The point of these changes," Erno said, "is that persons with high tax bills will get more relief through the Agricultural School Credit because the credit is tied to the tax you've had to pay rather than the value of the property."

Property tax refund

Two significant changes to the property tax refund for homeowners and for renters happened, Erno said. Instead of figuring their property tax by taking 23 percent of the rent they pay, the state will now use the renters' share of the landlords property tax in determining refunds. So, people renting in high tax areas will get a bigger refund than people in low tax housing. The law entitles homeowners and renters to at least \$120 more in their tax refund than a year ago.

The law also made some changes in the percentages that determine the assessed value of homes, farm or business properties.

Notice for change in value

Last session the Legislature enacted a one-year delay in applying the law requiring assessors to use rental value in determining the value of tillable farmland for property tax purposes. Therefore, 1984 property farm tax still depends on market value. This caused some problems for county assessors who must send a new notice to farmers about this change and must change the records back to previous assessments which they based on market value, Erno said.

Wetlands credits

Mike Wandmacher of the Revenue Department reviewed the changes in wetland credits and exemptions. The reason the law exempts wetlands from property tax is to keep farmers from draining wetlands. The purpose of the law change is to avoid exempting those wetlands which owners could not drain even if they wanted to, or those which they most likely would never drain because the cost would be greater than buying usable land.

Wandmacher listed the lands no longer exempt and explained actions county assessors must take to administer the changes. Wetlands no longer exempt are woody swamps containing shrubs or trees, wet meadows, streams, rivers, floodplains and river bottoms. Also, no longer exempt, are wetlands in a state or federal water bank program, land the Minnesota Department of Natural Resources designates as protected waters, and wetlands on which the state or federal government hold easements.

Department spokesmen completed their review with an explanation of the statements and settlement procedures for property tax funds, policy changes in homestead treatment of multiple-use property, and application procedures and process for class 3cc (disabled), residential and farm homesteads.

The Tax Laws Division of the Taxes Committee announced the formation of three permanent subcommittees: The Property Tax System subcommittee—Rep. Linda Scheid, Chair; The Property Tax policy and Administration subcommittee—Rep. Lona Minne, Chair; The State-Local Fiscal Affairs subcommittee—Rep. Ben Gustafson, Chair.

The Property Tax subcommittee heard spokesmen for the Department of Revenue and Dr. George Karvel of St. Cloud State University present basic background of some sales ratio studies in two meetings Sept. 20 and 22. The Department also outlined for the committee the methodology and administration of the new sales ratios.

A sales ratio is the relationship of the assessor's value of a property to the market price. (For example, if a house sells for \$50,000 and the assessed value is \$50,000 the sales ratio is 100.) The purpose of the meeting was to discuss changes the Department is making in creating these ratios.

The Revenue Department determines sales ratios and uses them for many purposes. One major use, for example, is for equalization of state aid in the school aids formula.

Article 2 of the '83 tax bill told the Department of Revenue to adjust their method of determining sales ratios. And because "creative" financing plays a critical role in pricing property, the Department needs to consider financing terms in figuring out the sales ratios.

The Department hired Dr. Karvel as a consultant to help them develop the revised Certificate of Real Estate Value (CRV).

Committee Chairman Randy Kelly (DFL-St. Paul) brought his proposal (HF1333) before the Economic Development Division of the Taxes Committee for discussion on Sept. 22. The bill's purpose is to encourage increased Minnesota export sales through tax credits.

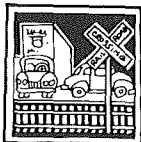
HF1333 would offer Minnesota tax incentives similar to Federal DISC (Domestic International Sales Corporations) legislation. The bill attempts to encourage exports by lowering taxes on export income.

Legal problems with tax incentives

Joel Michael, a House legislative analyst, explained DISCs and reviewed for lawmakers problems in finding export tax incentives that don't violate the General Agreement on Tariffs and Trade (GATT), a trade treaty the United States has with a number of European countries and Japan.

William Dietrich, the governor's special trade representative, outlined the governor's recent actions and ideas to increase Minnesota's foreign business and asked the committee to wait for the governor's complete plan before moving on any foreign trade legislation.

A letter to Kelly from the U.S. State Department stated that this country's GATT trade agreement doesn't allow the proposed tax subsidies in HF1333. The State Department says if states pass tax incentives, other countries under the GATT treaty might retaliate by changing their tax laws. Kelly said he may have the committee take up the bill again later.



Transportation

"If you look at all the bridges the state system owns right now, they receive work only once every 25 years under some kind of contract," said Gene Ofstead, Department of Transportation Liaison for the Department of Transportation.

"We feel that between the money you've furnished and the program we've managed that we've been able to get a good head start on not having a large number of deficient bridges crop up on the major routes," said Ofstead.

Speaking to the Transportation Committee Sept. 21, Ofstead talked about the problems of repairing potholes and damage on bridges, and the cause of such deterioration.

Ofstead said salt is the major cause of damage to bridges and bridge decks. Salt penetrates the surface and erodes imbedded rebars (metal bars that hold the bridge together). When the bars rust, the metal expands to seven times its normal size and breaks the concrete surrounding it, causing potholes and cracks. It's the same problem parking ramp owners have, says Ofstead.

There was not an identifiable problem in Minnesota until 1970, but the tremendous growth in commuter traffic and extensive winter maintenance with salt and sand caused the deterioration. Also, design concepts when the state built many bridges called for thinner bridges with the rebars buried shallow, said Ofstead.

