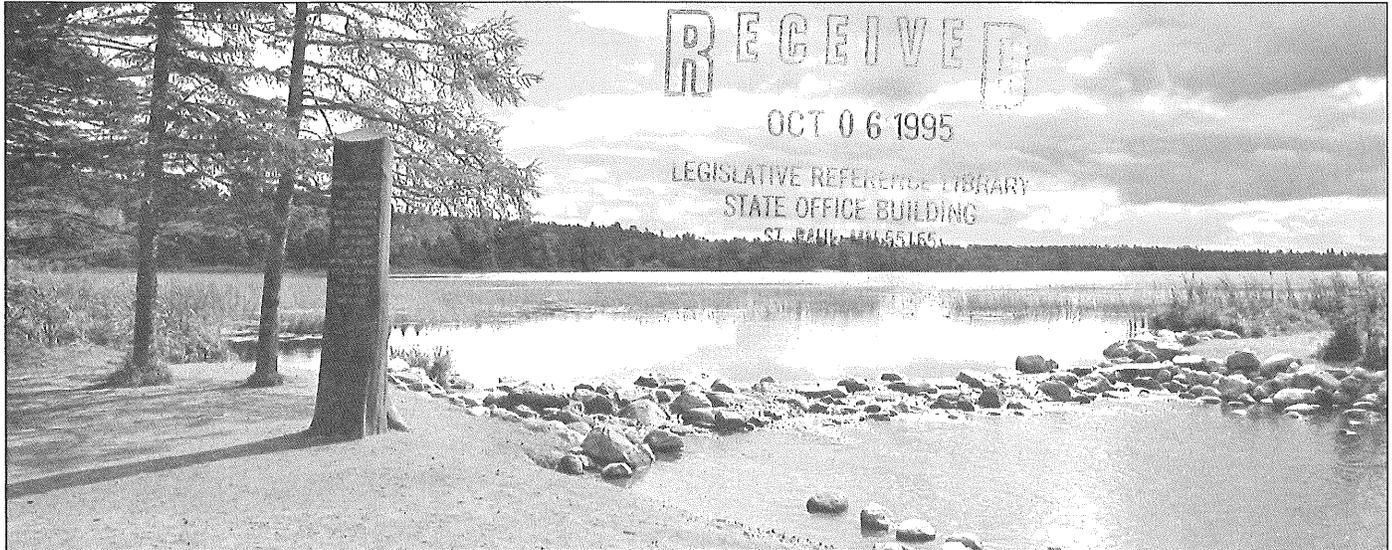


MINI-SESSION REPORT

A Non-Partisan Publication of the Minnesota House of Representatives ♦ October 3, 1995 ♦ Volume 3, Number 1



The Headwaters Mini-Session was so named because the northwestern Minnesota area is home to the headwaters of the Mississippi River at Lake Itasca.

Headwaters Mini-Session

Land of lumberjacks welcomes House members



Once home to rumors of diamond mines, 52 taverns to please the gullets of lumberjacks, and the nation's alcohol prohibition trendsetter, the northern Minnesota city of Bemidji has a rich and varied history.

While lawmakers who attended the Bemidji area Headwaters Mini-Session Sept. 19-21 enjoyed the pine trees, lakes, towering Paul Bunyan statue, and historic stories, their focus was on the future of northwestern Minnesota.

Interested citizens were invited to attend more than two dozen legislative hearings which were held in Bagley, Bemidji, Blackduck, Fosston, Northern Township, Park Rapids, the Red Lake Indian Reservation, and Walker.

On their minds: access to health care in northwestern Minnesota; affordable housing in the region; and how to attract business and industry without destroying the natural area for tourists.

The mini-session was the 12th held outside the St. Paul State Capitol since the Min-

nesota House of Representatives took its legislative business on the road in 1987.

The goal is to bring politics to the people, so that citizens can easily participate in the legislative process without the time and expense of a trip to the Twin Cities. It also allows lawmakers to see firsthand how certain policies affect different sections of the state.

And if the success of past mini-sessions is any guide, there will be several specific proposals enacted into law as a result.

Many of the issues discussed during the three days of meetings centered around those of importance to most communities in the state: the impact of federal budget cuts on local affordable housing and access to health care, school finance reform, and economic development.

But there were several meetings devoted specifically to issues of concern in Bemidji and Beltrami County, such as forestry, the timber industry, and federally protected timberwolves. A panel of lawmakers toured several local public facilities in hopes that the state will authorize bonds to improve them. The Northwest Juvenile Training Center,

Northwest Technical College, and Lake Bemidji State Park were some of the toured sites.

The centerpiece of the three-day mini-session was a town meeting held Sept. 20 at Bemidji High School. Thirty lawmakers heard and responded to the concerns of about 150 local residents. (See story, page 3)

In all, nearly 100 of the House's 134 members participated in the mini-session.

October mini-session

The next House of Representatives mini-session is planned for Oct. 24-26 in the southern Minnesota cities of Austin and Albert Lea.

The Southern Twin Cities Mini-Session will mark the 13th mini-session to be held outside the St. Paul State Capitol since the Minnesota House of Representatives took its legislative business on the road in 1987.

A preliminary schedule of meetings is on page 22.

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MINI-SESSION REPORT

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Mini-Session at a glance

Bonding bargains — Officials from two state parks and an American Indian tribe were among the groups that pitched capital improvement projects to lawmakers during the recent mini-session conducted in Bemidji. But competition for a place in the 1996 bonding bill will be tough. **Page 6**

Rural education pressures — Like many rural school districts, Bemidji public schools face unique demands which put state funding decisions to the test. The district's large geographic size, percentage of students who live below the poverty line, and percentage of students in special education programs create a crunch in Bemidji. **Page 9**

Wetlands debate — Many agree that Minnesota's Wetlands Conservation Act — which came close to being amended during the 1995 session — needs more work. Legislation drafted by the Board of Soil and Water Sources (BWSR) is expected to be considered during the next session and BWSR officials say it would make the law more workable for all areas of the state, particularly in counties where few wetlands have been lost since European settlers arrived. **Page 10**

Rebounding timber wolves — The eastern timber wolf, protected by the federal Endangered Species Act of 1973, has grown to some 2,000 strong in Minnesota. Their successful comeback means they will be removed from their "threatened" status within three to five years, when the responsibility for their protection will move from the federal government to the state. **Page 11**

Easing state regulations — To attract businesses, create jobs, and allow counties to run more efficiently, state regulations need to be less rigid and less complex. That was the consensus among those testifying at an economic development hearing in Park Rapids, Minn., Sept. 20. **Page 12**

Restore federal cuts — The House Health and Human Services Committee passed a resolution Sept. 19 calling on Congress to restore funding to programs that help senior citizens and working families. **Page 15**

Financial aid for students — Minnesota college students are graduating deeper and deeper in debt, often in the five figure range. And more federal budget cuts to student financial aid are on the way. **Page 15**

Prison in the north woods — Ah-Gwah-Ching, a nursing home in Walker, Minn., may soon be home to some 100 elderly prisoners from Faribault if officials from the departments of corrections and human services can persuade lawmakers to authorize the move during the 1996 legislative session. **Page 18**

Recruiting megamall tourists — Of the 38 million annual visitors to the Mall of America in Bloomington, more than 11 million are tourists. And now the mall and state officials are trying to figure out a way to spread those numbers across Minnesota. **Page 19**

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Headwaters Mini-Session Town Meeting

Members, residents discuss health, housing, wetlands

The Headwaters Mini-Session Town Meeting attracted about 150 area residents who met face-to-face with approximately 30 members of the Minnesota House of Representatives Sept. 20.

The Bemidji High School Auditorium was the site of the two-hour event, which was planned to give local people access to House members and staff without having to travel to the Capitol in St. Paul. Likewise, the meeting provided House members an opportunity to learn, firsthand, about the issues that are important to Bemidji and surrounding areas.

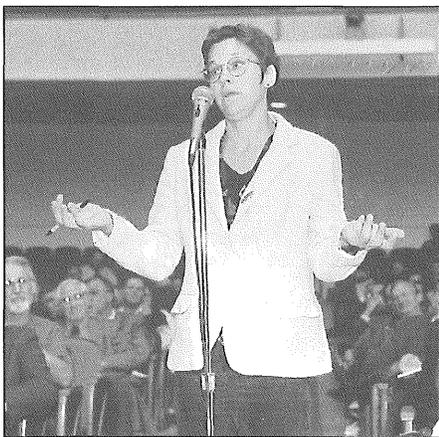
Panel members were: Speaker of the House Irv Anderson (DFL-Int'l Falls); Majority Leader Phil Carruthers (DFL-Brooklyn Center); Rep. Hilda Bettermann (R-Brandon), who replaced Minority Leader Steve Sviggum (R-Kenyon) who was unable to attend; Rep. Bob Johnson (DFL-Bemidji); Rep. Tony Kinkel (DFL-Park Rapids); Rep. Edgar Olson (DFL-Fosston); and Roxanne Daggett (R-Frazee). Other members sat in the front rows of the auditorium, available to respond to questions from the audience.

Local residents and officials raised issues involving health, housing, environment, education, and government, to name a few.

Health

Lisa Boulay, a nursing assistant at Beltrami Nursing Home, was disturbed about cutbacks to nursing homes.

"How come Northome, Minn. is considered "urban" for medical reimbursement and Bemidji is "rural?" she asked.



Lisa Boulay, a nursing assistant at Beltrami Nursing Home in Bemidji, voiced her concerns about unfair funding for nursing homes Sept. 20 at the Headwaters Mini-Session town meeting.



About 150 people attended the town meeting held Sept. 20 in the Bemidji High School Auditorium as part of the Headwaters Mini-Session. House leaders and lawmakers from northwestern Minnesota districts fielded questions from the stage. In addition, there were more than 20 other lawmakers in the audience to hear from the public.

Johnson agreed that nursing home reimbursement is a real problem. He explained that years ago, Minnesota created three levels of funding for nursing homes: metropolitan, rural, and deep rural. "Deep rural gets less money than rural, and rural gets a lot less than metro." Bemidji is considered deep rural, he said.

"We are penalized because we have a high Medical Assistance population," he said.

Johnson introduced a bill earlier this year that would repeal that system and replace it with a more equitable one.

Housing

Sue Watlov Phillips, executive director of Elim Transitional Housing in Minneapolis spoke about the need for affordable housing. She noted particularly the increase in homelessness in rural Minnesota such as a 44 percent increase in Bemidji and a 68 percent increase in Crookston.

Cuts in welfare and federal housing dollars and an increase in rent costs have many families and singles struggling.

Phillips asked the state for help

Minnesota already offers rental subsidy and loan programs to help families afford housing.

But Rep. Karen Clark (DFL-Mpls), head of the House Housing Committee said that both affordable rent as well as affordable housing remain problems in rural Minnesota.

Job creation is wonderful, Clark said, but

the state must find a way to encourage cities, industry, and banks to work together and plan for new housing at the same time new jobs are created.

Environment

Greg Klave of Bemidji told the panel of lawmakers to leave the state's wetlands policy alone.

A 1995 bill would have allowed counties to create their own less restrictive wetland protection and management plans. The bill died in the Senate.

Local governments have argued current state rules are overly restrictive and unnecessarily prevent land development, especially in northern Minnesota.

Klave told lawmakers that he and many other northern Minnesota residents do not feel that the current Wetlands Conservation Act should be tampered with. It now requires developers, local governments, property owners, or others to replace any wetlands that are drained to build roads, housing, and other development.

"Continue the no net loss policy," he said, stressing that Minnesotans value their 10,000 lakes and natural resources not only for their natural beauty but as an economic boost in tourism.

When you develop a wetland "you are send-

ing the problem downstream," Klave said.

Education

Jim Bensen, president of Bemidji State University (BSU), cautioned lawmakers about education needs, and in particular, the ramifications of underfunding higher education.

The United States is shifting from a labor-based society to a knowledge-based society, he said. It used to be that when many of today's legislators went to school, the knowledge base doubled every 50 years. Now, information doubles every three years.

Bensen noted that BSU had to lay off 9.7 percent of its employees this year due to underfunding. He currently is working on the possibility of merging Northwest Technical College in Bemidji with Bemidji State University to cut costs.

Rep. Tony Kinkel (DFL-Park Rapids) head of the House Education Committee's Higher Education Finance Division agreed with Bensen. If the state doesn't stop the hemorrhaging, Minnesota will go back to the days when only the rich could afford a college education.

Rep. Peggy Leppik (R-Golden Valley) said she was glad to see that BSU was considering a merger with the technical college. Minnesota, with its 63 higher education institutions, has spent too much money on expanding the number of colleges and universities and not enough on improving the quality of education, she said.

Bensen noted, however, that just because Minnesota has 63 institutions doesn't mean it is overendowed. Institutions may not need to close, but rather merge to cut administrative costs.

Government

Vigorous testimony by a group of Native Americans consumed a substantial amount of time at the town meeting.

Roxanne LaRose of Cass Lake, a member of the Chippewa tribe, said there is "great corruption" that exists among tribal leaders. After citing several Leech Lake and White Earth tribal officials and others who are under federal indictment, LaRose said, "These men have totally oppressed our people." She accused the state of aiding and abetting.

LaRose also said that the state should monitor what happens to state money given to tribes, such as sales tax reimbursements and state hunting and fishing license revenues.

"We've never had an accounting of the hunting and fishing money that the state has been paying these officials since 1973. We've never benefited from them. . . . We've neither benefited from nor had an accounting of casino profits, not any of us," she said.

