

LEGISLATIVE INFORMATION OFFICE, ROOM 8, STATE CAPITOL, ST. PAUL, MINNESOTA 55155 • 612-296-2146

for immediate release Jan. 7, 1983

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Governor gives State of the State address

"The state of our state is not good," was the message Governor Rudy Perpich delivered before a joint session of the Minnesota Legislature on Jan. 5. Painting a grim picture for legislators, Perpich listed problems most in need of legislative attention: "unemployment, a sagging farm economy, and shortages for many people of the necessities of life—food and shelter."

Therefore, economic recovery will be the central goal of his administration, said Perpich as he called for "a broad-based public/private partnership to include business, government, education, labor, agriculture, churches and all other segments of influence in our society."

"We will concentrate on four key areas, economic development, energy, agriculture, and assistance to the needy," he said. As to the role of state government in the economic recovery partnership, Perpich said, "I would like to be able to tell you that the cutting is over. But I cannot."

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Proposed changes include: requiring homeowners to pay property taxes on a quarterly basis; excluding the first \$100 of property tax from eligibility for homestead credit; limiting what the state will pay of the remaining property tax to 50 percent (now 58 percent) and phasing out the maximum credit of \$650 for homes with market values over \$150,000. Home values of \$210,000 and over wouldn't get homestead credit.

Perpich's message supports "risk sharing" between state and local governments, or automatic reductions in state aid to local units of government if tax collections fall short, and the removal of levy limits for counties and towns, which would place more taxing power and responsibility on local government units.

In education, Perpich wants mandatory classes in foreign languages, math, computers, and science, and a \$1,475 per pupil unit appropriation for elementary and secondary schools for each year of the biennium, a 12.3 percent increase over 1983. Tuition would go up at all higher education institutions, but students who can't afford post-secondary education will get more help, Perpich says.

Declining enrollments and lack of funds may spread our resources too thin. So, to avoid mediocrity in education "the only responsible action is to selectively eliminate some programs, even some institutions, so the remaining ones can remain strong," he said.

To control welfare costs Perpich encourages health care outside of institutions, saying "our present system encourages institutionalization, and provides few incentives for living independently or remaining with family." Perpich reiterated his commitment to equal education and work opportunities for Minnesota's women, handicapped, and racial minorities.

2-2-2-2 Governor's State of State Address

Summarizing his ideas for a new direction for state government, Perpich said:

- --government at all levels must re-evaluate how and why it taxes people and what it does with tax revenues
- --we must look at government reorganization, with a view to fewer and leaner agencies
- --we must not send students into a high tech society with a low tech education
- -- any use of shifts to balance the budget will be vetoed, and we will insist on a budget reserve
- -- the state can no longer be the guarantor of local government finances
- --passage of a workers' compensation bill this session is a must

"You will have an 'investment budget' on January 24, giving my recommendations for job-creating programs," the governor told the lawmakers. "We must lead the way to insure food and shelter for needy people this winter."

Perpich says he's optimistic about the ability of people to cooperate under difficult conditions, and recalled for legislators columnist Walter Lippman's quote, "There is nothing for nothing any longer."

"We have a lot to do," he said, "I need your help. Now let's get going."

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Follow the 1983-84 Legislative Session

The state Legislature may seem to be a complex piece of machinery churning out legislation faster than you can follow on taxes, spending, and other issues that affect you. But you can keep pace with the process with information that's available to you from the Legislature.

For example, the House Information Office can tell you what legislative district you live in, who represents you at the Capitol from your district, and how to get in touch with that person with your suggestions and opinions.

You can also get general information brochures from the Information Office that tell about the workings of state government, including <u>How a Bill Becomes a Law; Citizen's Participation Course</u>, test yourself quiz on the Legislature; and the <u>Government is for Everyone</u> information packet.

You can put your name on mailing lists to get schedules of committee meetings and bill introductions weekly, a monthly publication that highlights legislative activities, and House interim and session magazines. Call or write the Minnesota House of Representatives Information Office at (612) 296-2146, Room 9 State Capitol, St. Paul, MN 55155.

To find out where a bill is in the process, and which House members are sponsoring the bill, you can contact the House Index Office at 296-6646. For copies of bills, or to find out what's on the day's agenda at the Legislature, call the Chief Clerk's Office at 296-2314. Or, you can write either or both of the offices at the House of Representatives, State Capitol, St. Paul, MN 55155.



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Minnesota House Environment Committee hears from Commissioner of DNR

"Severe budget cuts in our programs could well become the Achilles' heel of tourist promotion," commissioner of the Department of Natural Resources (DNR) Joe Alexander, told legislators on the Minnesota House Environment Committee on Jan. 13.

The DNR is responsible for protecting, conserving, regulating, and managing the land, waters, timbers, minerals, wildlife, fish, and related resources, and the department has made considerable contributions to the economy and the quality of life in Minnesota, according to Alexander.