Research brings a solution

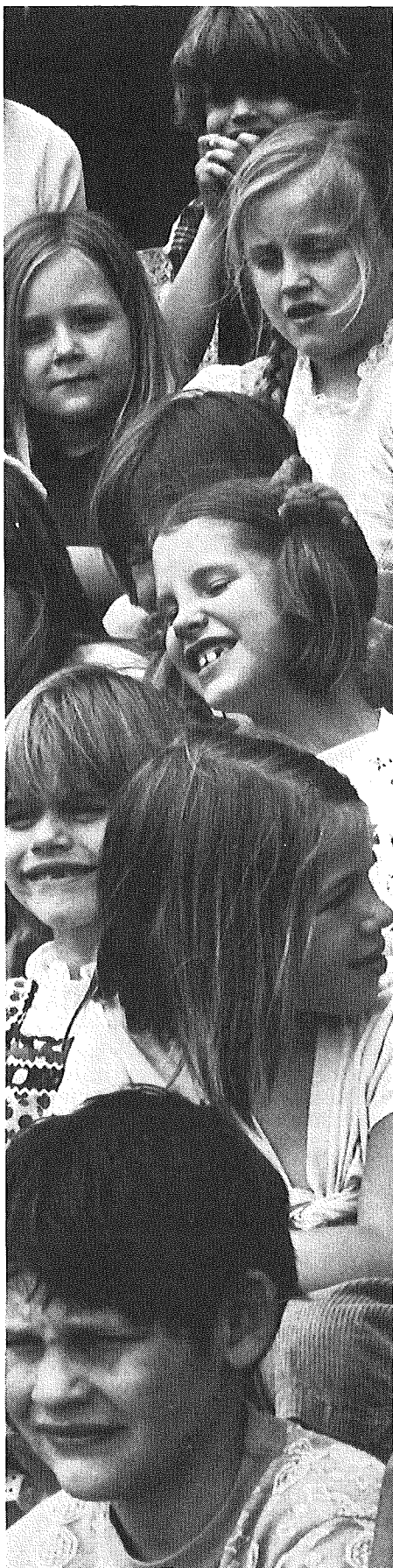
Five years of research to resolve the problem brought a solution Ofstead believes will keep the bridge decks healthy for 20 to 25 years. Basically the solution is to keep the salt from getting to the steel by applying a concrete overlay, imbedding the steel bars farther into the bridge, or coating the bars with epoxy to prohibit rusting.

The bridge deck protection policy from the Department proposes new or replacement bridges, epoxy-coated rebars, and a special concrete overlay for heavily traveled bridges; epoxy bars and a thicker deck for moderately traveled bridges; and a thickened deck for low traffic bridges.

For bridges over 30 years old, the Department will wait for reconstruction or replacement. For those severely damaged, but less than 30 years old, the Department will replace bridge decks, remove surface concrete, and put down overlay for bridges less-damaged.

"The process of cleaning out the damaged areas and applying a concrete overlay is \$10 per square foot," said Ofstead, "but the cost to replace an entire bridge deck costs \$25 per square foot."

Ofstead says the Department hopes to complete all reconstructive interstate mainline bridge work in 3 to 4 years.



Out-of-home placement

Out-of-home placement of children is an interim study topic of the Criminal Justice Division of the Judiciary Committee, and the Social Services subcommittee of the Health and Welfare Committee. The committees hope to set up a general policy on out-of-home placement procedures.

Getting some grasp on numbers and characteristics of children in placement, and on methods and location of placement, is no easy task, according to Kerry Fine, a House research analyst. Fine testified Sept. 19 before a joint meeting of the House Criminal Justice Division and Social Services subcommittee.

The system of placing children is very complex, says Fine. Placement may be necessary for delinquency problems or for reasons of child abuse and neglect. It may be permanent or temporary, voluntary on the part of parents or social service agencies, or court-ordered.

Because placement takes place at the county level, Minnesota's 87 counties allow for wide variations in placement methods.

Placement: agencies and courts

Social service agencies and juvenile courts placed 25,000 children in 1981, and according to Fine, that includes 15,000 to

16,000 placements in residential facilities in the state and about 8,000 in foster families. Of placements, 43 percent were court-ordered, and 57 percent were voluntary. More boys than girls go through placement, particularly for correctional purposes: 14 percent of them are minorities.

Types of placement facilities for juveniles include: juvenile correctional facilities, corrections group homes, residential treatment centers for emotionally disturbed children, hospital psychiatric facilities, hospital chemical dependency facilities, welfare group homes for housing of children who are dependent/neglected, facilities for the mentally retarded, and facilities for the chemically dependent but not in association with hospitals.

Length of stay can vary according to the facility, as can the cost per day—which ranges from \$20 per day in a corrections group home, to a minimum of \$211 per day in a hospital psychiatric unit. Total estimated cost of placement to the state, counties, insurance companies, and parents, according to Fine, runs about \$186 million (average cost per day times average length of stay times number of residents for each type of residence).



Ryan Kelly, son of Rep. Randy Kelly (DFL-St. Paul) visited his dad at work during the September mini session.

Counties prefer foster homes

Janeen Rosas and Bill Richardson, Assistant Hennepin County attorneys, testified that counties prefer to place children in foster family settings. However, that option has limitations. Rosas says there's a shortage of foster homes in the county; placing within the family is sometimes difficult because there may not be a competent relative; or the child may be disturbed, making it difficult to find a proper setting.

As an alternative to removing children from their homes, Rosas said she would like to see legislation allowing the removal of offending parents in cases of neglect and abuse.

Richardson, who works with juvenile offenders, says although keeping children out of a detention or secure facility is a priority, he has to first consider the need to protect public safety.

