

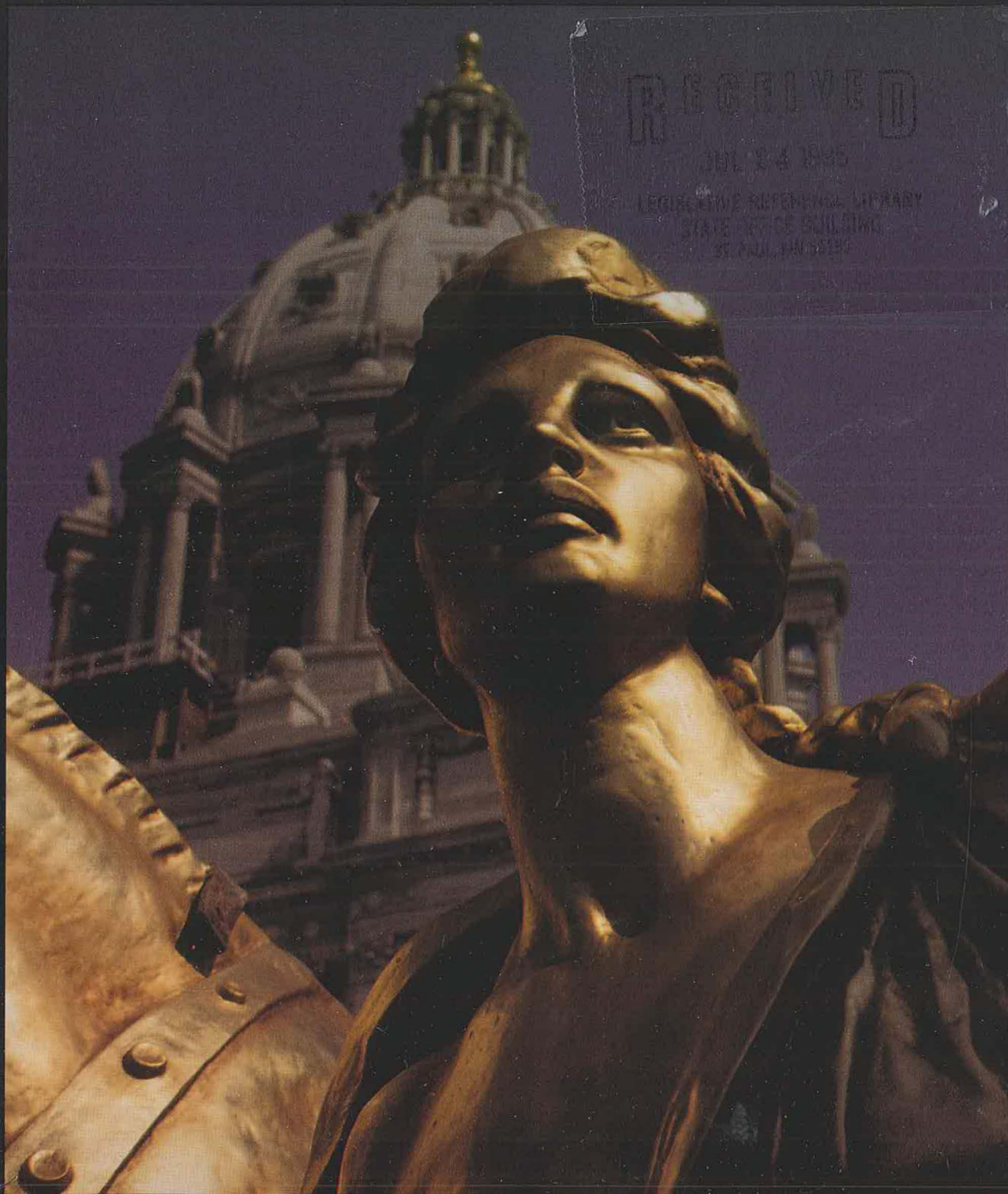
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Perspectives

A Publication about the Minnesota Senate



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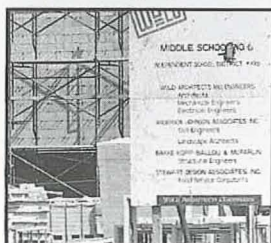
Table of contents



3

In the public eye

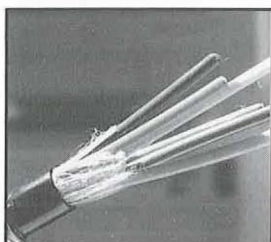
Perspectives asks four Senators to describe their personal experience in public service.



6

Budget balanced

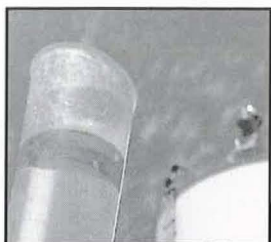
This biennium's budget is balanced, but demographic changes loom large, increasing the difficulty of meeting the needs of the state's citizens.



10

Session marks beginning of change for higher education

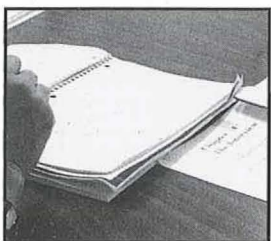
This session's higher education legislation ties a portion of funding to the attainment of performance goals.



13

Ethanol gets a boost

Minnesota's "liquid gold" received a solid vote of confidence from lawmakers during the 1995 legislative session.



16

Helping families to self-sufficiency

Minnesota's model for addressing the shortcomings of the welfare system is expanded in this year's welfare reform bill.

23

Senators online

You may now contact many Senators via e-mail. Here's how.

On the cover:

Minnesota's famed quadriga, "The Progress of the State," awaits its return to its accustomed position above the entrance to the Capitol. The sculpture had been removed and transported to Connecticut for extensive restoration work and was lifted back into place Wednesday, June 21. Each element of the artwork has a symbolic meaning.

The male figure in the chariot represents the progress of the state. The two female figures, leading the horses, represent industry and agriculture, respectively. The horses are symbolic of the four elements: earth, air, fire and water. The male figure carries a cornucopia representing the bounty to be found in Minnesota. Photograph by David J. Oakes.

Staff:

Editor:

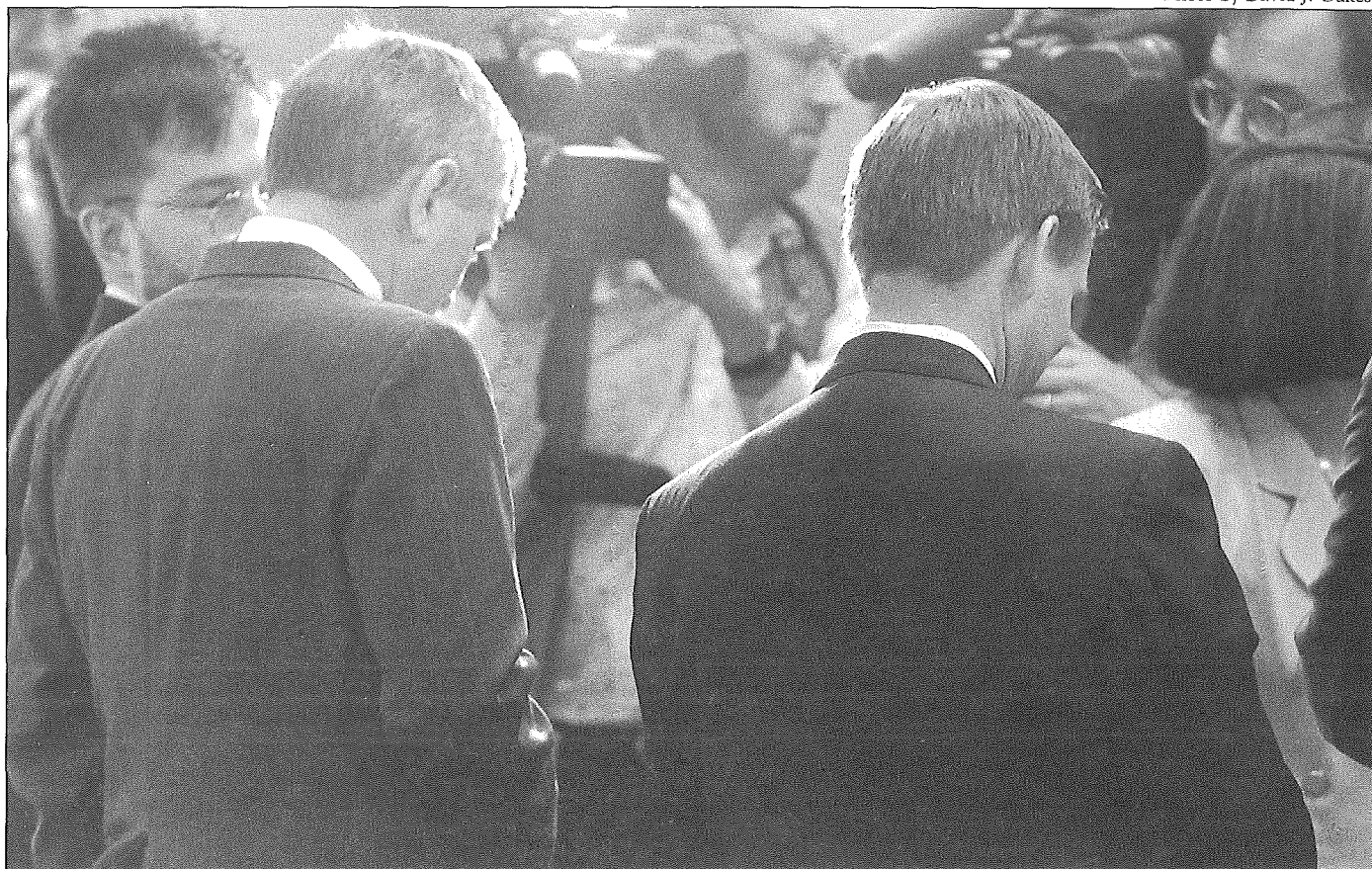
Karen L. Clark

Writers:

Kirsten Brooks
Carol Gardener
Jim Hoskyn
Laura Petersen
Catherine Ryan

Layout and Design:

Carol Gardener
David J. Oakes



Answering media inquiries is a part of daily life for Senators.

In the public eye

Four Senators reflect on the job, the institution, and common criticisms leveled at lawmakers.

by Carol Gardener

The title of legislator doesn't exactly bring with it an automatic assurance of respect these days.

Take the experience of Sen. Dean Johnson, Senate Minority Leader. "When I meet people and say, I'm Dean Johnson, I'm a chaplain, a minister, that's fine with people," Johnson said. "When I say I'm in the state legislature, their expression changes," Johnson said, recoiling to demonstrate the look of surprise and reconsideration the announcement evokes in people. Noting another manifestation of the mistrust of public officials, Senate Majority Leader Roger Moe said, "A generation ago, if you asked the American people, 'do you trust the government to make the right

decisions?' upwards of 68 percent of people said yes. Today it's more like 18 percent."

Perspectives asked four Senate leaders why, in a time when the public's frustration with government and mistrust of politicians have rarely been higher, they would want the job of legislator. In answering that question, the Senators reflected on the job and the institution, and along the way, discussed quite a few of the criticisms that are often leveled at lawmakers..

On the issue of public mistrust, Moe faulted the popularity of the campaign strategy of running against the government. "Probably the biggest group to blame is politicians themselves," Moe said. "There hasn't been a politician in the last 20 years that didn't run against the government, telling everyone how

bad it was, and then when they get there [into office] how much they were going to change it. Then when they've been there for 20 years, they're still running against it. That's why people respond the way they're responding.

Another reason for disenchantment, Moe said, is that the dynamics of legislative budgeting and spending are poorly understood. "Most of the costs of government are driven by demographics," Moe said. "If for some reason -- a baby boom, or whatever -- more kids show up in school, that generally takes more appropriations. We are also moving into a time when there are more and more elderly people who make use of the health care system. That's an expensive proposition."

"We shouldn't just necessarily say, we're going to take the first 3 1/2

Sen. Thomas Neuville



Sen. Ember Reichgott Junge



percent growth, and after that, if there's more, tough luck," Moe said. "We can't do that.

"It's tough to get people to understand that the major costs in government, which are education, health care, and lately, corrections, are driven, by and large, by demographics. They're not driven by the Consumer Price Index or something."

So, legislators have quite a job deciding how to allocate limited dollars. But couldn't they at least allocate them faster? Presented with the concern that the process is too slow, and with the dinner party observation that "I could make decisions better than that and faster than that," Moe said, "So could I, alone. But there are 67 Senators, each representing their district, and each representing the state as a whole. A dictator can make decisions very quickly. But democracy was not based upon a process that was to be swift. To the contrary, it was based on a healthy mistrust of centralized power." At the inception of democracy, Moe said, "there was a desire to kind of keep an eye on one another. As such, the process is never going to be swift."

Assistant Majority Leader Ember Reichgott Junge agreed, saying that despite the frustrations it engenders, the slowness of lawmaking is an inherent part of crafting the laws we live by. "Our legislature is more diverse than it has ever been," she said. "It represents more viewpoints than it has ever represented before." The task of finding a consensus or compromise on all of those different viewpoints is very

difficult, Reichgott Junge said. But that is the strength of the legislative process, she said. "The public can bring all those viewpoints here. And it takes time to hear from the public on many many different aspects of the budget or on all these other bills. If that's what's taking time," she said, then I think it's very important that we do take that time. I don't think the public would want it any other way."

Sen. Thomas Neuville, an Assistant Minority Leader and Minority Whip, however, sees room for improvement in the efficiency of the lawmaking process. "We have too many committees," Neuville said. "The process is just too cumbersome." Neuville said that individual Senators are on too many committees, making it impossible to give each issue the scrutiny it deserves. Reducing the number of Senate committees, Neuville said, would go a long way in increasing Senators' ability to be effective.

Johnson said that while a collaborative, inclusive process is important to democratic lawmaking, the process could nonetheless be made more efficient. He promotes a reduction in the number of legislators as one way to more efficiency. Johnson pointed to the conference committee process as an example of where improvements are needed. During the conference committee phase of lawmaking, uncertain meeting schedules and marathon conference committee meetings sometimes make the legislative process into an endurance test, even to the point of precluding eating and sleeping

for many of the people involved. "It's just too tough on staff and the public," Johnson said, adding that with better time management, it wouldn't have to be as trying.

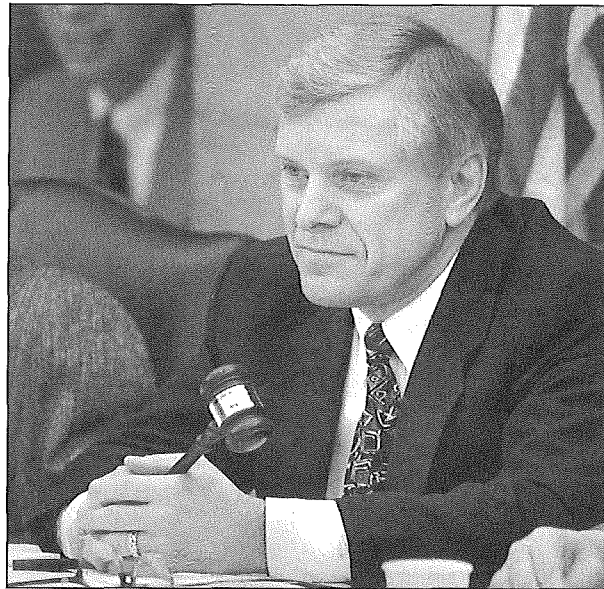
Speaking of trying, hasn't media attention increased, and doesn't constant scrutiny by the media eventually unnerve legislators?

"Quite the opposite," Johnson said. "I've always enjoyed working with the media. They make me do my homework. The professional media now are well-versed in the issues and they are not about to be fooled for a moment. One rule I have is I never lie to anyone in the media. I don't want them to come back and challenge me. If I don't know, I don't know."

Moe said, "there's no doubt that they've always played an important role in the process. To be perfectly honest, it [the legislative process] wouldn't function as properly as it does without scrutiny by the media," Moe said. "The work accomplished by the Legislature would not be known without them, good or bad, so they serve a very important function."

Each of the Senators interviewed stressed the importance of honesty with the media. Neuville said that being seen as straightforward in the eyes of media people has been advantageous to him. "I try not to abuse or take advantage of the media," he said, and as a result, reporters trust him and use him as a source when they need information.

The Legislature seen through the lens of the media, however, sometimes bears only a faint resemblance to the



Legislature Senators describe.

Reichgott Junge said, "I found it ironic that the media termed this session a low-key session. We were doing exactly what we were supposed to do, which was to balance an \$18 billion budget. There were many things going on. It's just that they didn't rise to the level that the media could use for their headlines," she said.