Ojibwe culture of Red Lake revealed



A glimpse at the Ojibwe culture of the Red Lake Nation was offered Sept. 19 as part of the Headwaters Mini-Session.

Band members provided legislators and staff with an evening of education and entertainment at the Red Lake Indian Reservation.

The Red Lake Band has lived on the land surrounding Red Lake since the mid-1700's, when the Dakota people withdrew from the area after an encounter with the Cross Lake (Ponemah) Indians.

The 825,000-acre reservation is on aboriginal land that tribal chiefs never ceded to the United States. (The Red Lake Nation did cede more than 14 million acres to the U.S. during 1863, 1889, and 1902.) This "closed" reservation is one of only two in the nation where all land is held in trust by the 8,000 members of the band. English is a second language to many of its members.

Bobby Whitefeather, chair of the Red Lake Tribal Council, told legislators and staff that the Red Lake Nation has a "tremendous burden and responsibility for keeping our culture alive."

The seven chiefs who negotiated the 1889 accord, Whitefeather said, foresaw the devastating effect that alcohol would have on their descendants. They prohibited alcohol

on the reservation — a prohibition that remains in effect on the reservation and its casino today.

Red Lake's Young Dreams Dance Troupe presented a visual message about the dangers of chemical abuse, and the need for young members to prepare for tribal leadership.

The troupe performs at schools and events across the country. Its members study on the road and must maintain good grades in order to perform.

The event also included a peace pipe ceremony with a Spiritual Elder, as well as traditional drum songs by Red Lake members who have pledged to remain free of alcohol and drugs.

Red Lake members provided a traditional dinner of wild rice and Red Lake walleye from the Red Lake Fisheries — the oldest and largest tribal fishery on the continent.

The fishery was established as a war-time measure during World War I because of a meat shortage. Red Lake fishermen established the co-op in 1929. The fishery now employs 500 independent fishermen and 40-50 seasonal processors.

Although fishing on Lower or Upper Red Lake within the reservation is limited to members, non-members can fish on 25 other lakes on the reservation with a Red Lake fishing license.



Lawmakers and staff joined their hosts to participate in a "friendship dance" to conclude an evening of ceremonies and a fish fry dinner at the Red Lake Indian Reservation Sept. 19.



Arts funding appreciated

Bursts of creativity shook the old brick walls of the Bemidji Community Arts Center Sept. 21 as nearly 20 people representing the theater, visual arts, music, literature, and dance talked about the importance of art and described arts programs before members of the House Economic Development, Infrastructure and Regulation Finance Committee.

Many of those who testified were appreciative of the increased state appropriation for the State Arts Board and the regional arts councils for fiscal years 1996-97. The appropriation contained a \$1.3 million increase over the last biennial appropriation of \$12.5 million.

"Thanks to this committee's outstanding efforts," said MaryAnne Wilimek, executive director of the Region 2 Arts Council, "the counties within our region will be able to offer business and marketing workshops for individual artists." And, she said, "the Region 2 Arts Council finally will be able to offer a general operating support grant program for our region's arts organizations."

Live performances gave substance to what House members were hearing. Ben Schmitz, a Thief River Falls, Minn., student in an artist/mentor program for theater, gave a reading from *Brighton Beach Memoirs*. Writer Susan Hauser of Puposky, Minn., read two of her poems (see sidebar on this page). Two ballet dancers, who study with the Impressions Dance Company in Crookston, Minn., performed part of the balcony scene from *Romeo and Juliet*. And the Lark Chorus, made up of elementary school children from Bemidji's Headwaters Community Music Center, sang two numbers:



MaryAnne Wilimek, executive director of the Region Two Arts Council, welcomed members of the Economic Development, Infrastructure and Regulation Finance Committee to the Bemidji Community Arts Center. Surrounded by photographs of Monte Draper, a photographer and writer with the Bemidji's *Pioneer*, Wilimek thanked the committee for their support of the arts during an informal hearing Sept. 21.

"The Aqua Blues" and "The Pirate Song."

Even though there was general satisfaction with the increased arts funding, a few noted some current needs.

Ann Hayes, executive director of the Headwaters Community Music Center, said that one of her biggest challenges is in the area of general operating expenses. She said student tuition does not cover those expenses, and the organization is too small to apply for operation support. In spite of local fundraising efforts, "we still sweat the month-to-month bills, particularly in the summertime when our income is even less," she said.

Diane Field, executive director of the Bemidji Community Arts Council, described two recent burglaries in the building in which the committee members were sitting. A priceless collection of Native American artifacts lent by Bemidji State University was stolen the first time; half the items in the gift shop and a selection of photographs were taken the second time. Why? This is an old building, she said, and we do not have money to put into a security system and to shore up the doors.

Also, we need to do something about the windows, said Field, who uses a heater and wears a coat in the winter, because the windows in her office are broken, and "we don't have the money to repair them."

You have to think about the space and the people who work in that space as well as the exhibits, she said.

But Field said she was pleased with the amount of support that the Legislature has given them. . . . "Keep up what you're doing," she said, "and please give us more money and allow us to use it where it's needed."

Along with the state funding increase came a stipulation that each regional arts council distribute 10 percent of its total appropria-

tion to arts programs intended primarily for children.

"If you inspire that spark of greatness in each child, perhaps that will be the prevailing influence on that life when it comes to the fork in the road where one road leads to violence or despair or non-functioning and the other leads to being able to help oneself and others," said Rep. Jim Rice (DFL-Mpls), committee chair.

"It is the artists and the writers and the performing people who are the most gentle, the most articulate, usually the most giving people in our society," and what we do for the arts manifests itself several times over, he said.

An artist reads

Writer Susan Hauser of Puposky, Minn., had an opportunity to present her art as well as her ideas about art at a House hearing on arts funding in Bemidji.

Hauser said that one day several years ago, she received news that her father was dying. She and her husband went out on the lake in their canoe to take in some air. It was an utterly calm day, she said, where the clouds were reflected in the water, so you really couldn't tell if you were paddling through the sky or through water.

Then Hauser read her poem:

Reflection

The lake is quiet
this afternoon,
bereft of wind,
even of breeze,
the blue of the sky
laid out
on the surface;
the heavens then
beneath our feet,
we steer the canoe
as though by stars,
reaching with our paddles
for the sweet, dark deep,
pulling hard against this life,
against death,
until the celestial waters
open to us
and the wake murmurs
our names.

The poem appears in *Oval Stones*, a collaborative project made possible, in part, by a grant provided by the Region 2 Arts Council through funding by the Minnesota State Legislature.



BONDING

Bonding proposals heard

Officials from two state parks and an American Indian tribe were among the groups that pitched capital improvement projects to lawmakers during the recent mini-session conducted in Bemidji. But competition for a place in the 1996 bonding bill will be tough.

The House Capital Investment Committee Sept. 18-21 toured several sites that could be beneficiaries of the bonding bill expected to emerge from the Legislature next year.

With about four months to go before the beginning of the 1996 session, requests already have been made for more than \$1.5 billion in bonding projects, according to Rep. Henry Kalis (DFL-Walters), chair of the committee. Additional requests still could be received from Gov. Arne Carlson or legislators.

Kalis expects next year's bonding bill to provide \$270 to \$300 million for various capital projects throughout the state. That's no small order, but it will leave many seeking state bonding funds out in the cold.

"Not everybody is going to be happy when we're done," Kalis said.

In 1994, the Legislature passed a record \$621 million bonding bill, surpassing the previous high (passed in 1987) by approximately \$150 million.

Lawmakers approved a comparatively modest \$34.3 million bonding bill in 1995. (Bonding bills are typically assembled in the second year of the state's two-year spending cycle.)

During the Headwaters Mini-Session, members of the Capital Investment Committee visited about a dozen sites that could be considered for bonding funds in 1996.

Here are highlights of what lawmakers have to consider:

- The Leech Lake Band of Ojibwe is seeking funding for construction of the proposed Battle Point Cultural Center near the modern Indian community of Sugar Point.

Battle Point, on the eastern shore of Leech Lake, is a significant historical site for several reasons.

Archaeological surveys reveal the site was inhabited as early as 1200 A.D. Well-preserved artifacts and two large burial mounds also are on the site.

Additionally, Battle Point was the site of the last battle between U.S. troops and American Indians. Bug-O-Nay-Ge-Shig, an important figure in the history of the Leech Lake Band, was one of the major players in the brief 1898 war.



During a tour at Bemidji State University Sept. 19, Rep. Jim Rhodes (R-St. Louis Park) watched as graphic design students opaqued negatives on a light table.

The band intends to build a cultural center adjacent to the historic site. The center would serve as an interpretive museum for visitors and a gathering place for the local population.

The 1990 and 1994 bonding bills authorized a total of \$400,000 in funds for pre-design and design work on the project.

Now, the band is seeking \$3.5 million more to finance construction of the cultural center building, along with an access road, parking lot, and trails on the site.

- Lake Itasca State Park, a popular Mississippi River headwaters retreat, is requesting bonding funds for 29 separate projects with a combined cost in excess of \$4 million.

The proposed projects include the construction of new showers used by visitors, repair of park cabins and the historic Douglas Lodge, and rehabilitation of the water system. Funding requests for individual projects range from \$5,000 to \$700,000.

The park, which holds the largest preserve of old-growth red and white pine forest in Minnesota, boasts the third most popular campgrounds and trails among state parks.

- Lake Bemidji State Park is seeking a total of about \$425,000 in the 1996 bonding bill to fund four capital projects.

Park officials are seeking \$200,000 to build a new structure housing bathrooms and showers for campground users.

They say a 30-year-old facility currently in use does not meet the needs of park users. The park has a total of eight showers to serve 100 individual camping sites and two group camping areas.

Also, the existing bathrooms and showers do not meet the standards of the Americans with Disabilities Act.

The park is seeking about \$150,000 to restore a 1940 log structure that serves as a

fully enclosed picnic shelter and to convert a 1938 log structure (out of use since 1988) into another such picnic shelter.

- The Minnesota Department of Transportation is seeking \$9 million to build a new regional headquarters in Bemidji.

The department is proposing to build a 100,000-square-foot building that would provide all necessary office space and storage of the headquarters serving northwestern Minnesota.

The current headquarters provides cramped space for 104 staff members and some equipment storage for the region. The 57,000-square-foot-structure was built in the early 1930s and simply is too small, according to Transportation District Engineer Steve Baker.

He also said the current building does not provide an acceptable working environment. Last winter, workers were moved out of the building's basement after some complained of health problems (most likely caused by fumes coming from an adjacent garage).

"I'm dealing with health and safety concerns," Baker said. "I'm not just dealing with space concerns."

The transportation department received \$370,500 in the 1992 bonding legislation for design of a new building and has already purchased a 100-acre site for the facility.

- Bemidji State University (BSU) and the Bemidji Campus of Northwest Technical College together are seeking \$1.8 million for design work on what officials from the two institutions consider an innovative project.

The officials hope to relocate the technical college on the BSU campus and create a more efficient system for both students in traditional technical college programs and those working on the university level.

Dave Tiffany, vice president for university

advancement at BSU, said the two institutions can provide better efficiency and quality by combining their efforts.

Officials argue more facilities would be readily available to students at both institutions, and technical college students will no longer have to commute to the university for required course work (as they often do today).

"By putting it all together, you'll also eliminate academic snobbery. And let's face it — it does exist," Tiffany said.

The schools received \$300,000 under the 1994 bonding bill for pre-design work on the project. Officials aim to eventually construct a \$20 million addition to Bridgeman Hall on the BSU campus to provide space for the relocated students.



BUSINESS

Searching for human capital

Northwestern Minnesota business officials want state assistance to cultivate their most precious and apparently most scarce resource: a capable workforce.

Business leaders detailed factors that hinder their ability to compete in a global market during a House International Trade and Economic Development Committee meeting Sept. 21 in Bemidji.

Concerns ranged from government regulatory burdens to slow and costly customs procedures to a border waters fishing dispute between the U.S. and Canada.

But the struggle to find qualified and competent job applicants surfaced as the rural business executives' chief concern.

"Human resources are our most precious resource," said Bob Marvin, who is vice president of transportation for the Warroad-based Marvin Windows and Doors, one of the top area employers. Marvin also serves as mayor of Warroad and as president of the chamber of commerce in the northern community.

Marvin's company employs about 3,000 people and sells its products all over the globe. But the 80-year-old manufacturing outfit has had trouble attracting qualified applicants to its corporate base near the shore of Lake of the Woods, Marvin said.

So much trouble that the company was forced to open a branch office in the Twin Cities area to house some of its professional staff.

When asked what prevents the company from moving out of Warroad, Marvin said, "We have a commitment to the area. I don't think it would be fair or just to the area or to the state, but we could pull the plug."

Park Rapids businessman John Kelly operates North Star Orthodontic and Ceramic Studio, a small dental laboratory that faces stiff international competition.

Kelly's small operation and Marvin Windows and Doors may seem at the opposite ends of the corporate spectrum, but top officials from both outfits expressed similar concerns.

The orthodontic company also struggles to find qualified job applicants, and training inexperienced people to work in the lab is a costly and time-consuming procedure.

Kelly urged committee members to support on-the-job training programs and cautioned that technical colleges likely will not be the answer for highly specialized companies like his.

"I don't think technical colleges can move fast enough," Kelly said. Technical colleges are slow to get state-of-the-art technology and are too focused on programs that accommodate large numbers of students, he added.

Kelly also held up his business as an example of how government regulation and red tape can hurt Minnesota companies trying to compete in an international marketplace.