Too many children in institutions?

Joe Kroll from the Citizen's Coalition on Permanence for Children, doesn't agree with current placement practices. He says greater numbers of children are in institutions than need be.

"If the state and counties are already paying for beds, they'll have a tendency to place children in institutions rather than foster homes," says Kroll.

Because recruiting foster parents has been difficult, Kroll says he would like to see the state take steps to provide incentives for them in the foster care program. Often foster care parents must use their own funds to take care of foster children. A higher subsidy rate for foster parents might encourage more participants, or, at least, provide encouragement for those already in the program to stay with it, according to Kroll. "The high rate of institutionalization of children

has gone on too long, and at a great cost to Minnesotans," said Ralph Willenbring from the Minnesota Association of Foster Parents, who himself has been a foster parent to over 600 children. According to Willenbring, greater numbers of children in foster homes would be far less costly for the state and better for the children.

The Legislature needs to address such issues as costs of insurance coverage for foster children and a higher subsidy rate for their care, says Kroll.

Indian population: special problem

A special problem exists among the Indian population according to Dianne Roach, director of the Indian Child Welfare Program in St. Paul. A greater understanding of tribal sovereignty and the Indian extended family is necessary in child placement cases, Roach says.

Roach proposes: funding to prevent the breakup of Indian families; placement of Indian children in Indian homes; and establishment and funding of a metro inter-tribal child placing agency to recruit, license, and serve Indian foster homes.

The committees will continue to discuss the child-placement issue over the interim.

Gary Haselhaun, of the Minnesota Department of Public Welfare, testifying before the committee in July said, "The problem can't be adequately addressed without looking at some sort of permanency planning." He says out-of-home placement is the first step to insure the department's philosophy of permanent placement with the child's natural parents or through adoption.

Haselhaun listed funding sources for the out-of-home placement program. Giving some general statistics, he said that 14 to 17-year-olds make up the largest percentage of the Department's caseload; average placement length is 17 months and 40 percent of the children are in placement for less than one year; 48 percent of these children are in the custody of the public—33 percent in the custody of parents—9 percent in the custody of state wards.

Department of Corrections: Treatment should include the family

Jay Lindgren of the Minnesota Department of Corrections told lawmakers that out-of-home placement directly affects 13 to 17-year-olds in negative ways. He sees a trend that Minnesota, more than other states, seems "bound and determined to change behavior."

"We begin with placement, but then a series of escalations move the children to stricter environments. We are reluctant to admit that therapeutic acts are not working and tend to forget discipline methods," he said.

Lindgren feels we underestimate what we can do in the family and says treatment that includes the family is better.

Lindgren says methods the Department uses to treat, protect, and control children are weak. Minnesota needs to move in the direction of control methods that are proportional to the offense, he says.

Juvenile Justice Advisory Committee makes recommendations

Jane Knakken, of the Juvenile Justice Advisory Committee (JAAC), explained a study that focused on policy and procedure and what is actually happening in the placement of juveniles. She said there's little coordination within the different systems: welfare, corrections, chemical dependency, and mental health.

"What happens depends on which system they come in contact with and where they live in the state," she said.

Initially, the Department makes out-of-home placement decisions with good information. But, children in continuing placement, often for protective reasons, enmeshed in the system, get the same treatment as serious offenders, says Knakken.

As a result of their study, JAAC made four recommendations

- The governor should consider a position of impartial mediator in out-of-home placement.
- The state Legislature should set up a permanent committee to look at pertinent issues relating to the provision of services to children.
- The Legislature should designate a commission to revise the juvenile code and recodify all statutes relating to children.
- The Legislature should request a study of the impact of insurance on public policy as it relates to out-of-home placement of children.

Minnesota needs to look at trends

Ira Schwartz of the Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, said that we need to look at trends in juvenile justice in the past decade. Over 80 percent of those in the nation older than 18 see our country as having a serious juvenile crime problem, when actually the number of children involved in crime is stable or decreasing, Schwartz said.

"It is hard to change policies and reallocate resources as long as the public is unaware of the juvenile problem," said Schwartz.

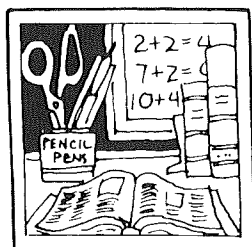
Schwartz showed how other states, such as Massachusetts, Pennsylvania, and Wisconsin handle similar problems.

"This is a state problem," said Schwartz. We need to look at the quality of residential care and the equity and justice in the system. The magnitude of disparity between and within states raises both legal and policy questions," he said.

We need to look at codes, problems, and inconsistencies seriously, said Schwartz. Often admissions are unrelated to the serious crime rate. The most serious factor in these decisions was the availability of bed space. Often violent or chronic offenders, or those with poor mental health, end up in corrections and shouldn't be there, according to Schwartz.



Rep. Sharon Coleman (DFL-Spring Lake Park) and Rep. Peter Rodosovich (DFL-Faribault) confer at a joint meeting of the Criminal Justice Division of the Judiciary Committee and the Social Services subcommittee of the Health and Welfare Committee.



Education

“Not since Sputnik was launched in the late 1950s has the state of public education been subject to such widespread scrutiny and attention by the public as well as the political setting,” said Legislative Analyst Marsha Gronseth, opening her presentation before the Education Committee’s first mini-session meeting Sept. 19.

To give legislators a handle on the current state of education, Gronseth summarized 7 current national task-force reports on educational reform.