"What I like to say is that you might not see our budget reforms on the 10:00 news or in the headlines, but you will see them in the bottom line savings of the state budget in the future," Reichgott Junge said. "So to me, it was a nuts and bolts session and...we did our job. The irony is that somehow the media doesn't see that as a productive session."

Moe said that political reporting has suffered from the overall media trend toward sensationalism. "In recent years, what's made it more difficult, Moe said, is that the political part of the press has been pressured by other kinds of media to get into more of the personal, sensational aspects of the business." Moe said that, for example, television programs that purport to be investigative reporting are popular and very cheap to produce. "If it bleeds, it leads," Moe said. "That...forces everything into that kind of atmosphere."

Neuville said, "the media have sensationalized things. They've exaggerated things. For example, he said, "people think that crime is out of control and we have to do something. But the crime rate in Minnesota frankly has been fairly level for the last ten

years. But it's getting more focus from the media, and they scare people to death. People call us and say, you've got to do something about this. Government can't solve every problem, but they expect us to. The media have raised the expectations to a level that we can't satisfy."

Another exaggeration, Neuville said, is the disproportionate attention devoted to partisan brinksmanship. "Partisanship," he said, "really only gets

"You might not see our budget reforms on the 10:00 news...but you will see them in the bottom line savings of the state budget in the future."

- Sen. Ember Reichgott Junge

bad on a half a dozen bills per year. People see it on TV and they read in the newspaper about how we disagree over everything, but they don't see the 80 percent of bills we work on relatively cooperatively."

Still, setting aside the media's part in portraying partisan conflict, doesn't partisanship take a lot of unnecessary time and money? Given the need for increased efficiency, is the party system really defensible?

"I think the party system is very defensible," Reichgott Junge said. "It brings different perspectives to the table. But they work best when we work together for that final package. I think this session was a good example of bipartisan cooperation, in K-12, in

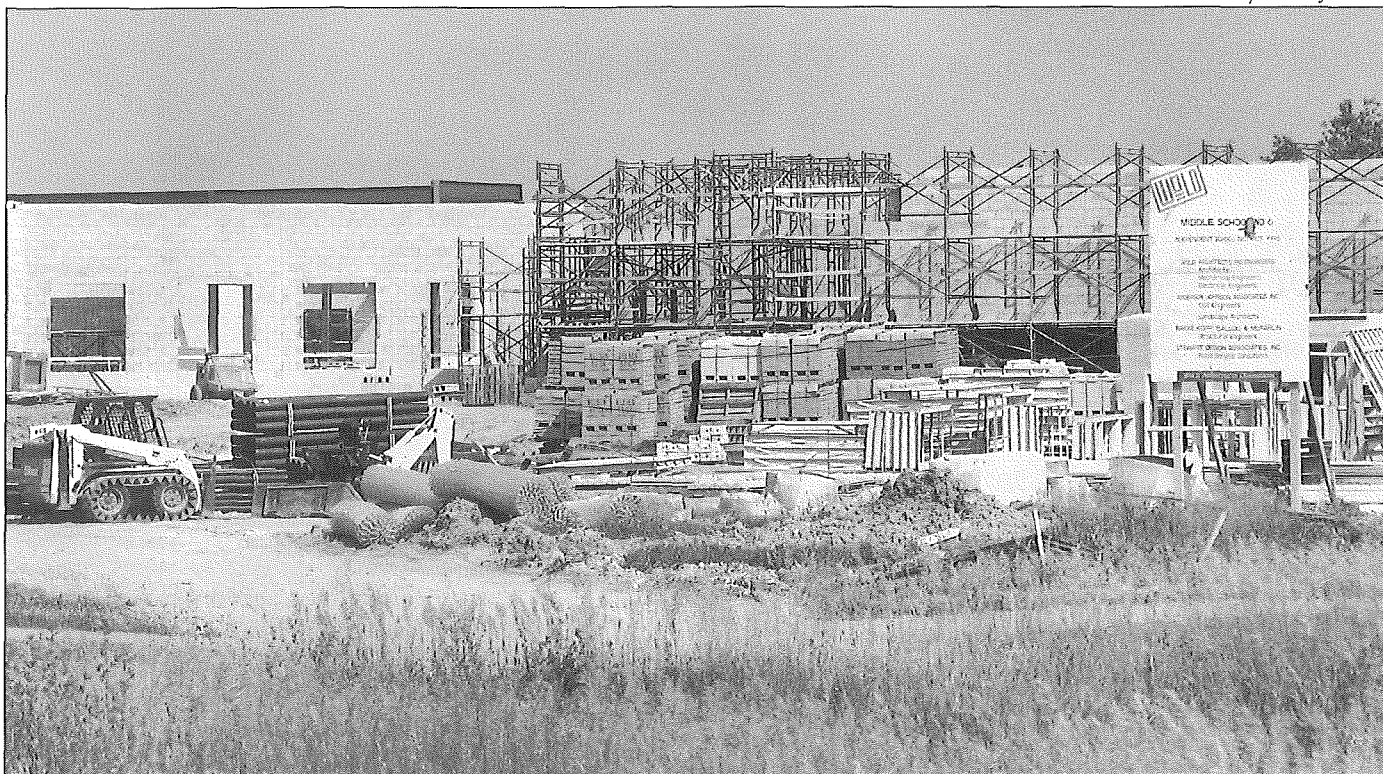
MinnesotaCare, in the livable communities bill," she said. Those bills could not have been passed without bipartisan cooperation. The art of legislative compromise is taking the best of the proposals, and making them work for everyone. So I do believe it's healthy to have a two-party system."

Neuville said that the two-party system is also "to keep the majority honest." But being a member of the minority party is sometimes difficult, he added. "You don't realize until you've been here a few years how difficult it is to make a difference." As a minority member, he said he has learned that "you have to accomplish your objectives through amendments," and often be willing to forego the credit given to bill authors.

A more universal frustration for legislators is that the fruits of legislative labor sometimes take many years to mature, sometimes long after a legislator has left office. Given that considerable lag time, how do legislators know when they've done a good job?

Reichgott Junge said, "I think we feel best when we find a consensus or solution that truly is a win-win for all the interested parties. That's when you feel best. That's when you sleep the best."

Johnson sums it up: "You know when you're honest with yourself," he said. "You know when you've worked hard. You know when you've solicited the opinions of the public. You know when you've treated people right. And you know when you've represented your constituency to the best of your ability."



Projected K-12 enrollment increases will generate additional demands on the budget for education.

Budget balanced

But structural imbalances remain

by Jim Hoskyn

When the 1995 regular, and a subsequent special, session ended, the Legislature had fulfilled its primary responsibility by approving a state budget of more than \$17 billion.

At the same time, the Legislature also met its obligations by providing a balanced state budget. That obligation, specified in Article XI of the Minnesota State Constitution, prohibits the state from issuing "certificates of debt" that "will exceed the then unexpended balance of all money which will be credited to that fund during the biennium under existing laws."

This year's state budget was developed under pressures that differed significantly from those that lawmakers have faced in past years.

While assembling the budget for FY 1996 and FY 1997, legislators faced a situation in which spending requirements exceeded the amount of revenue available to support state programs.

And in the future, even more trouble looms.

Budget forecasts indicate that while the amount of revenue the state collects will continue to grow, the demand for state spending will exceed the available revenue for the foreseeable future.

Looking into the crystal ball, economists project, at best, slower rates of inflation and modest economic growth. At the same time, there is an increasing risk that the state may experience a recession.

In the best-case scenario, any

increases in the amount of revenue the state receives through income, sales and motor vehicle excise taxes will be minimal - about two percent each fiscal year. In turn, if the economy were to falter, any expectation of revenue growth also disappears.

In February, the Dept. of Finance projected that about \$18.7 billion in revenues will be available for FY 1998 and FY 1999. Yet that same forecast also estimated that, without considering the limits on three major areas, spending obligations could top out at about \$20 billion.

While the Legislature has added caps to the amounts that can be appropriated for K-12 and post-secondary education, and for human services programs, estimates still show that the size of the revenue pie falls

short of meeting current needs.

If that message was missed in the revenue forecast, a report from the Office of Strategic and Long-Range Planning, entitled "Within Our Means," drove the message home.

Because of the continuing threat that spending will exceed revenue, the Planning Office's report said the state faces a \$2.5 billion "structural imbalance," if the difference between spending and revenue is allowed to accumulate through FY 2005.

When the report was presented to the Senate Finance Committee in January, Planning Office officials pointed out that several forces are driving state government spending. Those forces include changing demographics, the expansion of eligibility for state programs and the levels of services provided in those programs, and the need to expand and maintain public infrastructures, such as buildings and highways.