Case in point: A competing orthodontic lab in the Philippines is able to undercut Kelly's prices because the foreign company has lower payroll and other costs. Kelly should have an advantage in shipping his custom-made products to neighboring Canada more quickly than his Filipino competitors.

Trouble is, time consuming and costly U.S.-Canada customs procedures slow Kelly's shipments and cut his profit margin. Kelly's competitive edge is effectively neutralized.

"We have to start thinking globally," Kelly said. "We have to start refining our processes so they are efficient and quick."

While some complained of government-imposed burdens, the owner of a Bemidji clothing manufacturer identified one area where he believes the state should play an increased role.

Bill Batchelder, president of Bemidji Woolen Mills, called on lawmakers to increase state efforts, most often made through the Department of Trade and Economic Development, to promote Minnesota businesses domestically and internationally.

Batchelder praised a state-sponsored promotional tour that brought magazine editors to northern Minnesota and landed Bemidji Woolen Mills a four-page spread in a national magazine.

The article sparked additional publicity and a flood of orders from around the U.S. and other countries. And that's the kind of help businesses need from state government, Batchelder said.

"Government is not bad," he said. "But big government can be."

Rep. Kris Hasskamp (DFL-Crosby) said the meeting with Bemidji area business people was designed to provide lawmakers with useful information directly from the source.

"We need to hear what we can do on the state level," Hasskamp said. "We can carry that information with us back to the Capitol to help us find solutions."

Complying with regulations

Making state government more responsive to businesses and citizens was the theme of a meeting of the Business Regulation Division of the House Commerce, Tourism and Consumer Affairs Committee held Sept. 19 in Bagley, Minn.

Local residents, several of whom owned businesses, gathered at the American Legion Hall to hear about simpler ways to comply with government licensing and permitting regulations, and changes in legislation that make it easier for the public to participate in the rulemaking process.

Jenny Engh, deputy commissioner of the Department of Trade and Economic Development (DTED), detailed a one-stop licensing and permitting initiative that her department brought to the Legislature last session. The proposal, which began with a directive from Gov. Arne Carlson in 1993 to study the feasibility of electronic permitting, centered on simplifying the process of obtaining licenses and permits for businesses as far away from the Capitol as Bagley, Biwabik, or Worthington.

Engh said DTED surveyed about 1,500 companies of various sizes around the state, 650 of which responded.

One survey question asked how much time businesses took to comply with state licensing laws and regulations. Over 43 percent of the respondents said they spent about one week per year; 35 percent spent one month; and 15 percent spent more than one month. "Time," said Engh, "is not a costless activity."

Over 70 percent of the respondents said that an electronic permitting system would be helpful. And overall, she said, "state agencies liked the idea," too.

The proposal would allow anyone who has access to a computer and a modem to dial a 1-800 number and all the necessary licensing data would appear on the screen — the application form, rules and statutes governing one's business, and general information about the license or permit.

The displayed information could

automatically be faxed to the user or printed directly to the home printer, Engh said.

Necessary fees would be calculated automatically. And you could pay electronically by using your credit card, she said.

"Hopefully, we will have it on-line within the next 18 months."

Another measure to make it easier for people to interact with the rulemaking process was discussed by Mark Shepard, legislative analyst in the House Research Department. He talked about the 1995 changes to the Administrative Procedure Act (APA).

While laws passed by the Legislature give state departments direction, rules are the nuts and bolts descriptions as to how the laws are carried out.

Shepard explained that state agencies must follow the APA when making rules. It's a way to make sure that the people who are affected by the rules have effective input into those rules, he said. And rules are essentially the same as law.

The public should be notified that an agency is thinking about adopting rules and that it is looking for public input, he said. Also, the people who will be affected by the rules should have information about them.

Furthermore, people should have a timely opportunity to contribute so that they can tell the agency what they think. Lastly, Shepard said people need assurance that an agency is going to take what they say seriously.

In view of these considerations, Shepard talked about the changes the 1995 Legislature made to the APA that intend to improve

the public's ability to participate in the rule-making process:

- Each agency must maintain a "rulemaking docket" containing specified information on possible and proposed rules.
- At least 60 days before giving notice of intent to adopt rules, an agency must solicit public comments.
- Information that must be included in the statement of need and reasonableness has been expanded. This statement, explaining why the rule is being considered, must be prepared before the agency gives notice of intent to adopt rules.
- Additional requirements for agencies to follow when giving notice of hearings on rules or of intent to adopt rules without a public hearing have been cited. Besides publishing notice in the *State Register* and mailing notice to people who have requested information, an agency must "make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule being proposed" through newspapers, newsletters, or other modes of communication.

Absorbing new technology

The United States is moving from a labor-based economy to a knowledge-based economy and Minnesotans, particularly those in rural areas, need to keep abreast of technological advances to make the shift, Jim Bensen, president of Bemidji State University, told

lawmakers participating in the Headwaters Mini-Session.

If the automotive industry had made the same types of breakthroughs that the computing industry has in the past 10 years, a 1995 Lexus would now cost \$2, travel the speed of light, and drive thousands of miles on a thimble of gas, Bensen told members of the House Regulated Industries and Energy Committee Sept. 20.

"This is the reason we have to be in the technology business, because it's the future and it's an industry that will just keep growing," he added.

But many rural Minnesotans don't have access to the same technological advances found in urban areas. And they may be intimidated by the technology available to them, said JoAnne Johnson.

Johnson and Jane Leonard provided legislators with information gathered during a three-day June conference on telecommunications and technology in rural Minnesota. The conference was held at St. Cloud State University.

"We wanted to see how telecommunications is functioning today from a community perspective. Many of us need to listen to those involved at the grassroots level," Johnson said.

Minnesota may be right on schedule for setting up a state telecommunications network, or it may lag behind other states. No one knows because the system is fragmented and no group has set out a schedule for the state to follow, Leonard said.

Not many Minnesota cities have their own gargantuan guardians.

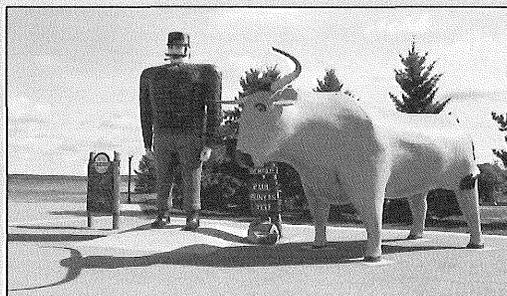
But at the southwest edge of Lake Bemidji, Paul Bunyan and Babe the Blue Ox stand head and shoulders above the rest of us, where they've stood for more than 50 years.

"Bemidji, Minnesota lies in the country where Paul Bunyan, mythical giant of the lumber camps, used to pick his teeth with a pine log and felled whole forests with one stroke of his mighty ax," *Life* magazine wrote in its Feb. 1, 1937, issue.

Paul was constructed three weeks before the Paul Bunyan Winter Carnival of 1937, when a group of workmen from the Dickinson Lumber Company "struggled inside a temporary shelter to complete the 18-foot concrete and steel" structure, the *Bemidji Pioneer* wrote.

A tarpaulin teepee was placed on

Do you know?



The guardians of Bemidji — Paul Bunyan and his sidekick Babe the Blue Ox, have stood over their city for more than 50 years.

Paul's head, which was "heated to protect the men and materials from freezing during the intense cold weather." Unfortunately, the area was poorly lit, resulting in the neck and shoulders of the statue being out of proportion.

Babe was constructed out of blue papier-

maché-like canvas and placed atop a truck to lead the winter carnival parade. For effect, a hose ran from the truck's exhaust pipe to Babe's nostrils, giving the ox steamy breath during the cold winter days. Babe's eyes, made from tail lights, "glowed red in the iciest sunlight," wrote Art Lee in *Bemidji, First City on the Mississippi*. Babe eventually was placed next to his partner near the lake in 1939.

The town has honored its folklore patrons often. Bemidji is the only city in the country whose police officers wear arm patches of Paul and Babe. Main Street is named Paul Bunyan Drive. There is, of course, the Paul Bunyan Telephone Company, the Paul Bunyan Shopping Mall and Paul Bunyan Motel. Similarly named are an amusement park, a dairy, a sandwich shop, a construction company, and a school.

"The state of the state right now is there is no vision. There's lots of energy that will eventually dissipate unless we put it in a set direction," she said.

Conference participants, including those in Minnesota government, business, and education determined Minnesotans need to have a knowledge of technology and of how to use it. That's particularly true for rural Minnesotans who may not have easy access to "how to" Internet classes, or whose phone companies may not provide the same services as urban phone companies, she said.

Phone companies and other businesses with access to technological innovations should share their resources with other companies so all Minnesotans can share in the telecommunications and technology boom, Leonard said.

"Often we're enamored of our new technology, and we forget to think how to use it to improve our community," she added.

On the last day of the conference, participants got together to list the problems rural Minnesota faces when trying to take part in technological advances.

"We were disheartened when the list was 10 pages long in 10-point type," Leonard said. "But then we had seven pages of solutions."



EDUCATION

Rural funding pressures

The Bemidji School District faces unique demands which put state funding decisions to the test, according to district officials.

"We're struggling, and we need your financial support to educate our youngsters," said Jon Huttemier, director of special and compensatory education for the district.

Huttemier and other district officials made their case to the K-12 Education Finance Division of the House Education Committee during a Sept. 20 hearing conducted as part of the Headwaters Mini-Session.

The district's size (1,000 square miles), percentage of students who live below the poverty line (28.2 percent, compared to just 12.4 percent statewide), and percentage of students in special education programs (11.6 percent, compared to just 9.6 percent statewide) create a crunch in Bemidji.

School Board Member Mary Auger said the district is committed to providing an education for all students. But she warned that the state should not allow special education programs to drain funding away from other curricula.

"We don't want to end up helping some more than others," she said.

Under a 1995 law, the state will — over the next five years — eliminate all local property tax funding of special education programs. Beginning in 1997, the state will use Homestead and Agricultural Credit Aid dollars to phase out local special education levies.

Bemidji officials also expressed concern that another change in state law leaves an uncertain future for school transportation funding.

The sheer size of the Bemidji district creates a significant demand for transportation funds, according to Transportation Director Ken Willms.

District buses run 75 routes per day to carry 5,700 students to and from school. While a metro area district would need significantly fewer routes to transport the same number of students, the Bemidji buses must bring in students from the far reaches of a vast district.

A 1995 law will eliminate a specific budget item for transportation and instead draw money for busing from a district's general operating expenses. That puts new stress on the situation, Willms said. The change will be in effect at least until 1997.

"We're not sure how to plan for the future," Willms said. Eliminating routes is not a realistic option for the district because there is no alternate form of transportation available for most students, he added.

Besides special education and transportation problems, local officials are struggling to keep up with today's technology.

District Superintendent Rollie Morud said his district is falling behind in the technology needed to prepare students and that Bemidji needs more funding to bring its resources up to speed.

Technology ranks with teachers and textbooks as essential ingredients to a good education, according to Morud. "Technology is a tool, not a curriculum," he said.

Rep. Bob Johnson (DFL-Bemidji) said it is crucial that rural educators have input in the decision-making process at the state level. And he called on state lawmakers to put rural districts such as Bemidji on equal footing with their urban and suburban counterparts.

"Regardless of where a person is born, every student should have access to a quality education," Johnson said.



EMPLOYMENT

Workers' compensation reform?

The new 1995 law which aims to reform Minnesota's \$1 billion workers' compensation system by adjusting the benefits paid to injured workers may not be true reform, according to Rep. Tom Bakk (DFL-Cook).

Bakk chaired the House Employee-Employer Relations Subcommittee Sept. 19 as part of the 1995 mini-session in Bemidji.

The Legislature did not give a 1992 worker's compensation reform law time to work before making changes to the system in 1995, Bakk said. The changes may not have been necessary depending on the success of the 1992 law which has not yet been proven, Bakk argued.

"If you are seeing [insurance] premium reductions — and this year those were at 5.6 percent — it's a result of the 1992 law, not something we did this year," Bakk told a group of business people at the Northern Town Hall.

Rep. Robert Leighton (DFL-Austin), a member of the subcommittee, agreed. The new law was rushed through the Legislature during the waning days of session, he said. And though members of the House Labor-Management Relations Committee spent five months holding hearings on workers' compensation issues, in the end, the House passed a proposal that was not discussed by the committee, Leighton said.

"I'm not demeaning my colleagues, but many of them may not have known what they were voting on," he said. "I think we may find out in the next year or two years or three years down the line we've made a terrible mistake."

The new law makes three main changes.

First, the automatic cost-of-living increases in the benefits paid to injured workers will be cut. The annual hikes will be trimmed from the current maximum of 4 percent to 2 percent. That change became effective Oct. 1, 1995, and will affect only those injured after that date.

Second, the law will make it more difficult to qualify for permanent total disability benefits. Such benefits are paid to injured workers who are found to be unable to work. The stricter standards for permanent total benefits will cut in half the number of people receiving them, supporters of the measure say. This will be accomplished by altering the current complex formula to determine one's disability classification.

Third, the workers' compensation insurance industry will face limited regulation. Insurance companies will have to receive

approval from the Department of Commerce for any premium increases or decreases exceeding 25 percent, effective Jan. 1, 1996. Currently, insurance companies are required to notify the state of rate increases only before they are implemented.

But Mark Rodgers, a Bemidji attorney who represents injured workers, told subcommittee members the change doesn't really amount to limited insurance regulation because companies could raise rates by as much as 24 percent without consulting the state.