"For every dollar allocated to the DNR," he said, "\$12 is returned to the Minnesota economy. Yet the DNR's portion of the state's budget represents only one-and-one-half percent of the whole."

The commissioner said current biennium cuts totalled \$16.7 million, and resource management budget shortages could have a serious negative impact on major components of the industrial base, especially tourism.

"DNR programs generate \$2 billion annually in tourist-related revenues, and are the foundation of the tourist industry, further cuts would be counterproductive."

"Promotion with protection" is a philosophy Alexander said he upholds regarding natural resources as it relates to the tourism industry. Business-labor-education partnership helps start businesses, create jobs

A unique group of people representing business, labor, education, and government is working together to find innovative ways to encourage business and create jobs in Minnesota. The organization, called Minnesota Wellspring, explained its goals and accomplishments to the Economic Development Division of the Minnesota House Taxes Committee on January 13.

"Getting people from such diverse, and often adversarial groups, to talk with each other and cooperate was the first step," Wellspring executive director Donna Knight told the committee. And that step has been successful, according to Gleason Glover, executive director of the Minneapolis Urban League, and a Wellspring member. Wellspring is a non-profit corporation that has operated since the fall of 1981 with funds from the state and from corporate and individual donations.

"For the first time, I've seen people put aside their differences because, for the first time, there's a feeling that for the state of Minnesota to survive, we have to have a common basis of understanding and commitment," said Glover.

Wellspring's goals are to identify jobs of the future; to direct capital investments and training efforts toward those jobs of the future; to create an environment to support entrepreneurs; and to share the knowledge within Wellspring, to help small businesses begin and grow.

An example of Wellspring activities was its recent role as "marriage broker" for the Minneapolis Employees Retirement Fund, which wanted to invest funds in businesses, and the Minnesota Seed Capital Fund, an organization that provides money to start small businesses in Minnesota.

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Minnesota House committee looks at progress on appeals court

What's happened to the Court of Appeals Minnesotans voted for last fall? Seventy-one percent of the state's voters said "yes" in the November election to the question: "Shall the Minnesota Constitution be amended to allow the creation of a court of appeals?"

In a Jan. 12 meeting of the Minnesota House Judiciary Committee, Sue Dosal, state court administrator, gave legislators an update on start-up plans for the new fourth layer in the Minnesota court system.

"Six governor-appointed judges will be effective July, 1983, and six more will be effective Jan. 1, 1984," said Dosal. "The appeals court will begin accepting cases Aug. 1, 1983."

Dosal told legislators that an advisory committee is drafting rules on appellate procedure. But, Dosal said, the Supreme Court must approve a budget request for court start-up costs (about \$1.5 million for the first year, \$2.3 million the second year), and the Legislature will have to work on a "housekeeping" bill to make adjustments in the original court of appeals legislation.

In response to questions, Dosal said the court will sit in rotating three-judge panels, hearing cases in each of the state's 10 judicial districts. The principal court office will be in St. Paul.

The 1982 Legislature gave approval to ask voters to amend the Constitution to create the new court because the caseload of the Supreme Court was getting too heavy. Supporters of the appellate court hope that it will raise the quality of justice because justices, not staff, will consider cases; speed up decisions; make access to the appellate court easier; and allow more people who want to appeal to do so.

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Energy is an economic issue, legislator says

"The most significant impact that energy has is economic," said Representative Gordon Voss (DFL-Blaine), chairman of the Minnesota House Energy Committee, at a Jan. 10, 1983 meeting.

Michael Murphy, assistant commissioner of the Energy Division of the Department of Energy, Planning, and Development, at the Jan. 10 meeting said the Legislature should aim to reduce energy use in public institutions, find new ways to finance state and local energy conservation plans, increase energy research, and invest more money in energy efficiency for low and moderate-income Minnesotans.

According to Murphy, local governments, schools, and state government are extraordinary wasters of energy. He encouraged legislators to consider a statewide bonding program to lend money to public institutions to make buildings more energy efficient.

Murphy also said state and local governments should look to private management services for help in financing energy-efficiency projects.

"We must also create a climate to encourage people to invest money into their own energy efficiency as well. The state must continue to research and market new energy such as peat, biomass, alcohol and fiber fuels, and also put money into weatherizing the homes of low and moderate—income families rather than just paying their fuel bills," said Murphy.



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Minnesota House Passes Bill to Delay Governor's Budget Message

Earlier this month, Governor Perpich sent word to the Legislature that he needed more time to come up with a state budget, and as of Jan. 20, both the House and Senate had approved H.F. 14, a bill giving the governor until Feb. 15 to present the facts and figures of his budget message to a joint session of the Minnesota House and Senate.