More time, higher standards

Two reports making headlines around the country are the National Commission on Excellence in Education’s “A Nation at Risk” and the Education Commission of the State’s “Action for Excellence”. Looking at the entire scope of education, the two reports make recommendations to improve several educational areas.

Students aren’t taking traditionally more difficult or academic courses, according to “Nation at Risk”. Homework requirements have decreased, the professional working life of teachers is unacceptable, and the fact that American students spend less time on school work than students in other countries, all contribute to an educational system in serious need of reform, according to the report.

The report recommends requiring all students to take a minimum number of academic courses in high school, including computer science; expecting schools, colleges, and universities to adopt stricter admission requirements and standards; lengthening the

school day or school year; and making teacher salaries and conditions more competitive to attract competent instructors who should, in turn, work 11 months a year.

“Action for Excellence” cited deficiencies in student performance, teacher supply and quality, weak curriculum, inefficient school management and leadership, and lack of clear-cut goals. Recommendations to improve the schools included a new and higher regard for teachers, more intense academic preparation, and better partnerships between states and communities to achieve common educational goals.

Social problems, cooperation, basic courses

Three more studies focused on specific problems within schools. According to the Twentieth Century Fund Task Force on Federal Elementary and Secondary Education Policy’s report, problems occur because of drugs, divorce and permissiveness; demographic changes in school population; too much intervention from the courts; and excessive burdens on schools to solve problems traditionally handled out of school.

Cooperation is the key to education’s success, according to “School and College—Partnerships in Education”, a report the Carnegie Foundation for the Advancement of Teaching prepared. Partnership must occur between teacher, administrators, school districts, and especially between schools and colleges.

Reading, writing, speaking and listening, mathematics, reasoning, and studying are essential for work in all subject areas. The College Board’s report

on what students need to know and be able to do describes what college-bound students need for advanced study, emphasizing the new need for computer competency.

Philosophy and Structure changes

The committee also heard Gronseth’s summaries of two recent books on education: *The Paideia Proposal* by Mortimer Adler, and *A Placed Called School* by John Goodlad.

Adler’s book calls for significant changes in the philosophy of basic schooling. High-quality general education is essential so all students get an overall opportunity to succeed, says Adler, and he proposes that despite various individual differences, children’s human nature is essentially the same.

Considered by experts the most extensive study on American education ever, Dr. Goodlad’s book summarizes several years of data trained investigators gathered in 38 schools in 13 communities across the country. The study covers all aspects of education, such as teaching practices and methods, community relations, student perceptions and interests, instruction time and curriculum.

Gronseth outlined the study’s findings and encouraged committee members to read the book. Highlights of the study include too much decision-making without hearing from those the decisions affect; not enough participation or student-teacher interaction in the classroom; sameness of curriculum design that limits the way students learn; traditional, non-innovative teaching approaches that pass from one teaching generation to another; and little cooperation between teachers.

States should define educational goals

To improve the schools we have, the study suggests states should clearly define their full educational goals. Each school should develop a five-year development plan and take responsibility from district offices for school improvement. Curriculum should balance with strict ratios for each subject area set up; potential teachers should complete a two-year program of professional study with a residency at special model schools. Schools should group students with differing abilities together to foster cooperation and tutoring.

The future of education lies in changing our structure, according to the study, which suggests beginning schooling at age 4, ending it at age 16, and advancing children through the grades on their birthdays. The study also suggests broadening the education setting to include schools and the media, business, industry, and cultural agencies.

New education leaders gave Education Committee members their views of what the future holds for Minnesota's schools, AVTT's, and colleges.

New education leaders speak

"We now have an opportunity to get support for education in almost all areas of society," said Ruth Randall, commissioner of education, at a Sept. 21 meeting of the Education Committee and a Sept. 20 meeting of the Education Division of the Appropriations Committee.

The meeting gave newly elected or appointed education leaders in private and community colleges, AVTT's, the Minnesota Education Association (MEA) and the Department of Education their first chance to outline their plans for Minnesota's educational future.

Minnesota Private College Council Director Larry Osnes said private college goals are to keep enrollments up through documenting the successes of private college graduates, creating new bridges of cooperation between private and public colleges, and getting Minnesota's 17 private colleges to work together on common objectives.

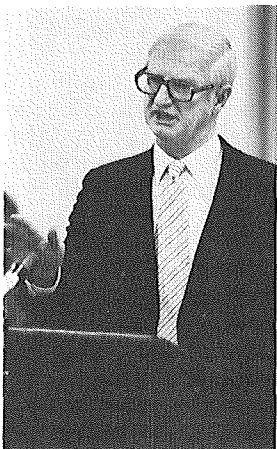


Presentation by education leaders to the Education Committee gets the attention of Rep. Connie Levi (IR-Dellwood), committee member.

MEA President Marti Zins, former media coordinator for West Jr. High in Hopkins, said education's mission for the 80s is to preserve the important teacher-student relationship. The state can do that, said Zins, through controlling class size, making sure students spend enough time on their studies, and through more money for teacher pay and benefits.

Joe Graba, from the State Board for Vocational Education, and Gerald Christenson, from the Community College system, told committee members how their two systems will work together to prevent overlapping course offerings, and to share staff and facilities.