Also, the law limits the ability of lawyers to represent injured workers, he said.

The new law charges attorneys at an hourly rate and sets a cap at \$13,000. Before the law change, attorneys could charge a fee equal to 25 percent of the first \$4,000 awarded for an injury and 20 percent of the next \$20,000 awarded. The fee had been limited to \$13,000 for one injury, not total injuries.

The law limits attorney's fees on medical disputes to 25 percent of the medical bill, Rodgers said. If an injured worker's medical bills total about \$500, the attorney could charge only \$125 to represent the worker.

"And I can't afford to take a case for that," Rodgers said.

Bakk also said the new law contains "a very harsh provision."

If a worker has been permanently totally disabled, he or she must stop receiving disability benefits after age 67 under the new law. The age is intended to represent the age at which a worker would retire and stop receiving wages.

"But if that person was hurt when they were young, the employer hasn't been paying pension benefits and the employee hasn't been paying into social security. So they won't have that money to support them," Bakk said. "I don't know what's going to happen to those people. I assume we won't throw them out on the streets, but I don't know what will happen."

Also at the subcommittee meeting, Kristine Jacobs, executive director of the Jobs Now Coalition, told members her organization would like to see employment policy moved to the forefront of public policy debate.

The unemployment rate may not be skyrocketing, Jacobs said, but many Minnesotans are considered "working poor" meaning they work low paying jobs which do not provide enough money to support their families. That issue frequently takes a back seat to the unemployment debate, Jacobs said.



ENVIRONMENT

Wetlands debate

It's an issue that is definitely returning to the 1996 Legislature. Many agree that Minnesota's Wetlands Conservation Act — which came close to being amended during the 1995 session — needs more work.

"There have to be compromises . . . we know that there is a problem with the present legislation," Rep. Willard Munger (DFL-Duluth), chair of the House Environment and Natural Resources Committee, told a packed hearing on wetlands Sept. 21.

"We will carry back the concerns that you have," Munger promised the crowd gathered as part of the 1995 Headwaters Mini-Session.

Although compromise legislation was proposed in the last legislative session, the measure failed to win final passage.

Legislation drafted by the Board of Soil and Water Sources (BWSR) is expected to be considered during the next session and BWSR officials say it would make the law more workable for all areas of the state, particularly in counties where few wetlands have been lost since European settlers arrived.

The bill, which has broad support from interest groups, agencies, and Gov. Arne Carlson, would allow counties that have retained at least 80 percent of their original wetlands to drain and develop wetlands up to 10,000 square feet as long as the wetland is not too close to a lake, river, or stream.

Counties with 50 to 80 percent of their wetlands intact could drain and develop wetlands up to 5,000 square feet. Counties with fewer original wetlands could drain and develop wetlands up to 2,000 square feet.

Wetlands adjacent to public waters would be exempt only if they are smaller than 400 square feet.

The Wetlands Conservation Act now requires developers, local governments, property owners, or others to replace any wetlands that are drained to build roads, housing, and other developments.

Local governments have argued current state rules are overly restrictive and unnecessarily prevent land development, especially in northern Minnesota.

In 1994 — the first full year for the wetlands act's implementation — 72 percent of the projects seen by BWSR resulted in avoidance of wetlands, according to Greg Larson of the Department of Natural Resources. He said that the agency is optimistic that 1996 Legislature will address changes that need to be made.

"The biggest challenge in the past two

years has been education — working with local governments, counties, and municipalities on why we need the Wetlands Conservation Act and how to work with it," DNR wetlands enforcement office Perry Bollum testified at the hearing.

Bollum said there have been few enforcement problems with the legislation. The agency uses cease and desist (stop work) orders that give individuals a chance to work with their local government and correct the problem without a fine. Statewide, he said, fewer than five fines have been levied since 1991.

Several northern Minnesota counties have refused to abide by the wetlands law because they say it unfairly discriminates against counties rich in wetlands.

Cass County's Soil and Water Conservation District manager, John Sumption, said that changes proposed do address many of the county's concerns.

"Most people don't have perfect legislation," Sumption said. "With changes, we can accommodate highways, and still have no-net-loss." The county, he said, achieved 80 percent avoidance of wetlands and still finished projects.

Frank Smith, speaking for a coalition of lake associations in Hubbard County, said that the coalition believes that the 10,000-square-foot exemption might be excessive.

"In the 50s, 60s and early 70s, wetlands were indiscriminately destroyed, filled, and drained out of ignorance, but there is no excuse for doing that in this day and age," Smith testified. "The cumulative effect . . . could lead to destruction of wetlands that we may regret in the future."

He said that the wetlands issue suffers from misinformation and exaggeration about the amount of time it takes to obtain road or driveway approval. Road projects were going forward in his county, he said, while a check with his county wetland administrator and BWSR, he said, revealed that the process normally takes 10 days to two weeks.

The Becker County Coalition of Lake Associations also testified in favor of not weakening the wetlands act.

Developers spoke of residential projects stalled because of the regulations, as did Todd Stanley, a farmer from Grygla. Stanley said that wetlands regulations hinder residential development in an area that has a critical need for housing.

"We need to attract more people and make it easier for them to live here," Stanley told the committee. "We don't have any developers [willing] to work through the maze."

Rebounding timber wolves

The eastern timber wolf, protected by the federal Endangered Species Act of 1973, has grown to some 2,000 strong in Minnesota.

That's about double where the state's wolf population was in the mid-1970s.

Their successful comeback means they will be removed from their "threatened" status within three to five years, when the responsibility for their protection will move from the federal government to the state.

A House Environment and Natural Resources Committee hearing in Blackduck, Minn., Sept. 19 reviewed the wolf's comeback—and some of the accompanying problems for northern Minnesota farmers and deer hunters.

Wolf supporters and detractors alike agree that increased conflicts with humans can be expected as its numbers grow. "The wolf can co-exist with human beings, but there will be conflict," said Paul Burke, a biologist for the U.S. Fish and Wildlife Service.

Bill Berg, a DNR field biologist in Grand Rapids, Minn., estimates that 2,200 wolves might be the maximum number that the state's forested areas could support—a figure, he said, which may already have been reached. The DNR will be devising a wolf management plan, he said, and the "ideal" figure will be determined under that plan. The plan will be in place by the time the wolf's "threatened" status comes to an end.

Some advocate sport hunting of wolves, while others believe wolf management should remain similar to what exists today. (Under the Endangered Species Act, only federal officials can capture or kill wolves.) Wolves are trapped and killed in response to complaints that they have taken livestock or other farm animals.

Environmental organizations represented at the hearing oppose sport trapping by Minnesota hunters, but support the current wolf management program. They also favor the current practice of state reimbursement for farm losses.

"We have fought for compensation funds. We have not been insensitive to the needs of the farmer," said Karlyn Atkinson Berg, a wildlife educator from Bovey. "We have gone to bat for them."

Wes Frenzel was one of several citizens at the hearing who urged the state to review its current \$400 maximum reimbursement for each livestock loss. A calf lost in the spring could be worth \$600 by fall, Frenzel said.

An additional surcharge on the state's hunting licenses earmarked for increasing farmer compensation was among the suggestions legislators heard.



The once threatened timber wolf has rebounded to some 2,000 in Minnesota. Their success means that in three to five years they will be removed from the federal "threatened" status that protects them from hunters and others. Their protection will be left up to the state.

When the state assumes timber wolf management, trapping will continue to be used to control them, said DNR's Berg. "We are not going back to the Neanderthal stage [in wolf control], said Berg. "Management will be highly regulated."

Legislators were reminded that as they make decisions about the wolf, it will be more than just Minnesotans watching.

"It will be of great interest to the rest of the United States," Burke told the committee.

Nancy Tubbs, from Minnesota's International Wolf Center in Ely, said that wolf management policies are being watched worldwide. "Minnesota is role-modeling for the world," she said. The center drew 50,000 visitors last year, and predicts an increase of 5,000 visitors in 1995.

Said Atkinson Berg: "The wolf is being returned to you as a natural resource . . . the nation will be looking at you as the one who will be protecting [it]."

Timber industry takes a hit

Storms and high winds wreaked havoc in northern Minnesota last July, taking down some 6.5 million trees over 35 feet tall.

An estimated 250,000 acres in northern Minnesota were hit—including state, county, federal, and private lands. One hundred seventy-five miles of roads were destroyed in the process.

The two storms ranged from an area west of Itasca State Park eastward through Clearwater County to south of Grand Rapids.

And while the 100 mph winds are no longer toppling, bending, or snapping trees, they will be causing problems in northern Minnesota for years.

One DNR figure puts a \$22.5 million price tag on the value of the timber that was lost or damaged. Nearly one-half of the annual wood supply needed by the state's forest industries was damaged or destroyed, the DNR has said.

Government timber revenues from the land made a precipitous drop as soon as the storm ended—from \$22 per cord to \$1.75 per cord.

There also is concern about forest fires, lost tourism dollars, lost jobs, forest disease, and the costs of rebuilding roads and replanting forests. Some figures indicate that the total cost to the state's economy could total nearly \$1 billion.

Mark Carlstrom, a DNR forester in the Bagley area, told a House committee that the state's share of the loss will amount to \$3 million to \$4 million over the next 10 years. He testified before the House Environment and Natural Resources Finance Committee at a mini-session hearing in Bemidji Sept. 20.

Carlstrom likened the devastation to cutting 10 years worth of trees in one year. He said it will be a fire concern for many years to come.

The state will use it as an opportunity to create diversity that wasn't in northern Minnesota forests, he said. He told the committee that the DNR also will ask for state funding to help private landowners plant trees.

County officials also suffered major financial problems as a result of the storm. At the legislative hearing, Clearwater and Hubbard counties reported \$2.6 million and \$1.7 million in losses over the next several years, respectively. Becker County reported that it receives only 13 percent of pre-storm value in timber sales.

Although counties will receive some federal help, they say more state help will be needed.

Because of the difficult working conditions for loggers, Carlstrom said that logger operating costs have tripled. Lawmakers were told that the flooding of the market of timber also has caused the drop from \$22 to \$1.75 that loggers now pay for a cord.

Clarence Johnson, who has been in the logging business for 34 years, testified that he would rather pay the higher fee for standing trees than work with blow-down timber.

But a number of those testifying at the hearing urged the committee members to be prudent about timber and forest management.

Lynn Rogers, a retired U.S. Forest Service research biologist, asked legislators to restrict white pine sales until experts can determine how to make their regeneration more successful.

Ninety-eight percent of Minnesota's white pine acreage has been lost since cutting began in 1837, Rogers said. Most white pines in Minnesota now survive as scattered, single trees. "The tiny state of New Hampshire now has 20 times more pines [than Minnesota]," Rogers told the committee.

Deer browsing, blister rust, and competition from aspen, birch, and hazel have been



Public television praised

Lorraine Cecil didn't discover public television until confined to her house for several weeks after surgery. But this latecomer was won over.

She was one of dozens of people testifying about the importance of public television and radio before a House committee assembled as part of the 1995 Headwaters Mini-Session. Many testifiers agreed public broadcasting is rural Minnesota's lifeline to the rest of the world.

"I do not like offensive language. I do not like violence. If you feel that way, you have about one choice, and that is public TV," Cecil told members of the State Government Finance Division of the House Governmental Operations Committee. She, along with other Bemidji area residents, discussed the importance of keeping up public funding for public broadcasting.

In addition to federal dollars, the Minnesota Legislature appropriated more than \$6 million last session for public television and radio over the 1995-1996 biennium.

Duluth residents also participated in the hearing via interactive television. They could watch the committee hearing in Bemidji and join in with their comments.

Lawmakers were told that for many residents of northern Minnesota, public television is the only television that is available to them.

"We have wide areas where cable is not available," Melba Lembrick told the committee. For her, public television has provided "food for the soul."

And while federal budget cuts threaten public station funding, Bemidji public television station general manager Emily Lahti said that viewers there are fifth in the nation in per capita giving.

Participation in Duluth's public television membership efforts also has increased. "The public has responded to our cry for help," said Al Harmon, WDSE interim general manager.

A number of the people who had moved to northern Minnesota said they found public broadcasting a vital link to other parts of their community and the world.

Jill Hall, a student who spoke from the St. Louis County Government Services Building in Duluth, said Minnesota Public Radio (MPR) "is the only way for us to keep up with the news."

Parents also told legislators that they are happy with the influence that public televi-



Garrett Ous, forester and Clearwater County land commissioner, used a map to illustrate the timber damage in his county from a powerful summer storm. During a Sept. 20 hearing of the House Environment and Natural Resources Finance Committee in Bemidji, Minn., he told members how the timber loss has hurt the economy.

hard on the white pine, Rogers said. Most white pine seedlings, he said, do not survive past 10 years.

White pines continue to be cut because of their high timber value. Mature white pines are valued at \$200-\$1,000 each, and are used to "sweeten the pot" in otherwise low timber sales, Rogers told the committee.

While scientists and foresters find better ways to regenerate white pines to maturity,

Rogers told the committee that the state should be careful with the white pines that are left.

Eighty percent of Minnesota's eagle nests, and 77 percent of the state's osprey nests are in white pines, he said. "Mother bears seek out mature white pines for over 88 percent of their beds because of the [deeply crevassed] bark which makes white pines safer for cubs to climb."

Former House member testifies

Former Rep. L.J. Lee welcomed members of the Business Regulation Division of the House Commerce, Tourism and Consumer Affairs Committee to Bagley, Minn., Sept. 19. "We call it God's country," he said.