Of those factors, as legislators learned throughout the budgeting process, the state's changing demographic picture is one of the most significant. As is the case nationally, Minnesota's population is aging. By the year 2010, the State Demographer's Office reports that more than 672,000 residents will be age 65 and older. As Minnesota turns grayer, there will be additional demands for health care services for older citizens, many of whom will look to state programs to get those services.

At the other end of the age spectrum, the number of children in Minnesota schools will also increase significantly into the next century. In 1990, more than 733,000 children were enrolled in Minnesota schools. The Dept. of Education estimates that by the year 2005, the pupil enrollment will have grown to over 860,000. While the 1995 Legislature approved a cap of about \$6 billion on K-12 education funding for FY 1998 and FY 1999, the enrollment increases will also generate additional demands for state support.

In addition to demographics, another prime driver of the state's budget is the expansion of eligibility for state-supported programs along with increases in the level of services those programs provide. As an example, the Dept. of Education reports that not only is the student population growing, the number of students involved in special education programs is also growing.

The changes in MinnesotaCare approved in this session provide yet another example. The measure extends the eligibility to include individuals from households who have no children and whose income is below 150 percent of the federal poverty level.

The need to support and maintain the public's infrastructure also forces spending in the state budget, particularly in the areas of corrections, where additional funds are needed for prisons, and in transportation, with demands for funds to build and repair highways.

Other factors tied into the budget have also begun to drive up spending. The appropriations to support operation of the state's prison systems for FY 1996 and FY 1997 is \$70 million higher than the previous biennium due, at least in part, to increased sentencing guidelines.

The costs of labor and materials also contribute to state spending. The Dept. of Finance has reported that about 40 percent of all funds spent by state and local governments goes into payroll costs, even though those costs vary across jurisdictions.



Sen. Gene Merriam

Within the framework set by the revenue forecast and with the recommendations contained in the Planning Office's report proposing ways to close the gap between revenue and spending, the Legislature began its work to develop and adopt an operating budget for the FY 1996 and FY 1997 biennium.

At the end of more than five months of work, the Legislature did provide a balanced state budget. But in the minds of the leading members of both the Senate Finance and the Taxes and Tax Laws Committees, an opportunity to reduce the imbalance was lost.

Sen. Gene Merriam (DFL-Coon Rapids), the chair of the Finance Committee, said, emphatically, that nothing was done to begin closing the gap. He said that neither the governor's budget proposal nor the funding measures developed in either the House or the Senate began addressing the problem. "There was a noticeable lack of political will to get at the problem," Merriam said.

Merriam did express some hope that the problem may soon be given some focus. In April, former Congressman Vin Weber and former State Senator John Brandl were named by the governor to propose program and policy reforms for each of the major spending areas.

Their work, Merriam commented, "may help to focus on the problem and perhaps provide some direction." But, he added, whether their work will be successful in narrowing the gap will

depend on their reaching agreement on the solutions. "You are never going to get agreement on a solution until you can get agreement on the problem," he said.

The second part - enacting those solutions - may be even more difficult. Merriam said that, with the election coming in 1996, he held little hope for legislative action in the next session.

"There is some sense, after the 1994 elections, among Republicans in the Legislature that they feel time is on their side," he noted. "Democrats are also beginning to feel that they won't want to make waves and disrupt the status quo. And while there is no

"You are never going to get agreement on the solution until you can get agreement on the problem."

-Sen. Gene Merriam

question in my mind that he is well aware of the problem, the governor doesn't want to get caught up in [proposing many changes] until the 1996 election is over."

Noting that the "Legislature acts on the margins" of the state budget, Merriam believes that resolving the gap will require greater legislative scrutiny of the state's budget base. "We need to do a better job of figuring out what we should be doing," he said. "The long and short of it is that we can no longer afford to do everything we want."

The senior IR member on the Finance Committee, Sen. Dennis

Frederickson (IR-New Ulm), also felt that an opportunity was lost this session. He explained, "When you look strictly at the amount of dollars in the budget, perhaps we did miss an opportunity, but when you look at what we did in attempting to meet the needs that existed, I think that we did not."

"I think we struck a good balance," he added. "With our budget reserve and cash-flow account, the state is in a sound financial management position."

But maintaining that balance while closing the gap may be difficult, Frederickson said. "One of the most troubling trends I see in the budget is the growth in [funding for] the Dept. of Corrections," he said.

He suggested that the increase may be the result of public pressure on the Legislature in response to rising crime rates. "Perhaps it is more perception than substance," Frederickson said, "but we've responded by extending sentences and building prisons, which is more expensive than providing rehabilitation services."

Frederickson believes that to close the structural imbalance, the state will need to significantly change how business is conducted. Change will happen, he said, but it "will either take a crisis or a large windfall into the state treasury."

"I would expect the crisis," he added.

Frederickson added that the Legislature has begun to understand the impact of past and present decisions. "Until recently we didn't consider the linkage between the decisions we've made," he said, "and correlate them to what they will do two and four years down the road."

Sen. William Belanger (IR-Bloomington), the ranking Republican on the Senate Taxes and Tax Laws Committee, agreed with his caucus-mate's assessment. Belanger said that while the Legislature continues to "plan in two-year cycles," the reports on the structural gap helped to raise awareness of the problem.

But that awareness did not result in action. "We addressed the issues with great timidity this year," he said.

Belanger said he felt the Legislature was hesitant to examine changes to the revenue end of the imbalance. An ardent opponent of a proposal to freeze property tax rates, Belanger said the Legislature needs to take on tax reform efforts. "We keep talking about doing it



Sen. Douglas Johnson

tomorrow," he said, "but we keep hoping that tomorrow never comes."

"We need to at least give Minnesota a fair system of taxation," he added.

Creating a fair system of taxation will require reform of both the state's property tax system and its sales taxes, he said. The sales tax system is "an administrative nightmare," he said. "There are so many [categories of sales taxes], it's no wonder that business people don't know what sales taxes they should be charging," Belanger said.

A fair property tax system would include a single rate applied to all property, Belanger said. "Historically, we have given relief to owners of some property at the expense of others," he said, "If we were to go to a single rate, we would need to soften the blow on homeowners, and local governments."

But the most important aspect to remedying the imbalance, he said, is in focusing both the state taxation and spending decisions. "We have to start targeting our decisions," Belanger said, "That is the key to reform."

Like his fellow Senators, Sen. Douglas Johnson (DFL-Cook), chair of the Taxes and Tax Laws Committee, also was disappointed that the Legislature was unable to close the gap.

But he believes the discussions on how that gap can be closed from the revenue end have begun.

"I'm disappointed that the property tax freeze wasn't adopted," he said, "but I believe it did begin a discussion of property tax issues."

As chair of the committee for nearly 15 years, Johnson has seen many reform proposals. "There are a lot of land mines when you are going after reform," he said, "In every reform proposal that has ever been introduced, every advocate's district comes out better because of it." But if reform is to happen, Johnson said that everyone "will need to share the pain."

He also believes that an impetus exists for tax reform proposals to be developed. Indicating his intent to assemble a bipartisan group to look at tax reform, Johnson said he hopes all interested parties will be willing "to come to the table."

But most important to any reform process, he said, is broader participation in the decisions to come. "We need to get the public more involved," he said. "The public is interested and more aware of the issues we face."

Photos by David J. Oakes



Top: Sen. William Belanger

Above: Sen. Dennis Frederickson

Session marks beginning of change for higher education

by Laura Petersen

When students from each of the four higher education institutions sat behind the long mahogany table facing the members of the Senate Higher Education Division one February morning, they did so to make sure their peers' voices were being heard.

Senators heard Dawn Gordon, a student of the Wadena Campus of Northwest Technical College, describe her financial juggling to support herself and her son as she finishes a two-year accounting program. They also heard Chris Lynch, the Community College System student president, adeptly

present the history of state spending on higher education compared to its spending on crime prevention and health care and compared to other states. The first-hand accounts of how students make their way through the systems provided a groundwork for requests for more support of the state's higher education programs.

From the spending aspect, the students did not hit the mark they desired; most students still will see tuition increases higher than the cost of inflation in each of the next two years. But their voices, their concerns, and their futures, are being heard, scrutinized and addressed by Legislators, specifically in this year's higher

education funding package, Chap. 212.