Gerald Christenson



Ruth Randall



Joe Graba

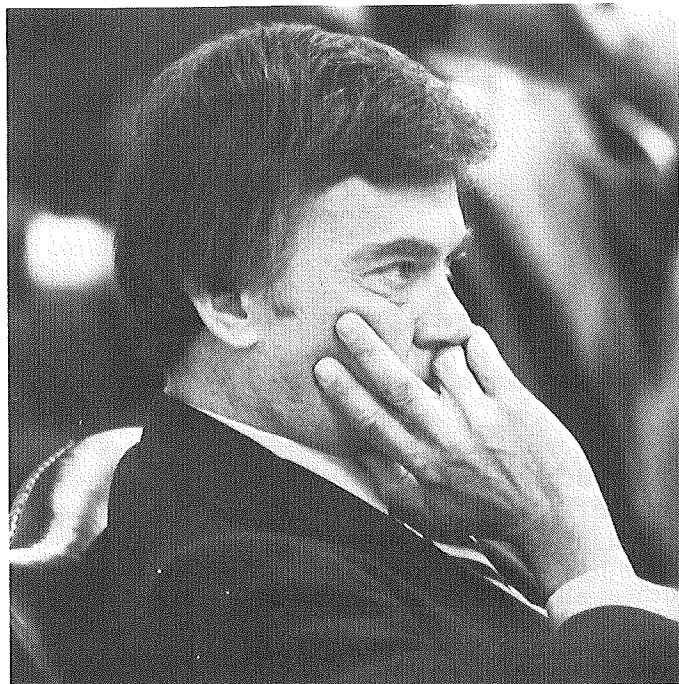


Larry Osnes



Marti Zins





Rep. Ken Nelson (DFL-Mpls), chairman of the Education Finance Division, listens to an update on schools' efforts to use and teach high technology.

New subcommittee looks at PER requirements

The new Education subcommittee on Teaching and Learning held its first meeting Sept. 20 to review the Local Curriculum Planning, Evaluation, and Reporting requirements (PER) the Legislature passed in 1976.

"PER was meant to be a local curriculum bill to help districts take a look at their own curriculum and then share that curriculum with the local citizens," said Lowell Tornquist, director of planning and policy research from the Department of Education.

"It was not meant to be a state-wide check on whether districts were doing things right or wrong, but rather an alternative to a trend in other states for national and state-wide competency testing.

"It was a chance for them to share with the people who, for the most part, pay the way for them, to help citizens keep in touch with what was going on with education in the district," said Tornquist.

The Legislature appropriated funds to help set up models to instruct districts on how to complete the PER requirement which includes sending one informational copy of what districts shared with their communities to the Department, said Tornquist.

The first report to local citizens was due in 1979, but in 1977 Education Planning Task Force (EPTF) legislation passed with reports due in 1978.

"Because of those timelines, EPTF took precedence over PER in the minds of district superintendents," said Tornquist. "There are no funds attached to it, and no penalties attached to it."

No way to monitor activity

Since 1979, four more reports became due Aug. 1 each year. Tornquist told committee members that 90 percent of districts turn in the required reports, but the Department has no way of monitoring if the districts are actually informing local residents of their schools' curriculum offerings.

Gary Schaffer, planning specialist for the Department, said most districts are sending in the required informational copy, but many times districts write special reports for the Department that are not actually copies of information going out to citizens, as the PER law states.

Also, districts tend to follow some specific requirements of the PER law, such as the policy statement, annual evaluation plan, and school improvement plan. But less than half the districts submit the

required consumer evaluation feedback from parents, teachers, and students, said Schaffer.

While most school administrators felt PER achieved specific goals such as improving public confidence in the schools or improving curriculum planning and evaluation, overall they felt the entire PER program is not worth the time, money, or effort they expend, said Schaffer.

High-tech efforts reported

Federal money to train math and science teachers to fill shortages in schools may not come through as the Department expected, said Barry Sullivan from the Minnesota Department of Education. Sullivan told Education Finance Division members Sept. 21 that the President's initiatives haven't cleared Congress, and that the feds have not set aside money for the program, despite Congressional interest in the program last spring.

Division members also heard Gil Valdez from the Department, and Sally Martin, chair of the Advisory Committee on Technology in Education, describe their efforts in carrying out the Minnesota Technology Act the Legislature passed in Article 8 of the school aids package last session.

The department distributed information and applications on technology utilization plans to all school district superintendents, said Valdez, and is working on criteria and screening committees for courseware package evaluation. For courseware package duplication and development, the Department is waiting until they are sure of what districts need and what's available. Districts wanting funds for teacher inservice programs are working on the required approved technology plan and proposals, said Valdez.

Sally Martin said her committee is behind schedule because of late appointments to the committee, but plans for school district technology demonstration sites are underway and districts have until Dec. 1 to apply for the program.

State Fair 1983

If you were one of the many people who stopped by the Minnesota House of Representatives display in the State Exhibits Building at the State Fair this summer, we enjoyed meeting you.

If we didn't see you this year, put us on your list of "things to do at the fair" in '84. The House exhibit offers you a chance to visit with elected representatives, to talk about the issues, to get answers to



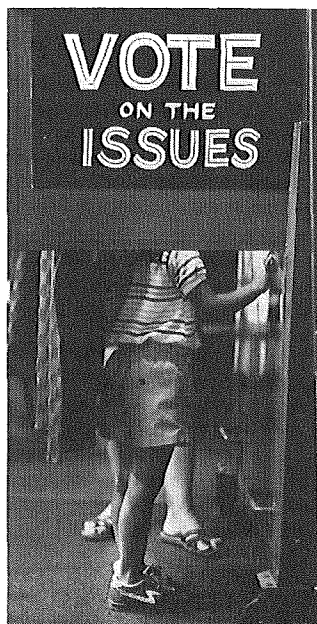
"Government is for Everyone" is the theme of the Minnesota House of Representatives Information Exhibit in the State Exhibits Building on Machinery Hill.

your questions and express your opinion in our unofficial State Fair poll, and to take home information about state government.