The meeting, the only hearing held in Bagley, took place in the American Legion Hall in conjunction with the Headwaters Mini-Session.

Eighty-eight-year-old Lee served 10 years as a member of the Minnesota House of Representatives beginning in 1961. His tenure included two years as an assistant minority leader.

Lee, who has served for over 30 years on the Itasca State Park Advisory Board, had a message for legislators regarding Itasca State Park.

He talked of the storms of last summer — July 12 and 13 — that downed millions of trees in that area, and the controversy over what to do with them.

"There are trees in the park lying all over," he said.

Certain individuals — naturalists — want to leave the trees as they are because they want to see what happens to them over the next 50 to 100 years, he said.

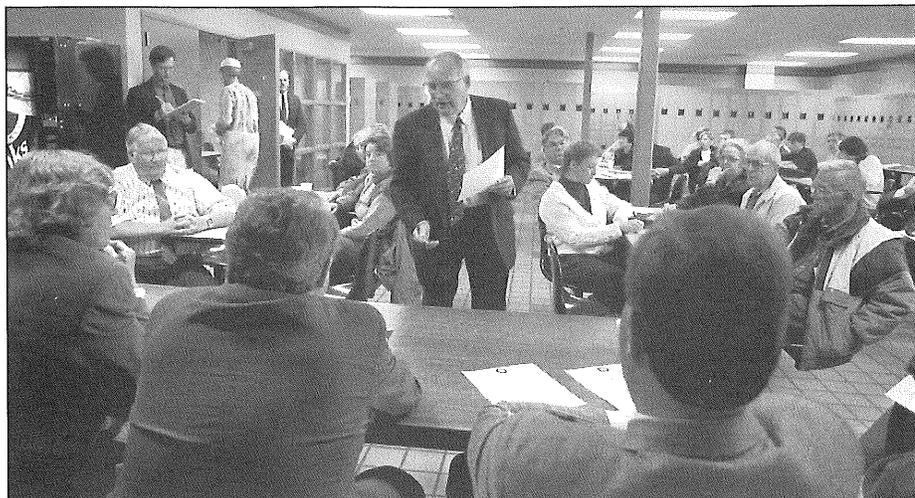
"We think the park should be kept so that people who want to walk through the park can do it without having to walk around windfalls full of small animals and bugs," he said.

The first bill he introduced as a legislator was to take care of the underbrush and make some paths through the wilderness area so that, in case of fire, "we could get in there." But after some pressure, he said he withdrew the bill.

Today, the wilderness area is still there. . . . Researchers can go in there and look at the area in its natural state, he said.

But "they don't need the whole park to find out what's happened to fallen trees," he said.

Lee asked the panel to carry his message to the "committee that takes care of these things."



Jack Arnold from the U.S. Economic Development Administration, addressed issues concerning local economic development at a joint meeting of the House Local Government and Metropolitan Affairs Committee and the International Trade and Economic Development Committee Sept. 20 at Lamb-Weston/RDO in Bemidji.

sion has on their children. "It provides an education for my children that I cannot over-value," Ann Cease told the committee.

"It's the only station that guarantees to provide a program you can trust." Locally produced programs, she added, allow her to find out about community people involved in local activities.

Nancy Gallagher, a retired Bemidji public school teacher testified to the ability of public television programming to bridge the gap between children who have access to technology, and those who do not.

Duluth's WDSE public television station provides interactive educational programs to northern Minnesota schools, with districts paying \$1.25 per student to participate.

WDSE's Nancy Hoene said that the station gives teachers access to training and provides students new learning tools, including "master" teachers on specialized subjects, and "electronic field trips to other parts of the world."

Radio commentator and author Susan Hauser, credited her work on Minnesota Public Radio with leading her to become an author of five books and winner of the Minnesota Book Award. Her rural town of Puposky, Minn., has no cable access, she added, and public radio is her only access to Minnesota news.

Easing state regulations

To attract businesses, create jobs, and allow counties to run more efficiently, state regulations need to be less rigid and less complex. That was the consensus among those testifying at an economic development hearing in Park Rapids, Minn., Sept. 20.

Two House panels — the House Local Government and Metropolitan Affairs Committee and the House International Trade and Economic Development Committee — participated in the hearing as part of the 1995 Headwaters Mini-Session.

Legislators were told that counties should have more flexibility in designing state roads, be given authority to develop local speed limits, and have more leeway in hiring part-time law enforcement officers.

Mayor Jim Hukki of Nevis, Minn., — whose city is at odds with the Minnesota Pollution Control Agency (MPCA) over permits for its new sanitation system — said the state should form a conciliation service to help cities and businesses negotiate the complicated permitting system.

Paul Horn, whose Lamb-Weston/RDO potato processing plant in Park Rapids supplies major fast food chains such as McDonalds, Hardees, and Burger King, said the Legislature needs to play a key role in easing regulatory procedures.

He gave credit to Department of Natural Resources and MPCA staff for condensing the permitting process for his firm's new sewage treatment facility.

But Horn said that Lamb-Weston/RDO spent \$1.5 million to get three permits for a \$55 million project. In contrast, he said, a corn plant which decided to move to North Dakota completed its permitting process in 90 days for \$269,000.

"It's not the individuals, it's the system," Horn told the committee. "People in the agencies are working hard. . . those people have bent over backwards. They worked 12,14,16 hours a day to make this thing happen."

Horn suggested that the Legislature look to other states for designing more simple procedures. Because his firm operates nationwide, it has had experience with regulations in 11 states. "There are better systems in the country," he told the committee.

"We haven't created an efficient system. It can and it must improve. . . Industry is going to have a tough time coming here because of the reputation [Minnesota has]," Horn told the committee.

The impact that federal cuts will have on local development projects also was a subject of the hearing.

John Ostrem, director of the Headwaters Regional Development Commission, told lawmakers that his commission is concerned about losing Economic Development Administration and federal Housing and Urban Development funds. The funds have been used to build industrial parks and provide loans to businesses (such as the Lamb-Weston/RDO) that want to expand. These programs have helped create jobs in cities such as Blackduck, Bagley, Park Rapids, and Bemidji, Ostrem said.

"As these [federal] resources dry up, we won't be able to help," Ostrem testified. He said that the area has a labor surplus, and recommended that the Legislature replace some programs lost to federal cuts.



HEALTH

Federal health dollars cut?

Talk of trimming \$270 billion from Medicare over the next seven years and tightening government controls on payments to hospitals, doctors, and health providers could spell the death of many rural hospitals, according to doctors who spoke to legislators during the 1995 Headwaters Mini-Session.

Rural hospitals treat many elderly patients on Medicare and depend primarily on federal reimbursement funds to meet operating expenses, David Hove, administrator of St. Joseph's Hospital in Park Rapids, told members of the House Health and Human Services Finance Division during a Sept. 20 meeting at the Park Rapids Senior Center.

At St. Joseph's Hospital, for example, 76 percent of the hospital's annual revenues come from governmental Medicare and Medicaid reimbursement, Hove said.

Medicare benefits are administered by the federal government to eligible senior citizens. Medicaid is administered by the federal and state governments and is provided to those with low incomes.



Park Rapids Senior Citizens Center was packed for a Sept. 20 hearing of the Health and Human Services Finance Committee dealing with potential federal cuts in Medicare.

Currently, Congress is embroiled in debate over how to cut Medicare costs without cutting off access to health care for millions of Medicare patients.

The government spends an average of \$4,816 annually on each person who receives Medicare. That number would rise to \$6,734 in 2002 under the current House Republican plan.

At issue, however, is whether that increase will be enough to pay for the same medical treatment in 2002 as it did in 1995.

One theory says Medicare patients will move to health maintenance organizations and other forms of managed care if they can no longer receive Medicare benefits.

But even if those people continue to have health care coverage, they may put off making a doctor's visit to avoid paying a deductible, Hove said. The move will primarily affect rural hospitals, which tend to serve an elderly population.

"Rural hospitals have done a remarkable job of tightening their belts over the past 10 years, but we have a limited ability to adapt to cuts of this historic size," he said.

Hospitals will close, medical costs will increase for all patients, and patients will have a harder time finding doctors near their homes, he said.

John Fredell, a doctor at the Dakota Clinic in Park Rapids, said no one knows yet how Congress will choose to trim Medicare or how those cuts will affect health providers. But in Hubbard County, where Park Rapids is located, 38 percent of the population receives Medicare, 18 percent receives Medicaid benefits, and 5 percent is uninsured, he said.

"So [the cuts] will have some effect. That's for sure," he said.

He also expected a retooled Medicare program to affect the number of newly graduated

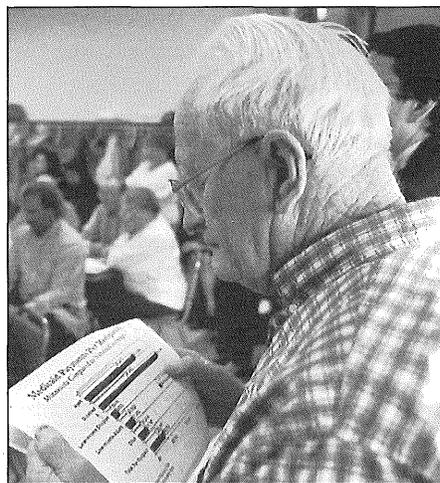
doctors willing to practice medicine in rural areas. Currently, many doctors fresh from medical school are unwilling to practice general medicine in small towns, Fredell said. He expected the problem to worsen if rural health care providers are struggling to stay afloat.

If seniors are no longer eligible for Medicare and cannot pay medical costs, they may, if eligible, receive Medicaid benefits, increasing costs to that program, said Al Sollom, president of the Minnesota Senior Federation.

"I shudder to think what's going to happen," Sollom said.

Rep. Lee Greenfield (DFL-Mpls) who chaired the division, pledged legislators will keep abreast of congressional bills affecting Medicare.

"We will work with you to try to make sense of what happens. We will try to maintain programs as best we can with money available," he said.



Orville Woest, Park Rapids, studied a handout during a Sept. 20 hearing of the House Health and Human Services Finance Committee at the Park Rapids Senior Citizens Center.

Budgeting rural health

Mirroring the concerns of the rest of the country, about 50 health care advocates, doctors, and concerned citizens packed a small room in North Country Regional Hospital in Bemidji to discuss the U.S. Congress' impending changes to Medicare.

But some of the lawmakers there as part of the Headwaters Mini-Session were just as perplexed with the situation.

Rep. Roger Cooper (DFL-Bird Island), head of the MinnesotaCare Finance Division of the House Health and Human Services Committee cautioned: "There is no way [the state] can make up for the federal cuts."

He said the Legislature will need the best thoughts of everyone on how to handle the situation when the Minnesota House and Senate reconvene in January.

Some lawmakers at the meeting disagreed that the federal government was cutting the health care program. Instead, they said the cuts would only affect the anticipated growth of the program and no one currently receiving Medicare would see any loss in their benefits.

The elderly fear higher Medicare premiums they cannot afford. Doctors and clinics fear less reimbursement from the federal government when they treat the elderly on Medicare, causing them to raise fees charged to their other patients. Rural hospitals, which treat many Medicare patients, fear lower federal reimbursements will cripple their budgets and force them to close their doors.

Thomas Lenertz of the Minnesota Hospital Health Care Partnership (formerly the Minnesota Hospital Association) told lawmakers that 58 of the state's 140 hospitals already lose money on Medicare patients. With the hundreds of billions of dollars in cuts proposed over the next seven years, 93 out of the 140 will lose money on Medicare patients, he said.

Lenertz, who is also a member of the state's northwestern Minnesota regional advisory group on health care, told lawmakers the cuts will force rural hospitals to close or charge their non-Medicare patients more, and result in higher insurance premiums for everyone.

He also noted problems with Minnesota's state government when it comes to medical care. He said the state is known as an "unfriendly" state to doctors.

The state surcharge on a license to practice, the 2 percent tax on health care providers to pay for MinnesotaCare, the state's subsidized health care program, and the state's bureaucracy all hurt the recruitment and retention efforts, especially in rural Minnesota, he said.



Barbara Hensel of Park Rapids testified before the MinnesotaCare Finance Division of the House Health and Human Services Committee Sept. 20 at North Country Regional Hospital. She expressed concerns about MinnesotaCare's inflexibility. During a recent dentist visit, Hensel said her daughter was denied porcelain crowns for her molars because the state subsidized health-care program only pays for stainless steel. Hensel said she was willing to pay for the difference herself, but the program wouldn't allow it.

The city of Crookston lost three doctors for these reasons, Lenertz said. "This issue is causing a major problem with access [to health care] in our area."

Dr. Linda Frizzell, a tribal health administrative planner with the Leech Lake Reservation Tribal Council, asked lawmakers why the state was leaving out the Native American community when discussing health care and the move toward managed care.

She said Native Americans are well versed in rationed health care because the federal government (through the Indian Health Services) has been rationing care for decades. The IHS only receives partial funding for what is needed to provide health care to Native Americans so people wait and wait for some medical procedures and may never receive them.

Anstice Jurkovich of the Iron Range Senior Federation and Graydon Postier of the Northwest Senior Federation both testified about the high cost of prescription drugs.

Postier asked for an investigation of drug pricing and Jurkovich suggested the state negotiate prices with drug companies.

The problem not only effects the elderly on a fixed income but the working poor as well, they said.



The House Health and Human Services Committee passed a resolution Sept. 19 calling on Congress to restore funding to programs that help senior citizens and working families.

The resolution, sponsored by Rep. Becky Lourey (DFL-Kerrick), was discussed during a hearing at the Bemidji Senior Citizen Center.