The higher education system in Minnesota is undergoing changes some Senators are calling unprecedented in the state's history. Since the beginning of the decade, post-secondary legislation has centered on four basic areas: increased use of technology, uniting the systems, being accountable to the taxpayers and refocusing on the students.

It's this emphasis on the needs of students, coupled with an ever-tightening budget and the merger of three higher ed systems, that drove much of this year's legislation.

The state is experiencing more reform in higher education than ever before, said Higher Education Division member Sen. Cal Larson (IR-Fergus Falls).

"Until now, there's been very little accountability. It's been, 'Give us more money and we'll guarantee nothing,'" he said, referring to funding demands of the higher education systems.

Ticking off statistics on graduation rates and the number of hours per week faculty spend teaching, Larson said the state hasn't delivered. "I think we've been short-changing our young people in that we've not been challenging them the way we should."

While not providing the full funding level many Senators believe higher ed deserves, the major provisions of the package address some of the problems in the current funding and collective bargaining formulas.

It's the beginning of change, Larson said.

Sen. LeRoy Stumpf (DFL-Thief River Falls) agrees.

Although access to information through technology has dramatically changed the way skills and learning are acquired, the system of education has been slow to change, Stumpf said.

When Stumpf became chair of the division in 1991, he and the division wanted to address several of the inevitable changes occurring in education. The most obvious, Stumpf said, was the disconnection among the four post-secondary systems: the University of Minnesota, the state university



Sen. LeRoy Stumpf

system, community colleges, and technical colleges.

That year's legislation contained provisions to implement the merging of the three systems outside of the U of M, into Minnesota State Colleges and Universities or MnSCU. Besides encouraging greater communication, the merger, which formally takes place July 1, provides structural change to guide the eventual instructional changes.

A second goal was to "move beyond the classroom," as Stumpf put it, and increase the efficiency and sharing between and within campuses. In 1993, a bill was passed that allocated money to encourage the development of the Minnesota Education Network, electronically joining all public campuses through the exchange of video, access to the worldwide Internet, and the transfer of student and administrative data. The system is just recently up and running, again increasing communication among campuses and institutions.

This session, the K-12 local school districts asked for, and will be receiving, funding to be included in the network to hook up libraries and classrooms, Stumpf said. The goal is to create over the next four years one comprehensive, statewide network of ideas, information and learning among the schools of the state.

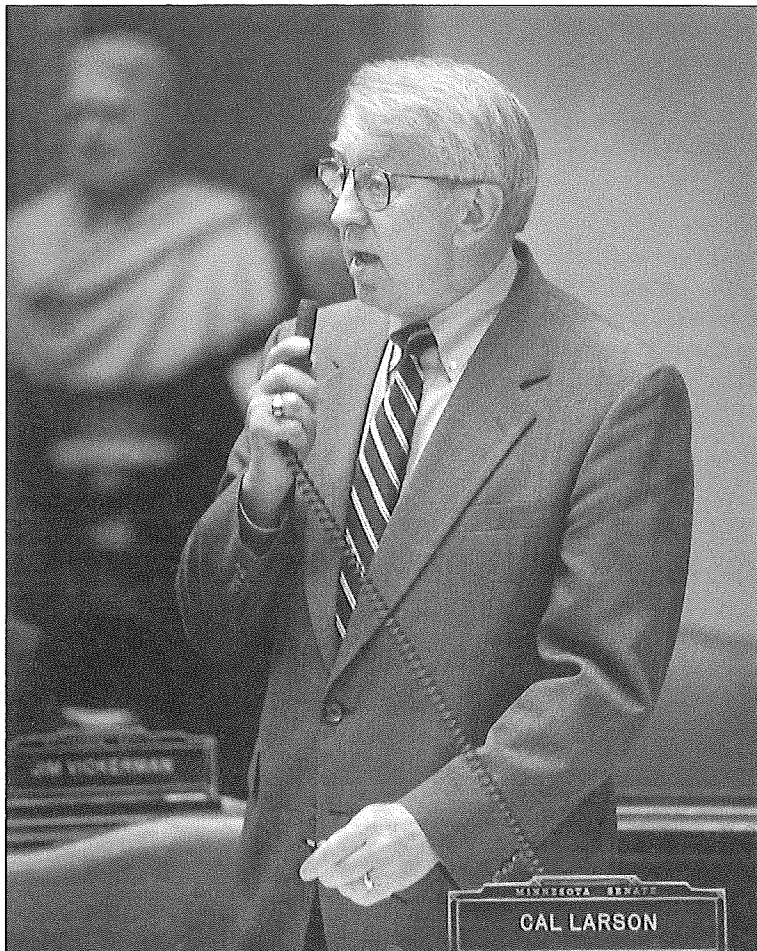
Since 1990, the pressure has been on Legislators to lower the growth in spending yet still maintain and improve the quality of education and opportunities. The state contributes some 65 percent of the higher education costs, but that contribution has been strained by the growth of costs in other areas, such as health and human services, and crime prevention.

Among other things, the higher education omnibus measure tackles two goals--attaching funding to achievement of certain criteria, and holding school administrations accountable through changes in collective bargaining.

Stumpf dubbed the current system of funding higher ed as "almost an entitlement program." Right now, a student walks into a campus, buys a quarter or semester's worth of credits and the state kicks in its share, he said. There's no connection to how well a job is done by either the student or the institution. There's also very little incentive for the campus to focus on the students' achievements, plans, or employment opportunities, he said.

The division approved a bill that

Photos by David J. Oakes



Top: Sen. Cal Larson

Above: The merger of Minnesota's state, technical, and community colleges is in progress.

turned that funding formula around: giving the campus the full amount of state funding only if a student received a diploma or degree within the allotted time of two, four or five years. But as a compromise agreed to in conference committee, the measure instead ties five performance goals to \$5 million in the second half of the biennium. When the MnSCU Board of Trustees or the University of Minnesota Board of Regents achieves one of the goals, it gets \$1 million.

The five performance measures outlined for MnSCU are: increase the percentage of the budget directed to instruction and academics; increase the number of credits issued through telecommunications between FY 95 and FY 96; increase by at least 2 percent the retention of entering freshmen on state campuses who remain for their sophomore year; increase by at least 2 percent the number of students who graduate within the time period of their chosen program, either two or four years; and, increase placement rates for occupational programs and transfer rates for academic programs for community and technical colleges.

The University's Board of Regents is encouraged to achieve similar goals: increase the number of freshmen ranked in the top 25 percent of their class; increase the rate of retention of entering freshmen; increase the number of minority students and faculty; increase the five-year graduation rate; and increase the

number of credits issued through telecommunications.

A second goal addressed in the measure deals with collective bargaining, faculty performance, and administrative details. The current contract negotiations are cumbersome, Stumpf said. The public is demanding a certain amount of work out of faculty. Of the \$2.2 billion the state spends on higher education every two years, some 80 percent of it goes toward salaries and benefits.

"We have to demonstrate a certain amount of accountability to the taxpayers," Stumpf said.

The measure does so by including provisions dealing with laying off employees without notice under certain financial emergencies and allowing presidents of institutions to meet with employees and faculty outside of compensation negotiations.

Specific provisions direct the system boards and the state commissioner of employee relations to achieve four basic goals that focus on student needs and campus missions when negotiating labor agreements. Those include defining expected work activities to ensure student access to faculty, reassessing employee layoff procedures and benefits, and defining a reasonable work week and work year for full-time employees.

MnSCU also is required to provide information of job placement history and prospects for employment for students when declaring a major. The U of M is requested to do the same.

And both systems are directed to develop a centralized electronic tracking system of student credits.

Both Stumpf and Larson said the biggest opposition to change has been from within the systems. When the Senate division came up with the new funding formula "all hell broke loose," Stumpf said. Everyone from students to faculty to administrators called or wrote in hundreds of reasons why the funding system wouldn't work. One of the main points of objection, supported primarily by faculty members, was they "didn't want to be tied to results," Stumpf said. Fears of campuses simply becoming "diploma mills" and difficulties with part-time and transfer students helped tie up the bill when it went into committee with House conferees. Thus the compromise was struck and the performance incentive account program was approved.

In division discussions, Stumpf reiterated the expectations of taxpayers despite trying budgetary times and continually emphasized the need for cooperation among all, with the students' needs kept in the forefront.