Traditionally, and constitutionally, the Governor gets three weeks into the session to draw up and present the state budget. According to Majority Leader Willis Eken, however, December's special session of the Legislature took up the time that the state departments and executive offices usually have to work on the budget.

Republican leader, David Jennings, agreed to vote for the bill, but said he hopes it doesn't establish a precedent. "There are reasons for deadlines," he said, "and allowing passage of this bill will only increase the crunch at the end of session."

Perpich will deliver an "investment budget" on Jan. 24 which he says will give his recommendations for job-creating programs, and his state budget message on Feb. 15.

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Legislators look to the future in three-day seminar

Minnesota legislators took a three-day break from the normal routine to scan the challenges of the future, and the strengths the state will need to meet those challenges.

The state Department of Energy, Planning and Development and legislative leaders presented the Minnesota Horizons seminar at the St. Paul Technical-Vocational Institute Jan. 18 through 20.

Speakers in the program touched on subjects from the national debt, to Minnesota's school children, to the farms and forests of greater Minnesota.

There are challenges ahead: providing for an aging population; farms and mining industries that will continue to suffer even as the national economy pulls itself out of a recession; setting priorities for distributing the ever-shrinking state dollars for human services and education; and creating new ways to make the dollars do more, legislators heard.

But Minnesota is a strong state, with a history of adaptation to the times, Historical Society Director Russell Fridley said. Eagleton Institute Director Alan Rosenthal closed the three-day program by telling legislators that Minnesota is a state that's admired around the country. With proper planning, and programs like Horizons that look to the future, the state will be able to meet difficult times, Rosenthal said.

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Minnesota Legislators hear from education experts

The wants and needs of Minnesota school-age children are essential in determining funding for public schools, according to Representative Ken Nelson, Chairman of the Education Finance Division (formerly School Aids Division) of the Minnesota House Education Committee.

"Before this session is over, the Legislature will release approximately \$2 billion in state-collected taxes for education programs, and we will be introducing a new process for decision making," said Nelson in the January 12 division meeting. He said the committee will hear from students, graduates, counselors, college officials and parents about education in Minnesota.

Two high-school counselors from metro-area schools, Carol Pomeroy from Edison Sr. High, and Jerry Thompson from St. Louis Park Sr. High, appeared before the committee and said students want people to care about them and want help in making sound decisions about themselves and their futures. They also said students need up-to-date information about the job market and education opportunities after graduation.

Students were represented at the committee by John Blood, a senior from Park Center High in Brooklyn Park, who is a lobbyist for the Minnesota Association of Student Councils. He said students want a tougher curriculum including more math and science requirements, and oppose cuts in counseling services and special education programs.

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Agriculture commissioner seeks bigger market for Minnesota goods

Most major oil companies use ethanol, a fuel additive that comes from corn, to increase the octane rating of their super unleaded gasoline, but little of the ethanol they use is made from Minnesota corn.

That trend can't continue, state Agriculture commissioner Jim Nichols told a House Agriculture Committee on Jan. 19.

"We will consume about 20 million gallons of ethanol next year," he said. "If we don't make it here, its going to be imported. Last year we imported 50 million gallons of ethanol from Brazil at a time when we have a glut of grain that's almost drowning us."

Building ethanol plants in the state to process the corn we grow is one of many ideas for improving the farm economy that Nichols said he'll be discussing soon with Governor Perpich.

In many areas, Nichols said, we must increase the value of what we produce here by selling processed commodities rather than raw commodities.

And we should be able to increase the markets for Minnesota's farm good through trade talks with Mexico and Far Eastern countries. A recent trip to Mexico brought about a sale of sunflower seeds, and that's a good indication of success for future talks, according to Nichols.

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Weatherization program meeting low-income needs

According to Alan Chapman, Weatherization Program supervisor for the Department of Economic Security, in testimony before the Minnesota House Energy Committee January 18, 1983, the state's weatherization program has made over 65,000 low-income households throughout the state more energy efficient and plans to weatherize 35,000 more.

The weatherization program began through the Department of Energy in 1978. It's long-term goal is to weatherize all 100,000 qualifying low-income homes and rental units in Minnesota by 1985.

The average cost to weatherize a household is \$1,300 and Chapman said he will be looking to the Legislature for \$10,537,800 in appropriations.

Both homeowners and renters qualify for weatherization, but applicants must meet the federal income requirement of 125% of poverty level to insulate and caulk their homes or apartments, or to make low-cost repairs to roofs or furnaces.



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Minnesota Higher Education Coordinating Board calls

for overhaul of state's financial aid system

The Minnesota Higher Education Coordinating Board (HECB) called for an overhaul of the state's financial aid system January 24. Clyde Ingle, director of HECB, told the Higher Education Division of the Minnesota House Appropriations Committee the board proposes all students pay 50% of their college costs before parents or government pay anything.