The resolution calls for Minnesota's congressional delegation to "restore adequate funding to programs that help Minnesota's seniors and working families to lead healthy and productive lives and to be contributing members of our communities and to provide more flexibility in implementing these programs."

Programs slated for cuts include child welfare, Aid to Families with Dependent Children, subsidized housing, fuel assistance, and Head Start, according to information compiled by the Minnesota House Health and Human Services Committee.

HIGHER EDUCATION

Financial aid for students

Nathan Ahlborn, a student at Pine Technical College, soon will receive a two-year degree, along with a loan debt of over \$12,000.

Ryan Bronson, a senior at Bemidji State University's (BSU), will graduate with a debt of \$13,000.

Brian Glass, president of BSU's student senate, will graduate this year with a debt of \$15,000 in loans.

All three testified at a joint meeting of the Higher Education Finance Division and the University of Minnesota Finance Division of the House Education Committee Sept. 21 as part of the Headwaters Mini-Session in Bemidji.

More than 300 people filled the Beau Arts Auditorium in Hobson Memorial Union at BSU to talk about financial aid and the future of higher education.

Mike Lopez, system director for student services at Minnesota State Colleges and Universities (MnSCU), briefed lawmakers on what's happening with student aid budget recommendations at the federal level.

He said that the federal budget resolution requires that a plan be developed to cut \$10.4 billion in spending in the student loan programs over the next seven years.

A number of proposals have been made to accomplish this, one of which is to eliminate or limit the Direct Loan Program, he said.

There is debate as to whether the Direct Loan Program actually saves any money. Proposals vary from doing away with the program to limiting it to 30 or 40 percent of the total loan volume.

The Direct Loan Program, which is in effect at BSU, was established in 1993. It provides students with a new, streamlined way of borrowing money to pay for college. Participating schools receive loan funds directly from the U.S. Department of Education and disburse them to eligible students, said John Schullo, director of financial aid at BSU.

He said that under the current Federal Family Education Loan Program, loans must be made through a private lender and a guarantee agency. This process costs taxpayers billions of dollars annually in payments to lenders, he said. An estimated \$12 billion could be saved over the next five years if direct lending were to supplant the old student loan program.

Schullo identified many positive aspects of the program. He said service to the students is improved through faster processing and faster disbursing of aid. Fewer parties are involved, which is an advantage because the more parties between the student and the funds, the more problems and the more difficult it is to identify them.

Tuition, fees, and other charges are paid automatically, Schullo said, and adjustments for enrollment changes can be made instantly. And there are no separate checks, lost checks, or incorrect checks.

With the changes in funding, "students are taking out more loans and leaving with five-figure loans," said Roxanne Kirk, president of

It was in 1907 that residents of northern Minnesota began to agitate for a state teachers' college.

At the time, there were five state Normal Schools dedicated to training elementary school teachers. But residents of the Bemidji area had to travel to either Moorhead or Duluth to attend such a school, about 150 miles in each direction.

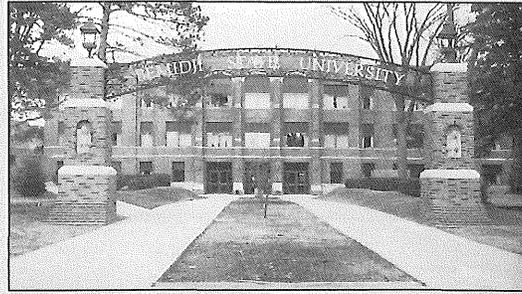
Such distances were huge in an age of washboard roads. The automobile had come to Bemidji just two years earlier, and state and county roads and highways were painfully slow. Rail travel to Duluth wouldn't come until 1910.

It was Jan. 10, 1907, when a letter published in *The Pioneer* newspaper called upon the Legislature to place a normal school in Bemidji, at the time, a city of about 5,000.

Just 20 miles away, the city of Cass Lake, and its 2,000 residents, thought they deserved a normal school.

Two years later, the Legislature

It's a fact!



Bemidji State University started out as a "normal school" dedicated to training elementary school teachers in 1919. It later became a state college and then in 1975 a state university.

Photo from "Bemidji First City On The Mississippi"

chose Cass Lake. The town celebrated for two days, until Gov. John A. Johnson vetoed the bill authorizing the state school.

Three years later, Thief River Falls entered the battle, demanding a teacher's college for their community of 4,000 strong. The Legislature, rather than choose a site themselves, appointed a commission of five members to explore the potential sites and pick a winner.

Any northern community that could offer a 20-acre site was eligible for the prize.

The commissioners toured Thief River Falls, Bemidji, Cass Lake, and Park Rapids. On a 4-1 vote, Bemidji was the victor.

Shortly after it was announced "the city's great fire siren was turned loose and almost simultaneously the fire bell began clanging out a joyous message to the startled populace," said the *Bemidji Sentinel*.

It would be five more years before ground would be broken for construction in April 1918. It would open in the fall of 1919, with an enrollment of 38. Following the pattern of the other state teacher's colleges, the school became a state college, and then in 1975 a state university. Seventy-six years after opening, 25 buildings stand on the site of Bemidji State University, where just over 5,300 students are now enrolled.

the American Federation of State, County and Municipal Employees group at BSU. What students owe equals a down payment on a new home, she said.

It's hard to complete college in four years, she said. Funding expires before students are finished, often when they're one or two quarters away from graduation.

Comparing technical colleges to four-year colleges, Ahlborn said, to complete a program in two years, you need to take 16 credits per quarter; however, guidance counselors

recommend 12 credits per quarter. If you do the latter, you're out of financial aid before you get your degree. Then, you can't get a job in your field because you need a degree.

He also commented on the loss of several programs and instructors at his technical college. When this happens, students are forced to switch areas in midstream, or they must move to another school to finish their programs, he said. "And that's expensive."

"It's hard nowadays to get an education and work and have a family," he said.



HOUSING

Affordable housing crisis

In northern Minnesota there is one subject on which business owners, government officials and activists can all agree: the area needs more affordable housing.

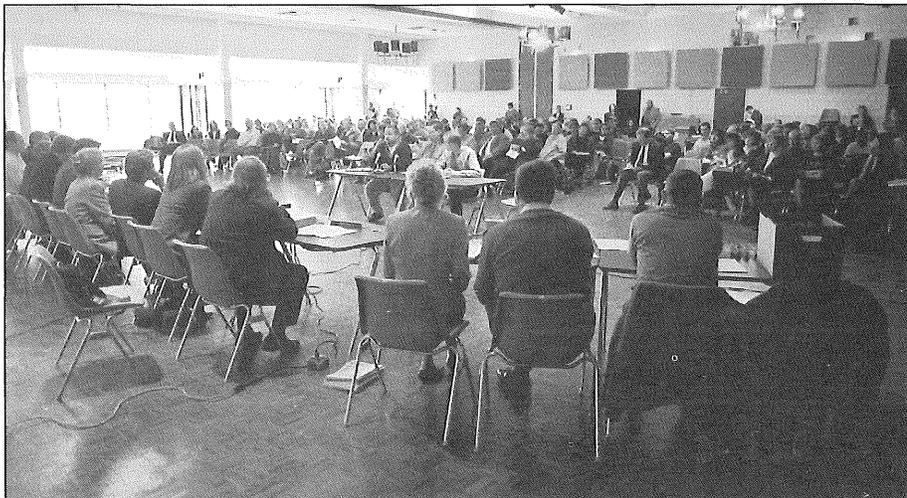
Two House Housing Committee hearings on the subject — one in Bemidji, the other in Park Rapids — were held Sept. 20 as part of the Headwaters Mini-Session.

While there are plenty of jobs in the region, the lack of such housing presents a problem.

Joan Tweedale, a Park Rapids city planner, said that the "lack of housing in Park Rapids reflects the employment picture in reverse. While there are more employment opportunities in the area, housing stock is hard to find. All types of housing are in short supply: housing for the elderly, low income, median income, higher income, housing for families, and various combinations of these," she said.

Ted LaLond of Nevis, Minn., said that the only way rural Minnesota can survive is jobs. And "the only way you can have jobs is to have housing. The two go together . . ."

The need in Hubbard County, particularly in the Park Rapids area, is for homes with three or four bedrooms for families. He said there would be 250 to 400 jobs coming



Students, faculty, and staff filled the Beaux Arts Auditorium on the campus of Bemidji State University Sept. 21 for a joint hearing of the House Education Committee's Higher Education Finance Division and University of Minnesota Finance Division.



Jody Johnson, Blackduck city planner, testified before the Housing Committee Sept. 20 at Bemidji City Council Chambers about the business climate and housing needs of Blackduck, Minn.

between this year and next year.

Most jobs being produced in Minnesota, however, are low-paying, and they don't provide the income needed to pay for rental housing or home ownership.

The largest private employer in Beltrami County, Ron Anderson of Anderson Fabrics in Blackduck, Minn., said he pays his employees an average wage of \$7.10 an hour. Currently, the company has 285 full-time employees.

"Yes, we are a low-wage company," he said. When you operate at that wage base, and housing costs are between \$425 and \$475 per month, people end up paying more than



The elderly woman who owns this home will have to wait until 2001 to get her leaky roof replaced. Pat Alberg distributed this photograph to members of the Housing Committee at the Park Rapids hearing stressing that government needs to be more flexible in looking at the problems of individuals.

the 25 percent limit you're supposed to be spending on rent.

"Our profitability on \$8.3 million last year was only \$70,000. We're at our limits, too," he said.

Unfortunately, many Minnesotans are spending more for housing than they can afford.

Twenty-one percent or 343,000 households in Minnesota pay more than 30 percent of their incomes for housing, said Sue Watlov Phillips, chair of the Legislative Committee for the Minnesota Coalition for the Homeless.

Some 63,800 extremely low-income Minnesota households (those earning less than \$12,000 per year) pay more than 50 percent of their incomes for housing, she said.

In 1970, there were more affordable housing units than low income tenants. But in 1993, there were significantly more low income households than affordable units. In Minnesota, there is a gap of 28,125 affordable rental units or rental vouchers needed to support the lowest income population.

Watlov Phillips went on to say that the estimate for the total number of homeless and precariously housed people in Minnesota is over 12,000. Twenty-five percent of homeless people are employed, she said.

Rep. Don Ostrom (DFL-St. Peter) said that an ideal way to provide for families with children would be to use some of the existing older homes. At the same time, he said he realized that there is the problem of senior reluctance to move into an apartment even if such apartments existed.

In Rep. Dan McElroy's (R-Long Lake) legislative district, a 154-unit cooperative apartment for seniors was built where seniors can essentially trade the equity in their current homes for a cooperative interest in the apartment.

"It will open in October," McElroy said, "and we already have 800 people on the waiting list."

Besides availability, there is a concern that many of the poor — particularly the elderly — are living in deteriorating housing.

In Park Rapids, there are many such circumstances, Tweedale said, but they can't afford the repairs.

For example, an elderly homeowner in the Park Rapids area had been on an eight-year waiting list to get a new roof for her house. At the opening of a new Housing and Redevelopment Authority (HRA) last spring, she inquired as to her position on the list.

Pat Alberg, volunteer director of the Hubbard County HRA, researched the case and discovered that the soonest the woman could expect to have her roof repaired was in the year 2001.

Holding up a photograph of the woman's home, Alberg stressed that her client did not ask for a house — only a roof.

Regarding homelessness, Watlov Phillips cited some results of "The Quarterly Shelter Survey," which the department of Economic Security sends to over 250 shelters, transitional housing programs and motel voucher providing agencies, such as county social services, community action agencies, and salvation armies.

On the survey night of May 20, 1995, an all-time high of 5,262 people were reported sheltered, an increase of 17 percent from May 1994. The 2,460 children reported sheltered on this night was an increase of 24 percent from May 1994, she said.

Watlov Phillips said the challenge to find a resolution to such problems is great, but by having experts in the areas of housing, employment, health care, and welfare reform working together, "we can continue toward our goal that everyone has a place to call home in Minnesota."

Name change

Minnesota's Independent-Republican party no longer exists.

At the Sept. 24 state convention in Mankato, Minn., delegates voted to change the name of the Independent-Republican Party of Minnesota to the Republican Party of Minnesota.

The change was carried by a greater than 2-to-1 margin.

In 1975, in the shadow of Watergate, state Republicans added the independent label. Minnesota is the only state to have altered the party name since it was founded in 1854.



HUMAN SERVICES

Prison in the north woods

Ah-Gwah-Ching, a nursing home in Walker, Minn., may soon be home to some 100 elderly prisoners from Faribault if officials from the departments of corrections and human services can persuade lawmakers to authorize the move during the 1996 Legislative Session.

Members of the House Judiciary Committee and the Capital Investment Committee toured the 33-year-old facility Sept. 21 as part of the recent Headwaters Mini-Session. Specifically, they viewed three vacant buildings on the state-run nursing home's campus.

The prisoners would come from a medium security prison in Faribault, Minn., said Dana Baumgartner, a health care administrator with the Department of Corrections. He estimated that Ah-Gwah-Ching would need about \$1 million in renovations before any prisoners could be moved.

"This is a good fit . . . because it will reduce our costs," Baumgartner said, since medical costs are lower in outstate Minnesota.

He also noted that the state would save money by sharing services already provided by Ah-Gwah-Ching staff. For instance, the Faribault prison currently must contract out for physical therapy, while the nursing home already has therapists on staff.