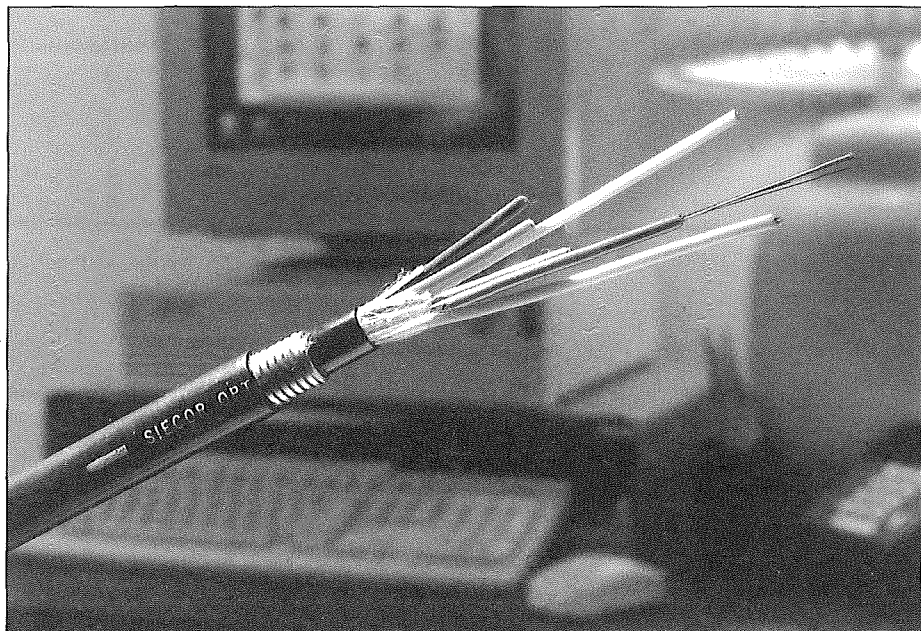
But as Larson put it, most parties within the systems have realized times are changing and faculty and administration "have moved dramatically along."

One driving force behind the changes may have been the students. This year Stumpf, Larson and other Legislators met frequently with students and student system representatives to hear their concerns about the merger and proposed budget plans.

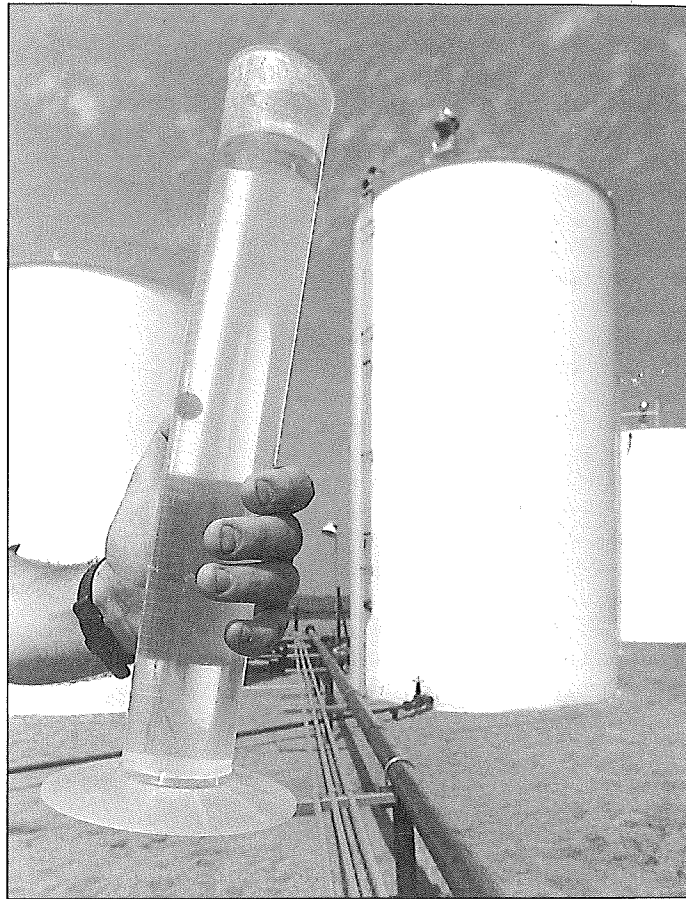
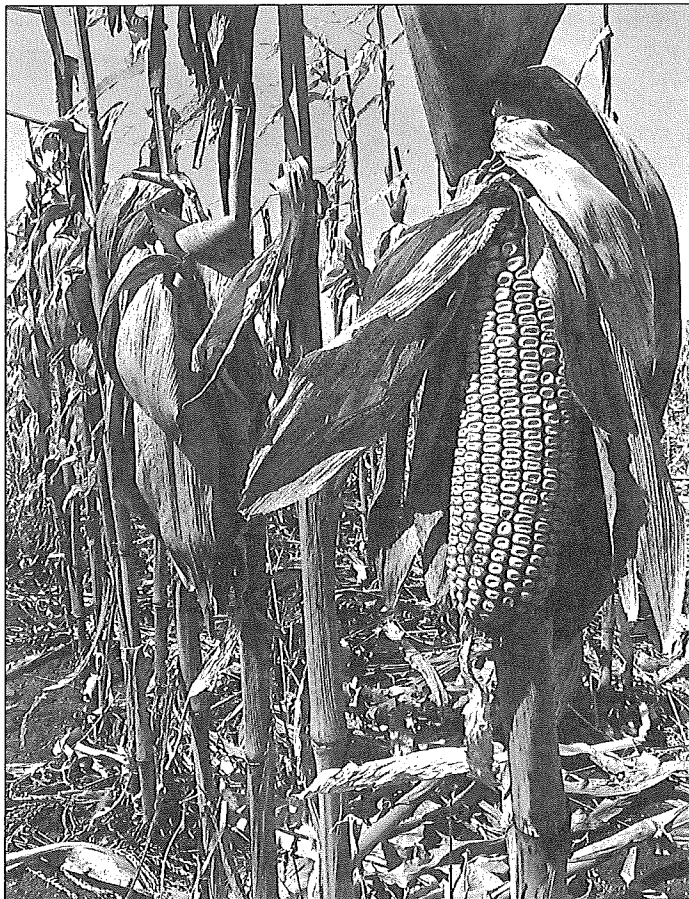
Larson said he directed the students he met with to go back to their faculty members and ask for support in reform measures. "We told them 'Don't come here asking for more money; we don't have it,'" he said. And he said he believed that for the first time, the students realized that the Legislature is on their side.

This package contains some pretty bold steps and is just the beginning, according to Larson. He credits Stumpf and Majority Leader Roger Moe (DFL-Ersine) for their leadership in making the changes. The reform that has begun in recent years will continue, he said.

Larson aptly summed up his and the division's bottom line in the coming financially-stretched years: "We're interested in the students," he said. "The question is how best can we prepare them for their futures."



Better use of technology is one of the goals set this session for MnSCU.



Minnesota's "liquid gold" received a solid vote of confidence during the 1995 session.

Ethanol gets a boost

by Catherine Ryan

Often, in the debate surrounding the development of the major appropriations bills, the programs and policies designed to help individual Minnesotans seem to get lost in the brouhaha of the budget setting process. Such is the case with a program aimed at helping both to develop alternative fuels and aid individual farmers throughout the state. Minnesota's ethanol support program is a case in point. Within the \$575 million omnibus environment and natural resources appropriation package is the biennial funding for producing and promoting the corn-based oxygenated fuel. Farmers, environmentalists, and lawmakers have promoted the alternative fuel for almost a decade now and never before has its destiny burned brighter.

Sen. Steven Morse (DFL-Dakota), unabashed champion of the fuel and chief author of the environmental appropriations package, makes a strong

case for "Minnesota's home grown industry." Because it is good for the economy and environment, for farmers and rural communities, support for ethanol has gained enormous momentum, Morse said.

"We're on the cusp of a major expansion, in an important and emerging industry. We want to position ourselves advantageously," said Morse. "These initiatives give us a strategy to do that, a roadmap that will take us into the next century."

Morse's roadmap, Chap. 220, the omnibus environmental appropriations package, contains a number of avenues that lend assistance into the evolving industry. Tripling the statutory cap for payments to ethanol producers from \$10 million a year to \$30 million, the oxygenated fuel received a solid vote of confidence from lawmakers during the 1995 Legislative Session.

"The level of the state's commitment sends a clear message that we're going to nurture this industry and get these

plants up and running," said Morse. He pointed out, however, that the measure's provisions are not open ended. "Although we've significantly expanded the program, we've also added some parameters."

The largest slice of the ethanol funding pie is the portion earmarked for producer payments. The appropriation from the general fund for the 1996-97 biennium, available the day following enactment, is \$25 million. Paying 20 cents per gallon on the first 15 million gallons produced, the program has an expiration date of June 30, 2010. To qualify for the funds, plants must be on line no later than June 30, 2000.