It's a way to keep in touch, to step inside of government and learn who to call and where to go to be a part of it. While you're there, walk

through the building, visit the other state department exhibits.

The State Exhibits Building is just inside the Northeast gate, across from the new Arts Center, in the area fairgoers, for years, have called Machinery Hill. Stop by. Find out what's in it for you.



Young visitor gets an early lesson in citizen participation as mom votes in the House unofficial State Fair opinion poll.

Voting results

Shall the Minnesota Constitution be amended to provide men and women with equality of rights under the law?

Yes738
No289

Should the drinking age be raised from 19 to 21?

Yes720
No300

Should the state guarantee farmers minimum prices on farm products?

Yes463
No542

Should the state allow tax breaks for people who care for the elderly in their homes?

Yes863
No147

Should students be required to pass a competency test to graduate from high school?

Yes863
No156

House members at fair:

Buzz Anderson (DFL-Slayton)
Don Bergstrom (DFL-Big Lake)
John Burger (IR-Long Lake)
Doug Carlson (IR-Sandstone)
John Clawson (DFL-Lindstrom)
Dick Cohen (DFL-St. Paul)
Sharon Coleman (DFL-Spring Lake Park)
Willis Eken (DFL-Twin Valley)
Dave Fjoslien (IR-Brandon)
Bob Haukoos (IR-Albert Lea)
Bob Jensen (DFL-Farmington)
Virgil Johnson (IR-Caledonia)

Rick Krueger (DFL-Staples)
Ernest Larsen (DFL-Anoka)
Connie Levi (IR-Dellwood)
K.J. McDonald (IR-Watertown)
James Metzen (DFL-South St. Paul)
Jerome Peterson (DFL-Princeton)
Len Price (DFL-Woodbury)
Joe Quinn (DFL-Blaine)
Bob Reif (IR-White Bear Lake)
Peter Rodosovich (DFL-Faribault)

John Rose (IR-Roseville)
Gary Schafer (IR-Gibbon)
Art Seaberg (IR-Mendota Heights)
Gloria Segal (DFL-St. Louis Park)
Tim Sherman (IR-Winona)
Wayne Simoneau (DFL-Fridley)
Wally Sparby (DFL-Thief River Falls)
Randy Staten (DFL-Mpls)
Merlyn Valan (IR-Moorhead)
Maurice Zaffke (IR-Backus)

Commissions

Legislative Advisory Commission (LAC)

The Legislative Advisory Commission held its quarterly meeting in June to hear requests from state agencies and review their needs.

In August the commission held a special meeting to hear and approve requests of the Iron Range Resources and Rehabilitation Board (IRRRB) for \$5,280,709 from the Taconite Environmental Protection fund for new projects.

Employee Relations Commission

The Legislative Commission on Employee Relations met throughout the summer to review and ratify state labor contracts. The commission approved bargaining agreements with most state employee bargaining units and is preparing legislation for introduction next session.

Commission administrative assistant, Jermaine Foslein, said "We get into public sector study issues, too. Anyone in the Legislature can request us to do a study. Right now we're working on three study issues to be presented in January and February."

The commission will study final-offer arbitration legislation (present law sunsets next July) and will work on PELRA recodification. In another study the commission will look into a state-wide fringe benefit program for school district employees.

Legislative Commission on Long-Term Health Care

The Welfare Department is busy working on the state's reorganization of the nursing home reimbursement system, according to Assistant Commissioner Charles Poe who testified before the newly created Legislative Commission on Long Term Health Care Aug. 25.

One of the commission's tasks is to oversee the Interagency Board of Quality Assurance, a safeguard measure to keep nursing home care standards high despite the reorganization efforts. Poe told commission members the attorney general requires the board to come under the open meeting law, and reviewed the membership and progress of the board which the Legislature established to begin April 5, 1983.

Maria Gomez of the Department's long term care division, reported on the nursing home legislation's (Rule 50) progress. She said on June 15 the Department mailed out the new temporary reimbursement rates to homes with residents on Medical Assistance. However, she said, the rates may change because homes may have furnished incorrect information; but once the attorney general approves permanent rules, homes may appeal their assigned rates for up to 60 days.

Commissioner Poe explained the Department's position on homes that separate private and public pay residents' living areas because of the equalization portion of the nursing home legislation, effective July 1. Equalization means homes must charge private and Medical Assistance patients the same rates. Poe said the Department doesn't support segregating patients and is waiting for a court decision on the Department's authority to enforce that particular feature of the equalization law.

Legislative Study Commission on Metropolitan Transit

The Study Commission on Metropolitan Transit met Sept. 13 and 14 to acquaint members with the background of metro transit and to organize the commission.

Al Schenkelberg, director of the Office of Transit for the Minnesota Department of Transportation, began the review with the 1974 appropriation to the State Planning Agency for various transit projects. Today, the transit activities include Metro Mobility, MTC (Metropolitan Transit Commission), Private Operators, and non-MTC programs.

Metropolitan Council Director Larry Dallam said MTC ridership is the only measure of success of transit activity the MTC has. He proposed a new role for transit which is not be a provider of services for

everyone, but rather for specific groups and needs for service.

Speaking in favor of ridership, Dallam encouraged legislators to support the ride-share program. Ted Kolderie, Senior Fellow at the Humphrey Institute for Public Affairs, said transit must look at required services with different types of vehicles in mind to achieve service goals.