Older inmates represent a growing population and currently number 250 (or 2 percent) of Minnesota's prison population, Baumgartner said. But because of their medical needs the elderly cost 10 to 15 percent of the overall budget of the Department of Corrections.

In addition, moving the elderly will free up more beds for younger, more predatory, prisoners to be housed at Faribault, he said. Elderly prisoners represent less of security risk so they can more safely be moved.

Rep. Tony Kinkel (DFL-Park Rapids) sponsored a 1995 law that calls for a report to be submitted to lawmakers by Jan. 15, 1996, on the possibility of moving Faribault's elderly prisoners to northern Minnesota.

The move has the support of Ah-Gwah-Ching and Faribault prison officials. In addition, the community supports it, said John Grimley, a former head of the nursing home. He cited resolutions of support from the Walker City Council, the Cass County Commission, and the Cass County Economic Development Commission.



TAXES

School finance reform

In Minnesota, discussions of reforming the way public schools are financed must center around property taxes. Statewide, 45 cents of every property tax dollar went to school districts in 1994.

State lawmakers held three hearings at the recent Headwaters Mini-Session devoted to the subject. And while all agree the system now in place needs fixing, solutions are not at all obvious.

Last session, seven bills were introduced in the House and Senate to reform the K-12 education finance and property tax system.

Receiving the most attention was a bill put forth by House Taxes Committee Chair Rep. Ann Rest (DFL-New Hope). The proposal (HF1844) would let Minnesota voters decide if local property taxes should continue to fund K-12 education. If voters approved, the amendment would eliminate \$1.7 billion in property taxes that now goes to K-12 education and shift school operating costs exclusively to the state. (It would allow property taxes to pay for facilities, equipment, and debt service.)

Rest has said the Legislature lacks the "political will" to reshape the property tax system.

Rep. Bob Milbert (DFL-South St. Paul) admitted his frustration at a Sept. 21 hearing of the Sales and Income Tax Division of the Taxes Committee in Bemidji, Minn., saying that the constitutional amendment was borne of the "legislative inability to do something about property taxes."

Currently, the Minnesota Constitution

mandates that the state provide an education, but it doesn't say how to pay for it.

Local officials from northern Minnesota were divided in their support of the amendment, but all wanted to know what would happen should such a proposal pass.

"Where will the money come from to fund this change?" Bemidji City Council member John O'Boyle asked at a Sept. 19 hearing of the Property Tax and Tax Increment Finance Division of the Taxes Committee in Fosston, Minn. Many local government officials — particularly those in greater Minnesota — fear that Local Government Aid (LGA) and Homestead and Agricultural Credit Aid (HACA) would be cut should such a constitutional amendment pass.

Fosston Mayor Arvid Clementson said Sept. 19 that his town couldn't afford such cuts. Thirty-eight percent of the city's budget comes from LGA; 13 percent is HACA funds.

Options mentioned by witnesses at the hearings included increasing or broadening the sales tax or a surtax on the income tax. Milbert noted that a sales tax on clothing would generate an extra \$400 million to \$500 million annually.

Such choices would hit Minnesotans in the pocketbook.

House Minority Leader Steve Sviggum (R-Kenyon) said Sept. 20 at a School Funding and Property Tax Reform Task Force meeting in Park Rapids, Minn., that it would take a 52 percent surtax on the current income tax or a sales tax of 10.5 or 11 percent (assuming the tax is not extended to other items or services) to make up for the lost property tax revenue.

Many also questioned the fairness of the current property tax system.



The Headwaters Mini-Session traveled all over northwestern Minnesota. Fosston Mayor Arvid Clementson fielded questions from members of the House Taxes Committee's Property Tax and Tax Increment Financing Division at a Sept. 19 hearing in Fosston, Minn.

At the Sept. 21 hearing, Bemidji School Board member Jerry Smith said the current system has nothing to do with a person's ability to pay. Instead, it's based on property values.

Rest agrees the property tax is regressive, but says the sales tax (which some have suggested as an alternative), is even more regressive. "I want the replacement [funds] to be based on ability to pay."

Currently, residents feel they are being taxed enough, despite the schools increasing need for computers and other technological purchases.

Smith said his school board feels "hand-cuffed by the taxpayers." He said local residents "are irate and will not support" an excess levy referendum to increase dollars going to local schools. Pequot Lakes Superintendent Jim O'Rostovich said the same thing at a School Funding and Property Tax Reform Task Force meeting Sept. 20.

Herein lies the dilemma for lawmakers: taxpayers want reform of the property tax system but don't want their taxes to go up.

"It is complex to change property taxes and educational funding," Rest said. "The goal is a good tax system understood by those supporting it. Right now, it is not understood."



TOURISM

Recruiting megamall tourists

Of the 38 million annual visitors to the Mall of America in Bloomington, more than 11 million are tourists. And now the mall and state officials are trying to figure out a way to spread those numbers across Minnesota.

Members of the Tourism Subcommittee of the House Commerce, Tourism, and Consumer Affairs Committee met at Northern Town Hall Sept. 21 as part of the Headwaters Mini-Session to discuss how northwestern Minnesota tourism could benefit from the Mall of America.

Kim Rakos, manager of tourism for the mall, told lawmakers and the roughly 20 resort owners from the Bemidji area present that she is working with state officials to build a tourism corridor at the mall with donated space from the Mall of America.

The corridor would include a kiosk for consumers to access all sorts of information about the various regions of the state, the attractions available, lodging options, and other information.

There also could be a staffed information center to help consumers with lodging and travel plans, Rakos said. Besides a place for

maps, brochures, and other information, the center would include Explore Minnesota merchandise available for sale and a telephone system so consumers could make travel arrangements right on the spot.

Colleen Tollefson of the Minnesota Office of Tourism said the state already has ordered the computer needed for a kiosk and expects it to be up and running in a couple of months. But, she said, opening the tourism information center will take time.

Staffing presents a problem because the center would need to be staffed seven days a week during mall hours. And while college interns are a possible solution, to be effective employees would need to have extensive knowledge of Minnesota's various regions, lodging and resorts, attractions, as well as other information.

It is possible that after the center is up and running, revenue from the sale of Explore Minnesota products would pay for the staff and keep the center self-sufficient.



TRANSPORTATION

Road repair tax increase

Minnesota lawmakers should increase the state sales tax by 1 percent and use that money to repair roads, one Bemidji man told members of the House Transportation Task Force during its Sept. 21 meeting at Bemidji City Hall.

Task force members are charged with assembling a 1996 transportation and transit funding package for Minnesota highways and road construction projects. They also must find a way to finance that package, a task easier said than done, said chair Rep. Jim Tunheim (DFL-Kennedy).

"You can see by this meeting that there's a lot of opposition to increasing taxes, but we can't build highways without that," Tunheim said. "We don't know if we'll suggest increasing the gas tax or sales tax. We're still trying to pull together the mechanics of the thing," Tunheim said.

During the 1995 Legislative Session, the Legislature approved a \$2.5 billion transportation funding bill which included money for road and bridge construction and repair. The task force will be trying to hammer out a 1996 bill which will include additional funding for similar projects, said committee member Rep. Sherry Broecker (R-Vadnais Heights).

Wayne Thorson, a Bemidji highway contractor, said an additional 1 percent sales tax would provide an unlimited funding source for new Minnesota roads.

"A gas tax increase would eventually stop raising money because people wouldn't buy as much, but a sales tax is never-ending," Thorson said.

Officials from Minnesota border cities, such as Moorhead, may protest a sales tax increase, claiming it would send residents across the state line — to Fargo, N.D., for example — to buy a new car, Thorson said.

"But then the city of Fargo could raise its city sales tax by the same amount and it would bring in money that way, too," Thorson said.

The mini-session meeting also gave area residents a chance to tell lawmakers about transportation issues they feel the Legislature should address.

David Terdan, for example, said a 10-mile stretch of Highway 64 about one mile south of Akeley, Minn., is in poor repair and in desperate need of shoulders so motorists and school buses can pull off the road.

"I live in fear every time that school bus stops to let my daughter off," Terdan said.

Ron Ellingson, the agriculture statistician for American Sugar Crystal Company, said many truckers want the state to allow truckers to carry a 5 percent greater load in winter than is currently authorized.

Under law, Minnesota semi-tractor trailers can transport 80,000 pound loads in summer months and 88,000 pound loads during December, January and February when the cement roads are frozen and fewer passenger vehicles use the highways.

The American Sugar Crystal Company is a farm cooperative owned by about 21,000 sugar beet growers in Minnesota and North Dakota. If the trucks transporting sugar beets could carry heavier loads in the winter, those trucks would be done hauling by spring and would not share the roads with spring passenger traffic, Ellingson said.

Also at the meeting, Steve Baker, a district engineer for the Minnesota Department of Transportation (MnDOT), said many of northwest Minnesota's 1,800 miles of trunk highways are in need of repair.

"We've adopted an aggressive maintenance stance and we resurface about 85 miles each year, but these are short-term maintenance solutions," Baker said.

Rep. Bernie Lieder (DFL-Crookston) told Baker many MnDOT representatives have said the department can operate using existing funding levels.

"We can do that in northwest Minnesota as well, but that would just be a maintenance schedule. Much of the pavement is wearing out faster than we can afford to replace it," Baker said.

NOTES

Mara Lunde, program director for the Northwest Regional Development Council, received an unusual award during a brief pause in a committee meeting on arts funding Sept. 21.

Rep. Jim Rice (DFL-Mpls), who chairs the House Economic Development, Infrastructure and Regulation Finance Committee, said, "I've been looking for a Norwegian since I got in town."

"Some 10 years ago, during a meeting on the arts, one of the members of one of the regional arts councils came up to me and said, 'Rep. Rice, I want to make you a presentation of a Norwegian compass,' and he handed me this object," said Rice, holding up a small round box.

"It's a redwood snuff box," Rice said to Lunde, who was standing nearby.

"The Norwegian compass is, as you can see, an empty snuff box with a mirror pasted into the bottom of it.

Now, it won't tell you the direction in which to go, Mara, but it will tell you who's lost."

Amidst the laughter, Lunde accepted the "compass," saying, "Now I have a story, don't I? . . . Thank you, I think."

The year 1996 will mark the city of Bemidji's Centennial. During those 100 years the town saw itself grow from a trading post to a thriving and diverse regional center.

The city has a rich and colorful history.

- It took Bemidji's first postmaster, Merian Carson (1894), four years to correct the postal service's misspelling of "Bermidji."
- Founders of the town used whatever they could to get the town started. And a little publicity went a long way, even if it was

misleading. By the end of 1897, rumors of diamonds and other gems being found on the shores of Lake Bemidji had spread to St. Paul newspapers and into southern Minnesota. Businessman from St. Paul and even the Dakotas started buying up Bemidji land.

- At one time the town offered lumberjacks a choice of 52 taverns in which to quench their thirst. In 1914, nobody was quaffing anything as Bemidji became the nation's trendsetter in prohibition.

"In a year's time Bemidji would make the national news, including an article in *Colliers*, on the success of a year's prohibition and the positive results in Bemidji," according to Bemidji, *First City on the Mississippi*.

"There was a increase in bank deposits of \$90,000; the number of arrests had dropped from 556 during the previous year to 168 the next. Churches had gained 222 new members."

The "Bemidji Experiment, as it was known nationally, helped inspire the national prohibition of alcohol in 1920.

There's a tiny town in northern Minnesota that has its own set of electoral guidelines for mayoral hopefuls. The campaign season is short, there are no debates, and the winner need not be a Minnesota resident.

Dorset, Minn., five miles east of Park Rapids, "is the only town in the nation that does not require you to be a resident to become the mayor," according to *Park Rapids, Minnesota 1995*, an Area Chamber of Commerce publication.

In Dorset, population 22, "it costs a dollar to vote and the ballots are 'counted' by drawing a name from the jar. The current mayor lives in the Chicago area and is six years of age."

The mayor was not available for comment.



Choir director Lou Ann Dierkhaising and the Park Rapids Senior High School choir entertained legislators and visitors as part of the community lunch held at the Park Rapids American Legion Sept. 20.

Gov. Rudy Perpich 1928 - 1995

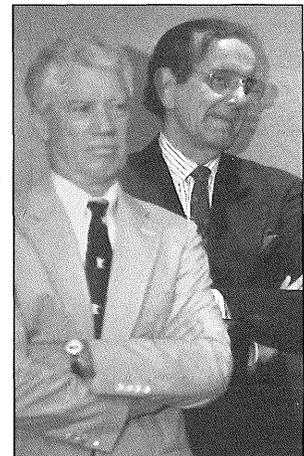
Rudy Perpich, Minnesota's longest-serving governor, died of cancer at his Minnetonka home Sept. 21. He was 67.

Remembered as an "idea man" by politicians of both political stripes, Perpich's successes were many. He found developers for what is now the Mall of America. He brought the Super Bowl to Minnesota, although his illness would not allow him to see it. Other projects and ideas included the World Trade Center, open enrollment for students, and the visit of Soviet leader Mikhail Gorbachev.

His political career began in 1956 as a member of the Hibbing School Board. He later went on to serve as a state senator (1963-1969) and was twice elected lieutenant governor (1970, 1974).

Championed as a man who never lost touch with his Iron Range roots, Perpich was born in the mining town of Carson Lake, Minn. on June 27, 1928.

"[He] will long be remembered for his remarkable energy, creativity and deep personal commitment to moving Minnesota forward," said Gov. Arne Carlson.



Former Gov. Rudy Perpich, right, appeared along with former Gov. Wendell Anderson, left, July 7 on behalf of a candidate running in a special election. Perpich served as Anderson's lieutenant governor, and when Anderson moved to the U.S. Senate, Perpich became governor.