Another important aspect of the measure is the annual 220 million gallon production goal. Currently the state burns 100 million gallons a year, yet produces only 40 million of those gallons. Consequently, Minnesota buys ethanol from other states, primarily Illinois, Iowa, and Nebraska. "But this

policy ensures that we'll meet our own needs," Morse said, "and keep our dollars here in Minnesota."

As the state moves toward expansion of oxygenated fuel requirements, even greater demand is forecast. As of this October, oxygenated fuel must be used by all vehicles in the 10 county Metropolitan Area year round, not just for part of the year. And that mandate goes statewide, in October of 1997.

In light of increasing demand for cleaner burning fuel, many believe that shoring up Minnesota's position as a leader in ethanol sales makes good business sense. "Why should we buy ethanol from Nebraska, when we can make it right here in Minnesota?" asked Sen. Dan Stevens (IR-Mora).

Ethanol is hardly a new idea. The Germans used it in motor vehicles during World War II, and the clear liquid remains the choice of many who don't have access to petroleum fuels.

Today's resurgence stems from the very qualities that prompted its popularity in the 40's: a need for a cheap, clean, renewable energy source--in one's own backyard.

Reducing reliance on outside energy sources is one of the very first reasons Senators give for growing Minnesota's ethanol industry. Oil imports are

currently at their highest level since the early 70s, Morse noted.

Stevens said, "Our petroleum addiction is a habit that the state needs to kick. Ethanol could make Minnesota an exporter of energy, rather than an importer."

The staggering cost of importing energy is another convincing argument supporters make when touting ethanol.

"In Minnesota we have this tremendous problem with the balance of trade on our energy," Morse noted. "We spend more than \$4 billion dollars a year--a direct cash pipeline out of the state--to buy energy. "An expanded ethanol industry would reduce that expenditure, said Morse, "and recapture some of that revenue, producing a tremendous savings for the state of Minnesota."

But the measure's economic impact stretches well beyond immediate savings, Morse continued. As other states shift from fossil fuels toward alternative energy sources, the prospect of marketing ethanol is a notion that makes sound economic sense to Minnesota's farmers.

"The mood of the agricultural community is very positive on ethanol," said Sen. Steve Dille (IR-Dassel). For farmers, ethanol represents a chance to

add value to their traditional products. Corn, Minnesota's number one commodity, waits poised for renaissance. "By investing in the next level of production, these ethanol plants will provide farmers with additional income," said Dille.

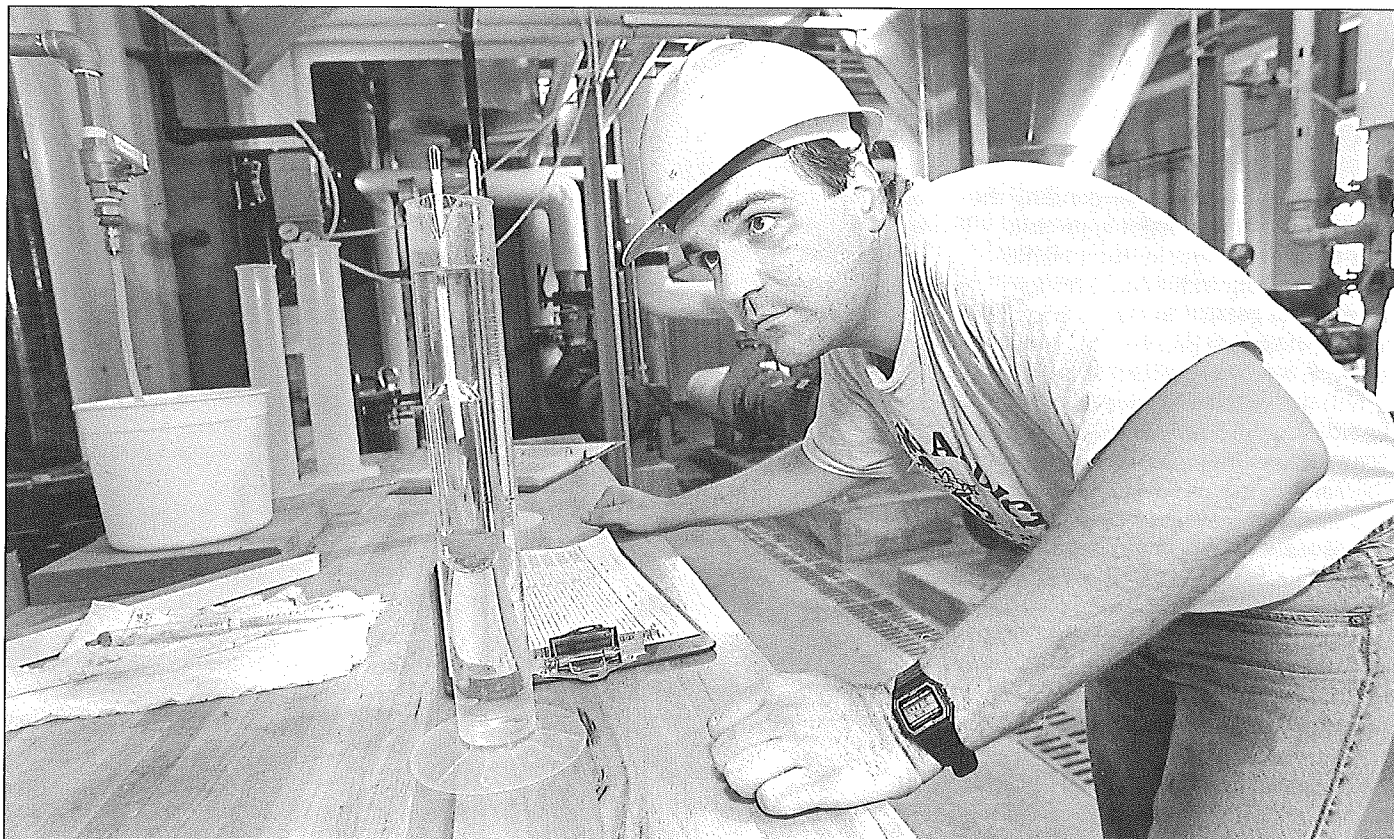
"The ripple effects of a strong ethanol industry are tremendous," added Morse. By invigorating agriculture, the entire state stands to gain, he said.

Sen. Joe Bertram, Sr. (DFL-Paynesville) agreed. "This is a way for rural Minnesotans to get out of the economic difficulties they've been burdened with for so long," Bertram said. "Ethanol's going to benefit a lot of people," he added, "the whole state's going to profit from this industry."

Sweeten the package even further with ethanol's environmental advantages and its allure is irresistible. Minnesota's environmental community is fiercely loyal to the clear liquid, and indeed, ethanol's purity is indisputable. A list of ethanol fuel components stands in stark contrast to the list of more than 500 chemicals found in gasoline.

Does anyone oppose this liquid gold?

"I have some concerns about the level of subsidy that these ethanol



Ethanol meets the need for a cheap, clean, renewable energy source.

Sen. Steve Dille



plants will receive," said Dille. "The trend is away from government assistance," Dille cautioned, and operations are increasingly being compelled to succeed on their own financial merits.

While Morse acknowledged that the direction of government funding to private enterprise is downward, he noted that energy industries have a long history of public funding. "All of them have received public money. Coal, nuclear, and of course the oil industry, have been heavily subsidized," Morse pointed out.

Additionally, ethanol funding can be viewed as an investment, Morse countered, rather than a subsidy. He's not alone with this thought.

"For every dollar we put into ethanol production, we'll get at least \$10 back," Bertram claimed.