Private operators testified Sept. 14 on success of private companies such as Medicine Lake Lines. Peter Stumpf, MTC chairman, explained ridership losses and increased reliance on property taxes. James Johnson of Medicine Lake Lines, Mark Furman, and Plymouth Assistant City Manager Frank Boyles told commission members of plans for the Plymouth Metrolink System which will provide commuter service to and from downtown Minneapolis.

Legislative Commission on Minnesota Resources

The Legislative Commission on Minnesota Resources is a 14-member body that operates in the area of natural resources. Revenues from the cigarette tax, cancellations from previous bienniums, and reimbursements from the federal government finance commission work programs.

According to David Flipp, program analyst, the commission's summer projects included reviewing the last of their work

programs for this biennium.

"Once the Legislature makes the appropriations for projects, the commission requires agencies to submit a detailed outline of what they propose to do, how they'll do it, and in what time frame.

"When the commission reviews and approves the work programs, the agency gets money and equipment to proceed," said Flipp.

Biomass was LCMR topic:

The program under LCMR consideration this summer related to biomass. "The energy agency made a proposal to deal with bioenergy. They'll do some research on biomass production from wetlands, research on cattail harvesting, and review the economic analysis of these," said Flipp. "Another part of that program still under LCMR review relates to agroforestry research."

Ongoing commission projects include monitoring and evaluating programs the commission is currently funding. Next May or June Flipp says the commission will hold its issues seminar to look into projects to fund, and request legislative approval for the next biennium.

Not a policy committee:

"We're not a policy committee," said Flipp. "We have a little different approach than the managing executive branch department. We provide necessary background data on specific issue areas, such as minerals, forestry, and waters, so policy committees can make the decisions regarding additional legislation."

Legislative Commission on Pensions and Retirement

The Legislative Commission on Pensions and Retirement reviewed 1983 pension legislation, formed some subcommittees to study various pension issues, and took care of some commission "housekeeping" in their June 27 meeting, according to James Heidelberg, the commission's assistant executive secretary.

On July 7 Winkelvoss and Associates, a consulting firm, presented their study of Minnesota Retirement systems. The Finance Department received funds for the study and contracted with the Philadelphia firm to conduct it. The Finance Department wants the study to help analyze pension requests and forecast funding needs.

Mississippi River Parkway Commission

At a June 7 meeting the Mississippi River Parkway Commission committed the state of Minnesota to participate in the 1984 World's Fair Great River Road Exhibit in New Orleans with the 10 states along the Mississippi and the provinces of Ontario and Manitoba in Canada. The exhibit's purpose is preservation of the river's shoreline and promotion of tourism.

The Fresh Water Society is working with the commission to make a film about the river for the exhibit.

The commission is reviewing designation of the Great River Road (GRR) in Minnesota. Segments of Bemidji to the Beltrami-Cass County line and Brainerd to Little Falls are under study. The commission is also looking at the designation of the GRR through the Minneapolis river front.

The Metropolitan Airports Commission gave a presentation suggesting more promotion of the Mississippi to attract international tourists to Minnesota. Future plans include working with other states along the river to coordinate some sort of cooperative tourism program.

Legislative Commission on Public Education

The Legislative Commission on Public Education got underway Aug. 25 in an organizational meeting to outline the purpose of the commission and appoint its chairman, Rep. Bob McEachern (DFL-St. Michael).

Legislators discussed how the commission should proceed and what the commission should look at in public education.

"We should be mindful of national efforts so we can devise our own plan of action," said Rep. Ken Nelson (DFL-Mpls) who suggested the commission pay particular attention to national studies recommending ways to improve education. He urged members to be aware of efforts at a national level so Minnesota stays in step.

Rep. Connie Levi (IR-Dellwood) spoke in favor of stiffer quality control and accountability measures, suggesting the commission explore the possibility of a state board exam for teachers and more effective in-service teacher training seminars.

Ruth Randall, commissioner of education, said her department will try to look at the "why" of education in the 80s and recommended the department include all Minnesotans in a study of education.

To review possible study topics, Chairman McEachern appointed Senators James Pehler, Tom Nelson, and Randy Peterson, Representatives Levi, Ken Nelson, and himself to an executive committee.

The commission hopes to get opinions from a wide variety of people in education to get as many views and suggestions on improving education as possible, according to Randall.

To achieve this, the commission hopes to hold hearings in late afternoon or evenings for teachers and principals, and during mini-session weeks for legislators.

Legislative Commission to Review Administrative Rules

The Legislative Commission to Review Administrative Rules this summer discussed sentencing guidelines and issues that affect government, business, education, public welfare, agriculture, and rule making.

Sentencing guidelines

"The sentencing guidelines issue was the most controversial and important one we dealt with, though we decided not to take action on them," said Executive Director Kathleen Burek, in answer to the question, "What are LCRAR's interim projects?"

This summer the commission met to consider several lawmakers' request to review recent changes to Minnesota's sentencing guidelines the Guidelines Commission was considering. Those changes would have reduced the sentence length of some crimes to prevent future prison overcrowding.

Before reviewing guideline changes, LCRAR had to determine whether the commission could consider the guidelines rules under the Administrative Procedures Act which limits the LCRAR's authority to rules.

"Turns out," says Burek, "because the guidelines are advisory, and because district courts rather than the Sentencing Guidelines Commission enforce them, the guidelines don't meet the definition of a rule and the LCRAR doesn't have jurisdiction to review them."

Review must be legislative, Burek says. "There will probably be several proposals before the Legislature to try to change the way it oversees the entire program," she said.

Update: the Sentencing Guidelines Commission decided over the summer not to make those changes and won't take up the issue again until at least January.

Business

A rule which requires installation of automatic sprinkler systems in basements of 1500 square feet or more when storing certain materials worries community business people in Winona.