Lawmakers mingle at the Minnesota State Fair



A total of 40 House members greeted constituents and addressed concerns at the 1995 Minnesota State Fair.

This year's House of Representatives exhibit inside the Education Building featured a photo essay on the reparation of the Quadriga, the sculpture of the "golden horses" atop the State Capitol. Age and weather had eroded the Quadriga's internal steel supports and the gilded coat of the structure as well. The sculpture traveled to Connecticut, where the restoration process took place over a year's time.

As always, fairgoers could test their knowledge of Minnesota laws and history on several computerized quizzes designed to educate and entertain.

Gone from this year's booth was the unofficial public opinion poll. But given the number of requests from both the public and legislators, it's sure to return next year.

And although fairgoers weren't asked for their opinions, many did take the time to pen a note to their lawmaker.

The most popular topics of concern: education and welfare.

Some were opposed to the proposed school voucher system, which would allow parents to take the dollars the state would spend on public education and apply them to private schools. Gov. Arne Carlson has supported the system in theory, but has not outlined a specific voucher proposal.

A Kimball, Minn., resident asked for more



Nearly two dozen pictures portraying the year-long restoration of the Quadriga, the golden horses atop the Capitol, became part of the House State Fair booth this year. The golden horses were removed Aug. 23, 1994 from their lookout point at the base of the State Capitol dome. A combination of age and weather left only 40 percent of the support structure under the chariot intact. Cracks, split seams, and corrosion were becoming more and more apparent.

education dollars to save "one of our most valued resources — our children."

Some complimented lawmakers for acting to change the complex welfare system. Others asked for greater accountability in the food stamp and Women, Infants and Children (WIC) programs, which are both run by the federal government.

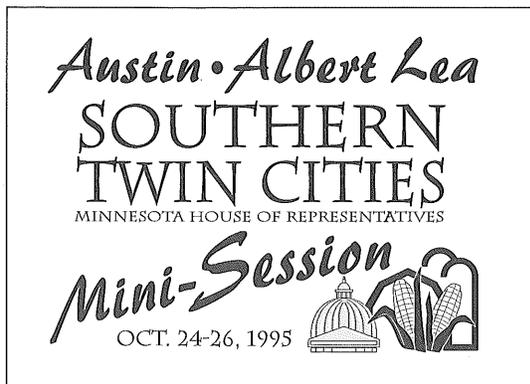
Still others addressed other issues affecting Minnesotans: increasing violent crime, property taxes, and continued preservation of the Boundary Waters Canoe Area, among them. In all, more than 50 messages were forwarded to lawmakers.

1995 member volunteers

Anderson, Bruce (R-Buffalo Township)
 Boudreau, Lynda (R-Faribault)
 Carruthers, Phil (DFL-Brooklyn Center)
 Dehler, Steve (R-St. Joseph)
 Dempsey, Jerry (R-Hastings)
 Entenza, Matt (DFL-St. Paul)
 Greenfield, Lee (DFL-Mpls)
 Greiling, Mindy (DFL-Roseville)
 Harder, Elaine (R-Jackson)
 Kahn, Phyllis (DFL-Mpls)
 Kelley, Steve (DFL-Hopkins)
 Larsen, Peg (R-Lakeland)
 Leppik, Peggy (R-Golden Valley)
 Lindner, Arlon (R-Corcoran)
 Lourey, Becky (DFL-Kerrick)
 Mahon, Mark (DFL-Bloomington)
 McCollum, Betty (DFL-N. St. Paul)
 McElroy, Dan (R-Burnsville)
 McGuire, Mary Jo (DFL-Falcon Heights)
 Ness, Bob (R-Dassel)
 Olson, Mark (R-Big Lake)
 Osthoff, Tom (DFL-St. Paul)
 Otremba, Ken (DFL-Long Prairie)
 Ozment, Dennis (R-Rosemount)
 Pelowski, Gene (DFL-Winona)
 Perlt, Walt (DFL-Woodbury)
 Pugh, Tom (DFL-South St. Paul)
 Rest, Ann H. (DFL-New Hope)
 Rhodes, Jim (R-St. Louis Park)
 Rostberg, Jim (R-Isanti)
 Schumacher, Leslie (DFL-Princeton)
 Stanek, Rich (R-Maple Grove)
 Swenson, Doug (R-Forest Lake)
 Swenson, Howard (R-Nicollet)
 Sykora, Barb (R-Excelsior)
 Van Engen, Tom (R-Spicer)
 Vickerman, Barb (R-Redwood Falls)
 Warkentin, Eldon (R-Coon Rapids)
 Wejcman, Linda (DFL-Mpls)
 Winter, Ted (DFL-Fulda)



Hundreds of people stopped by the House of Representatives booth this year at the Minnesota State Fair to play computer games, meet with visiting lawmakers, and view the photography display depicting the restoration of the Quadriga, the golden horses atop the State Capitol.



Tentative Agenda

Tuesday, Oct. 24, 1995

- 9:30-11:30 a.m. **Judiciary Committee**
Minnesota Correctional Facility, Faribault
Tour of Faribault Correctional Facility
- 11:30 a.m.-1 p.m. **Welcome Lunch**
Austin Holiday Inn, Salon III, IV, and V
- 1:30-3:30 p.m. **Consumer Affairs Subcommittee of the
Commerce, Tourism and Consumer
Affairs Committee**
*Consumer fraud issues concerning senior
citizens*
- Environment and Natural Resources
Committee**
*Wetlands, updates on importance to
Henderson frog mutations*
- Health and Human Services Finance
Division of the Health and Human
Services Committee**
*Federal Medicaid proposals: implications for
greater Minnesota*
- Judiciary Committee**
Juvenile justice
- K-12 Finance Division of the Education
Committee**
*School funding, technology, and graduation
rule*
- Labor-Management Relations Committee**
Overview of new workers' compensation law
- Transportation and Transit Committee**
Roads, bridges, and the gas tax
- 5:00-7:00 p.m. **Community Dinner**
Austin High School Cafeteria
- 7:30-9:30 p.m. **Town Meeting**
Christgau Hall Auditorium
Austin High School

Wednesday, Oct. 25, 1995

- 8:00-9:00 a.m. **Breakfast with local officials**
Holiday Inn, Austin
- 9:15-11:15 a.m. **Agriculture Committee**
Corporate farming
- Business Regulation Division of the
Commerce, Tourism and Consumer
Affairs Committee**
"WalMarting" of small towns
- Elections Division of the General
Legislation Committee**
Special elections
- Higher Education Finance Division of the
Education Committee**
Impact of federal budget cuts
- International Trade and Economic
Development Committee**
*Regional business' evaluation of Minnesota's
economic development efforts*
- State Government Finance Division of the
Governmental Operations Committee**
*Feasibility of locating certain state jobs in
rural Minnesota*
- University of Minnesota Finance
Division of the Education Committee**
Tour Hormel Institute: Lipid Research Center
- 11:15-11:45 a.m. **Travel to Albert Lea**
- 11:45-1:30 p.m. **Community lunch**
Elks Club, Albert Lea
- 2:00-4:15 p.m. **Agriculture Finance and Rural
Development Subcommittee of the
Agriculture Committee**
1995 Federal Farm Bill
- Economic Equality Subcommittee of the
Commerce, Tourism, and Consumer
Affairs Committee**
Economic issues concerning women
- Federal Cuts Task Force of the Ways
and Means Committee**
Impact of federal cuts
- Gambling Division of the Governmental
Operations Committee**
Tour of pulltab manufacturing plant
- Health and Human Services Finance
Division of the Health and Human
Services Committee**
*Federal cuts to health and human services:
implications for southern Minnesota*

2:00-4:15 p.m.
(continued)

**Local Government and Metropolitan
Affairs Committee**
Current local government issues

**Property Tax and Tax Increment
Financing (TIF) Division of the Taxes
Committee**
*Property tax impact of federal cuts to local
governments*

Tour of local Albert Lea business

Tour of Albert Lea school

4:15- 4:45 p.m.

Travel back to Austin

5:15- 6:00 p.m.

**Family/member pairing for dutch-treat
dinner**
Holiday Inn, Austin

6:30- 9:00 p.m.

Dutch-treat dinner

Thursday, Oct. 26, 1995

7:30- 9:00 a.m.

Breakfast with VICA Students
Holiday Inn, Austin

9:30-11:30 a.m.

**Economic Development, Infrastructure
and Regulation Finance Committee**
Humanities in southern Minnesota

9:30-11:30 a.m.
(continued)

**Higher Education Mandates
Subcommittee of the Education
Committee**
*Input from college officials and faculty on
which mandates to repeal*

Housing Committee
Local needs, federal budget cuts

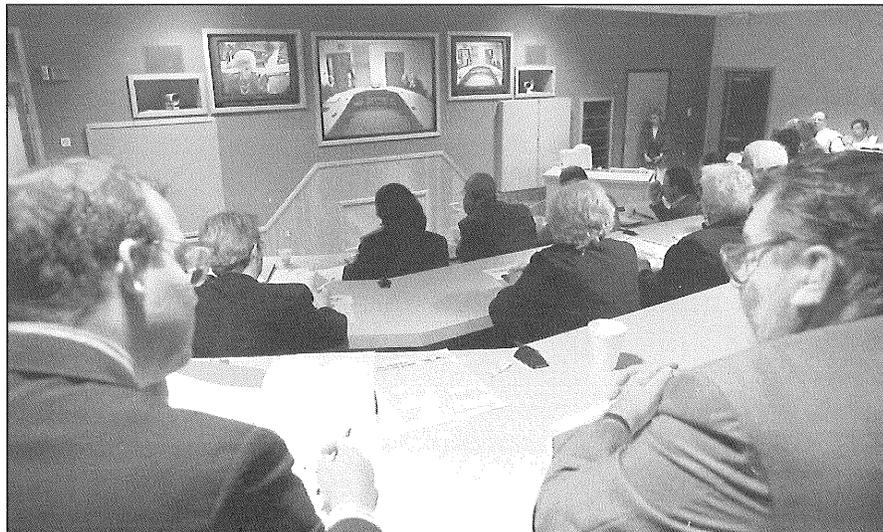
**MinnesotaCare Finance Division of the
Health and Human Services Committee**
*Health care reform and access in southern
Minnesota*

Pension and Retirement Commission
Volunteer firefighter issues

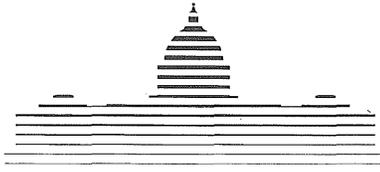
**Sales and Income Tax Division of the
Taxes Committee**
*Impact of 1995 Federal Income Tax Bill on
working families*

**Tourism Subcommittee of the
Commerce, Tourism and Consumer
Affairs Committee**
Tourism issues concerning southern Minnesota

Updates of this schedule will be available from the
House Public Information Office: (612 296-2146
or 1-800-6573550.



State funding of public broadcasting and the impact of federal cuts were the topics of conversation Sept. 21 at the Paul Bunyan Telephone Video Conference Center in Bemidji. The State Government Finance Division of the House Governmental Operations Committee took testimony from those attending the meeting in Bemidji and from Duluth residents who participated via interactive television. (See story page 12)



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Majority Leader: Phil Carruthers
Minority Leader: Steven A. Sviggum

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MINNESOTA INDEX

Bemidji and the Mississippi headwaters

Population of Bemidji, Minn., 1990	11,245
Increase over 1980 population, in percent	2.7
Beltrami County population, 1994	37,394
Increase over 1980 population, in percent	11
Retail shops in Bemidji	125
restaurants	45
Square feet of space at the Paul Bunyan Mall	300,000
Enrollment, Bemidji State University	5,300
at Northwest Technical College	938
Employees of North Country Health Services, largest private employer in Bemidji	750
Employees of Bemidji Public Schools, largest public sector employer	800
Students in ISD 31	5,600
Students at Bemidji Middle School	1,340
Bemidji High School graduation rate, in percent	95
Percent of those students who go on to higher education	70
Students who enrolled in Concordia Language Village camps, (just northeast of Bemidji) summer 1994	8,000
Number of Soo Line trains that run through Bemidji each week	4
Time it takes to fly from Bemidji to Minneapolis, in hours	1
Number of daily flights from Bemidji to Minneapolis via Mesaba/Northwest Airlink	5
Cost of a "newer three bedroom home" in the Bemidji community	\$55,000 to \$65,000
Cost of a three-bedroom lake home	\$72,024
Number of lakes found within 30 miles of Bemidji	600
Miles between Bemidji and Park Rapids	50
Hours it took an ox-drawn stage to run between the two towns, 1896	16
Height of the concrete and steel Paul Bunyan statue that has stood on Bemidji's waterfront since January 1937, in feet	18
Age of the current mayor of Dorset, Minn., (five miles east of Park Rapids)	6
Cost to vote for the mayor of Dorset, Minn.	\$1
Golf courses in the Park Rapids area	5
Participants in the 1994 Headwaters Hundred bicycle ride/race held annually in Park Rapids	1,067

Source: *Bemidji, The Natural Decision*, Joint Economic Development Commission, Bemidji, Minn.; *Park Rapids, Minnesota, 1995*, Area Chamber of Commerce; *Bemidji, First City on the Mississippi*, Bemidji Centennial Commission.



For more information . . .

For general information, call:
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(612) 296-2314

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the status of a specific bill, call:
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(612) 296-6646

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