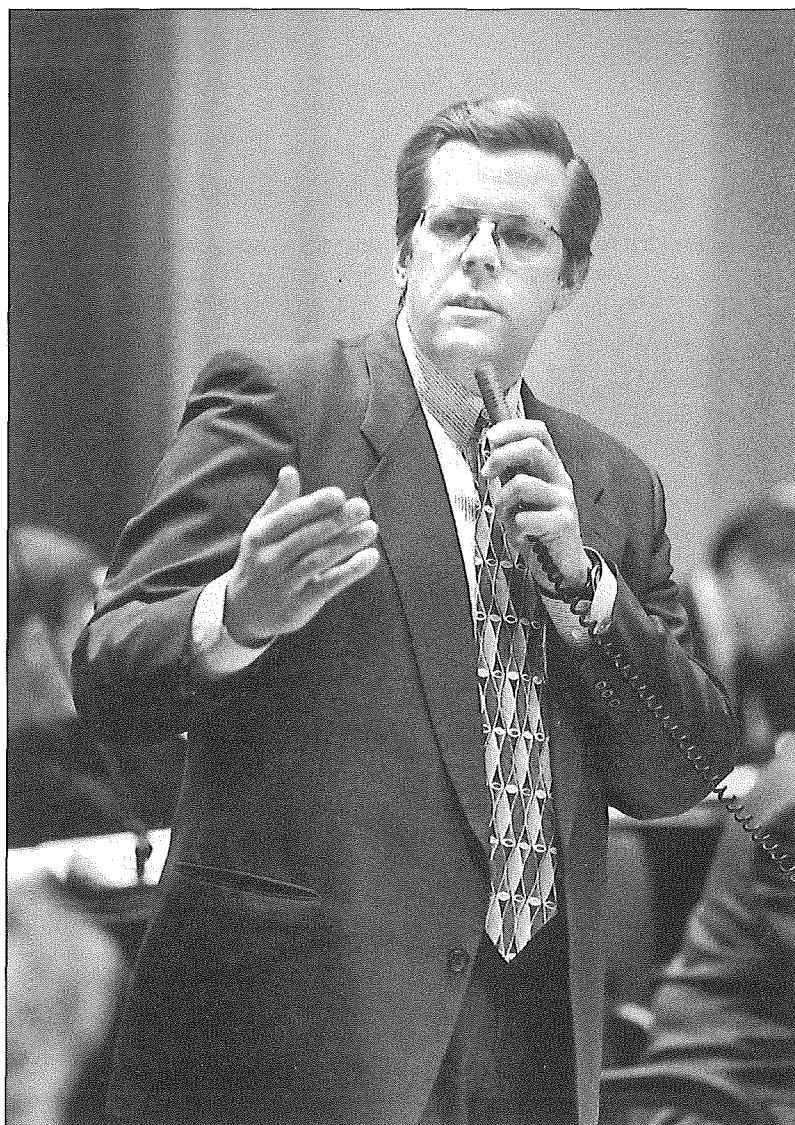
Some lawmakers argued that ethanol mandates deny consumers a choice. In fact, Sen. Randy Kelly (DFL-St. Paul) backed a movement to exempt premium grade gasolines from the oxygenate mandate. Although Kelly's attempt was unsuccessful, "the question of choice warrants looking into," Morse said.

Without question however, ethanol has emerged as a big winner. "Our ethanol promotion package is clearly the strongest in the nation," Morse said.

This comprehensive strategy could catapult the state to the number two position nationwide, Morse said. "And that's good news," he said, "for farmers, for Minnesota."

Sen. Joe Bertram

Photos by David J. Oakes



Sen. Steven Morse



Equipping recipients with job-hunting skills is one of the aims of the Minnesota Family Investment Program.

Helping families to self-sufficiency: Minnesota Family Investment Program expanded

by Kirsten Brooks

This year, the Minnesota Senate tackled an issue which has engaged the whole country in debate: welfare reform. In recent years, attention has been focused on the cost and effectiveness of providing support services such as Aid to Families with Dependent Children (AFDC). Many state leaders have argued that the program is not adequately meeting the needs of the people it is meant to help, encourages dependency and does not provide adequate tools to become self-sufficient. The Senate responded this session by revising the state's assistance programs and redirecting resources toward initiatives that incorporate work with welfare.

Sen. Don Samuelson (DFL-Brainerd), author of the Senate plan,

described the new policy as "a far-reaching welfare reform proposal that is positive, not punitive. The bill emphasizes work, not welfare, and provides education and training where appropriate," Samuelson explained.

The final version of the new law, Chap. 178, rewards work and overhauls several programs for AFDC recipients. AFDC, the main welfare program for families, costs \$331 million annually and covers about 65,000 adults and 120,000 children in the state. Among the changes made by the bill is the a refocus of the STRIDE program (Success Through Reaching Individual Development and Employment) from job training to work. Recipients and counselors create individual goal programs, which they must adhere to or face a financial penalty.

The bill also creates a pilot program,

Work First, for first time AFDC recipients. Work First requires recipients to conduct an immediate job search and to take a temporary public service job if they cannot find other employment.

"There are lots of jobs out there [for recipients] to take, even if they haven't found the ideal job," explained Sen. Martha Robertson (R-Minnetonka), member of the bill's conference committee. To assist participants in becoming self-sufficient, the initiative offers child care, health care, job assistance, and help with rent and utilities payments.

Eliminated by the bill, but not without controversy, is the Work Readiness program for adults without children. Program opponents have said that the state cannot afford to carry those who should carry their own

Sen. Pat Piper



weight. "Our job is not to support people for their entire lives, but to help them gain self-sufficiency," Robertson noted.

Some legislators, however, asserted that the program, providing \$203 per month, allows only a minimum level of support to survive. "This is a small amount to help get people out of a crisis situation," said Sen. Pat Piper (DFL-Austin), chair of the Family Services Committee. Piper noted that people need to have the basic tools to improve their situations and get off welfare for good.

The Minnesota Family Investment Program (MFIP) is an example of a program working successfully to get people off welfare for good. A highlight of the new law, this work-focused program is currently piloted in three Metro Area counties and four rural counties and will now be expanded into Ramsey County. The philosophy behind MFIP is a type of social contract: in exchange for the opportunities provided, families are expected to work toward employment and self-sufficiency.

MFIP allows working families to retain some benefits and to disregard a higher portion of their earnings.

Incomes that fall short of a living wage level can be supplemented by state assistance. Therefore, working will always result in increased income for a family.

Under the program, parents must meet with a case manager to develop a self-directed, individualized plan to increase their skills or to seek employment. Those who do not follow through with the plan face sanctions on their benefits.

The program is hailed by both caucuses as a model program to respond to the shortcomings of the welfare system. "This is a much more creative solution" to the problems faced by families in crisis, Piper said, adding that "people just need a boost."

In the past, many families have been faced with the dilemma of choosing to remain on welfare to continue receiving benefits for themselves and their families or deciding to take minimum wage jobs and lose valuable child care and health care assistance. MFIP solves this predicament by helping randomly selected AFDC recipients with their day care, their transportation costs,

Sen. Martha Robertson



and in their job search.

And the pilot programs have met with resounding success: job placement rates are 1.5 to 3 times higher than those of regular AFDC recipients. Piper attributes MFIP's success to the tools given to participants. "MFIP provides them with the basic and necessary supports," she explains.

Also enthusiastic about the program, Robertson credits the individualized plans for each family. "One size doesn't fit all," she said, noting that MFIP works because it offers several solutions to the barriers faced by a particular family.

In constructing a more effective system, the reforms move decisively toward work programs. However, Piper explains, in order to achieve success, recipients still need services such as health care, educational opportunities, transportation and child care. We need to be sure we continue to value little children, Piper cautions, as well as the parents who stay home and care for them. The bipartisan effort does this through offering some basic supports. Samuelson agrees these provisions are essential. "Most of all," he said, "the bill does not forget the children."

Internet e-mail addresses for members of the Minnesota Senate

An Internet address has been set up for the Senate Members who requested it. Some members do not have computers to directly receive their email, but their incoming email is being directed to a staff member for processing. Some Senators elected not to have e-mail access at this time, thus not all 67 Senators are listed. The form of the email address is sen.[first_name].[last_name]@senate.leg.state.mn.us

The following Senators have Internet addresses as listed below:

sen.ellen.anderson@senate.leg.state.mn.us
sen.tracy.beckman@senate.leg.state.mn.us
sen.linda.berglin@senate.leg.state.mn.us
sen.don.betzold@senate.leg.state.mn.us
sen.kevin.chandler@senate.leg.state.mn.us
sen.richard.cohen@senate.leg.state.mn.us
sen.skip.finn@senate.leg.state.mn.us
sen.carol.flynn@senate.leg.state.mn.us
sen.john.hottinger@senate.leg.state.mn.us
sen.dean.johnson@senate.leg.state.mn.us
sen.randy.kelly@senate.leg.state.mn.us
sen.dave.kleis@senate.leg.state.mn.us
sen.david.knutson@senate.leg.state.mn.us
sen.don.kramer@senate.leg.state.mn.us
sen.jane.krentz@senate.leg.state.mn.us
sen.cal.larson@senate.leg.state.mn.us
sen.arlene.lesewski@senate.leg.state.mn.us
sen.john.marty@senate.leg.state.mn.us
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