HECB's "Design for Shared Responsibility" plan would send more of the state's grant money to low-income students and less to middle and upper-income students. Under the present Scholarship and Grant program, all students pay \$700 wherever they go to school. Parents pay a share, according to income. Federal and state grant money follows. If those combined funds don't cover costs, students make up the rest on their own.

Leftover cost is often larger for low-income students, because their parents pay little or nothing. HECB proposes students pay 50%, regardless of their school; parents pay according to income; state and federal money pick up the rest.

HECB would limit the size of grants so students in high-priced private colleges wouldn't get more money for comparable instruction than students in state schools.

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Schools could improve some, but they're basically sound

We do a good job of educating our children in Minnesota, but there's still room for improvement, according to Bill McMillan, director of the state Department of Education's Assessment Program.

McMillan told the Minnesota House Education Committee on January 24th that the assessment program periodically tests students on reading, writing, math, and social studies. The Education Department and many local school districts use the program's results to identify strengths and weaknesses in teaching programs, said McMillan.

The program found that Minnesota school children do better than the nationwide average on most basic skills, But the tests results show a decline in math computation skills, and a small precentage of students who need help with the basic skills.

Representatives of higher education institutions told the House Education Finance Division that contrary to popular belief about declining quality in public schools, they find that schools are doing a good job of educating students. Incoming freshmen are as well prepared academically as their brother and sisters were ten years ago, according to admissions officers from Winona State University and the University of Minnesota, who spoke to the division.

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Metropolitan Council boundary changes approved

The Minnesota House General Legislation and Veterans Affairs Committee approved a bill at the Capitol January 26 that would change metropolitan-district boundaries in the seven-county metropolitan area.

Under the amended bill, the governor would continue to appoint Metropolitan Council members but the bill would require more legislative approval than present law calls for. The bill also brings all 16 Metropolitan Council members up for reappointment by Feb. 15, 1983.

Because altering Metropolitan Council boundaries affects commission boundaries, council members must appoint or reappoint 24 Metropolitan Transit, Waste Control, and Parks and Open Space commissioners with legislative approval.

According to House member Tom Osthoff (DFL, St. Paul), author of the bill, current district boundaries are unequal for outlying metropolitan suburbs because of population shifts and growth over the past 10 years. He feels the existing boundaries allow inter-city areas too much representation, and do not provide smaller, third-ring communities enough input into metropolitan decision making.

The bill also allows for changes in pairing of certain Minneapolis Metropolitan Council districts into commission districts. The change would pair inner-city council districts with neighboring suburban districts rather than with another inner-city district as they are now.

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Taxes committee looks at history of property tax relief

Property taxes and the homestead credit are getting their share of attention in the early weeks of Minnesota's 1983 legislative session. On Jan. 27, Assistant Revenue Commissioner Dennis Erno gave the Minnesota House Taxes Committee an historical overview of the homestead credit and other state property tax relief programs.

In 1967, Minnesota ranked fifth nationwide in per-person property tax collections. In 1968, the state spent \$78 million of income tax revenue to reduce property taxes through the homestead credit. Local governments—counties, cities, schools and others—figured tax bills for residents. The state then paid the tax district 35 percent of homeowner tax bills, up to \$250.

In 1982, after changes in the homestead credit program and addition of other tax credits, Minnesota ranked 23 nationally in property tax. But we have a sales tax we didn't have before 1967, and income tax collections are fifth highest. Those taxes pay for property tax relief, up from \$78 million in 1967 to \$604 in 1982.

The higher cost comes from rising property taxes, added credits programs, and the Legislature's decision to raise the amount the state pays, from 58 percent to a maximum of \$650. Last year, 80 percent of Twin Cities metro homes got the maximum, but increases will begin to slow down, as more homes reach the \$650 maximum, said Erno.

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Parents testify on wants and needs of children

Hearings on the wants and needs of Minnesota's school children continued at the state Capitol when people from parent groups in the state testified before the Education Finance Division of the Minnesota House Education Committee on January 24th.

Parent representatives from White Bear Lake, Rochester, St. Cloud, Woodbury, and Howard Lake/Waverly school districts spoke about the need to preserve and increase high-tech courses such as computer training. They said most parents believe science and math course should be required high-school curriculum to prepare children for today's job market.

Combining and sharing schools between school districts may be the answer if school districts are to be able to afford high-tech curriculum. But parent representatives said such sharing should occur only at the secondary level. "I think the junior and senior high students can act and work very nicely within that kind of a system," said Nancy Deiter of the Howard Lake/Waverly school district, "but not for the little kids. They need to be close to Mom or Dad."

Parent representatives also said parents are willing to support changes in the state's education system due to budget cuts as long as they are involved in those decisions affecting their children.