Though business representatives argue smaller businesses might not survive the cost of the systems, officials, such as the Winona City Fire Marshal and the State Fire Marshal, defend the rule saying it conforms with the State Building Code, is safer for property and firefighters, and doesn't have to be overly expensive.

A Winona citizens committee is studying the costs and possible alternatives to automatic basement sprinklers. Burek said interested parties will then have a chance to work out a solution they can all agree to. Winona citizens may call upon the LCRAR for help and Burek says, "If they can't reach a mutually acceptable agreement, the LCRAR will conduct a formal review."

Public welfare

A Department of Public Welfare rule under LCRAR review limits to 36 days, annually, the amount of time a young person on medical assistance in a health care facility may visit his or her home.

"The issue," according to Burek, "is the Department wants some kind of control, but parents want some flexibility."

"If people aren't using these facilities, which the state pays for, then they're not available to others. You don't want people taking up a scarce resource if they don't really need it. On the other hand, parents want to spend more time with their child to maintain family relationships."

The commission advised the Department to consider changing its policy to allow greater flexibility, taking into consideration both patients' needs and Department concerns on cost and payment. Burek says DPW will hear the rule in late fall or early winter.

Education

John Flora, parent of a handicapped child in a Fridley school district, objects to the effective date of a Board of Teaching rule which relates to the licensing of teachers in a new field—Developmental/Adaptive Physical Education.

Flora thinks the rule needs revision to make the effective date earlier than the current July 1, 1985 effective date, so school districts will have to hire physical education teachers for the handicapped earlier. The teachers would also have seniority status to protect them from layoffs.

But the Board of Teaching feels enough licensed teachers won't be available in this new field before July 1, 1985. This would mean schools that can't get trained teachers would have to get a variance or face reductions in state aid.

The LCRAR requested the Board of Teaching to change the rule so the effective date of issuing licenses is different from the effective date for requiring school compliance.

"The object of a rule change," says Burek, "is to allow licensing of individual teachers without having all of the school boards across the state responsible for having a licensed person."

The Board will report back to the Legislature on methods of phasing in new license fields and on the seniority status of such licenses.

The issue, says Burek, is part of a study on provisional licenses which the school aids bill calls for.

Agriculture: tax credit

To claim a tax credit for bulk sales of gasoline to farmers, distributors must fill out a reporting form for the Department of Revenue. Rep. Dave Fjoslien (IR-Brandon) said that form contains too much unnecessary paperwork, according to a contact he had from Doug Korkowski, credit manager for Farmers Union Oil Company.

Some legislators believe that the Department exceeds its authority by requesting the form.

Larry Trimble from the Department of Revenue says the information on the form is necessary to detect and prevent tax fraud and evasion, but he says the Department will try to come up with easier reporting methods to do that.

Review of rulemaking process

The LCRAR is working on a review of the rulemaking process as an interim project, according to Burek.

"Agencies feel the current method of making and changing rules that affect the public is too expensive and costly.

"We're going to study their claim, and try to find ways to improve the process to include the public in a more meaningful way, and save agencies some time and expense," Burek says.

The Legislature has also directed the commission to look into the use of informal dispute resolution procedures as alternatives to formal administrative hearings.

"We want to see if we can use informal settlement conferences or mediation to try to resolve problems, instead of using very elaborate, expensive, and time-consuming administrative procedures," said Burek.

The commission is awaiting the appointment of another House member and the election of a new chairman to replace Tom Berkelman, a representative from Duluth who resigned in September to accept a position with AT&T.

Legislative Commission on Waste Management

Efforts to clean up hazardous waste continued over the summer when the Legislative Commission on Waste Management met at the Capitol to hear testimony and approve the Waste Management Board's procedures for holding hearings on the Draft Hazardous Waste Management Plan and Certificate of Need. The Commission also heard a presentation on the Waste Management Board's draft of the Hazardous Waste Management Report which will be the basis of the management plan.

Hearing examiners from the Office of Administrative hearings will conduct public hearings on the draft throughout the state. To encourage public participation, the Waste Management Board will:

- supply copies of the draft plan to regional libraries and courthouses in counties with potential hazardous waste disposal sites and to public libraries and city offices in cities near the proposed sites
- mail out copies of the plan for a nominal fee
- publish the plan in the State Registrar and local newspapers
- notify local media of upcoming hearings.

The commission heard testimony from Sandra Gardebring, executive director of the Pollution Control Agency (PCA) on PCB spills and cleanups. Outlining the PCA's report on PCBs, Gardebring discussed the history, regulation, and health risks of PCBs.

Gary Park, legislative liaison for the St. Paul School District, presented a first-hand account of the PCB cleanup and its cost at the district's industrial services building. Representatives of the power industry explained the procedures they follow in handling PCBs.

The commission will meet Oct. 12 at the Capitol to discuss agency actions on waste management and disposal.

Other Meetings:

Game and Fish subcommittee of the House Environment/Natural Resources Committee

Monday, Sept. 19, 7:00 pm, Waseca,
MN

Testimony from area residents re-
garding game and fish issues.

Agriculture, Transportation & Semi-State Division of the House Appropriations Com- mittee

Thursday, Sept. 22, 8:30 am
Tour of Historical Society sites

Hydropower Task Force

Thursday, Sept. 22, 2:00, State
Office Building

Presentation on Minnesota's hy-
dropower sites

Permanent School Fund Ad- visory Committee

Thursday, Sept. 22, 2:00, State
Office Building

Constitutional amendment putting
PSF restrictions into statutes

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