

STRENGTHENING OUR MINNESOTA COMMUNITY GOVERNOR ARNE H. CARLSON

1997 State of the State Address

January 16, 1997

Introduction

Thank you. Speaker Carruthers, President Spear, fellow constitutional officers, members of the Supreme Court and Court of Appeals, former Governors, members of the Minnesota Legislature, friends and Minnesotans.

It is with great pleasure that Lt. Governor Joanne Benson and I come to share with you, the people of Minnesota, our optimism for Minnesota's future. Today, I will share my goals for this upcoming session, my thoughts on the last six years and my vision for where we are headed.

As you know, this will be my last major State of the State address. I want you to know what a pleasure it has been to work with this distinguished body over the past six years and what an honor and privilege it is to serve as Governor of this wonderful state. I want to thank the many people in this room and throughout Minnesota who have worked with me.

It has been my pleasure to work with the legislative leaders of both parties: Senate Majority Leader Roger Moe; Senate Minority Leader Dean Johnson; House Minority Leader Steve Sviggum and former House Speaker Irv Anderson. And I look forward to a good working relationship with our new House Speaker, Phil Carruthers. Congratulations on your election, Speaker Carruthers.

I must admit, it has not always been easy being a governor from one party and working with a Legislature of the other party. Often we have been at odds over issues. Yet, in the end, we have formed coalitions and alliances and set aside partisan politics for the well-being of the state.

One thing I have discovered as Governor, is the incredible spirit of community in our state. I have seen it in the willingness of Minnesotans to roll up our sleeves and work together to preserve and enhance the future of our children, the beauty of our surroundings, and the economic vitality of our cities, neighborhoods, towns and countryside.

And, when confronted with a crisis, we go out of our way to help. Whether it is our farmers during the crisis of the 1980s, the floods of the 1990s, or the blizzards of this winter, Minnesota does pull together.

And by working together, I would argue that we in Minnesota have accomplished more significant reform over the last six years than any state in America.

ACCOMPLISHMENTS

Financial management

At my first State of the State Address, I spoke about how Minnesota was in financial crisis. State spending exceeded revenue by \$800,000 per day. Our budget was \$1.8 billion in the red. Clearly, our financial house was not in order.

Since those early days, our administration has focused on long-term financial planning:

- We wanted adequate budget savings in case of a recession.
- We wanted to keep government spending below the rise in personal income.

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- We wanted to avoid spending commitments that could not be kept.
- Controlling the growth in state spending led to 181 vetoes which prevented more than \$1.5 billion in new taxes, spending, and fees. I want to again thank the minority leaders who helped sustain these vetoes -- Steve Sviggum, Dean Johnson, and former minority leader Terry Dempsey who is with us today.

Without these vetoes, today we would not be discussing a \$1.4 billion surplus.

Today:

- We have instilled a culture of responsible spending.
- We have regained our AAA bond rating from two of three credit agencies.
- Minnesota is ranked among the top five states in financial management and I say one of the two best in America.
- We have cut taxes by \$356 million. And I am proud to say that we will be proposing a tax cut that will return \$500 million to Minnesota taxpayers.

On top of that good news, for the first time in decades, our budget will have a long-term structural balance through the year 2002. And we met this week with Standard & Poors about restoring the final AAA bond rating.

Health Care/Welfare

In 1992, this Legislature, working on a bipartisan basis, adopted a comprehensive strategy to improve health care for all Minnesotans. This package of reforms, now called MinnesotaCare, is a national model for health care reform.

- Today, 95,000 low- and moderate-income Minnesotans who previously had no health insurance now have coverage under MinnesotaCare.
- 35,000 families and 52,000 children now have coverage. The percentage of uninsured Minnesota children has been slashed by 43 percent.
- With our expansion of the MinnesotaCare program last year, an additional 45,000 individuals will be covered by 1999.

In combination with our successful welfare reform plan, we have given families enough help to make the jump from welfare to work. This means many more children are being raised in families where work is a way of life.

- Today, 4,000 fewer Minnesota families are relying on welfare benefits.
- We have cut state spending for welfare by more than 21 percent.
- Together, reforms in health care and welfare have saved our taxpayers more than \$200 million.
- The foundation of our welfare reform philosophy is work. And the key to putting people to work is creating jobs.

Economy/Jobs

Look at the jobs area:

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- We have created 313,000 new jobs.
- With an unemployment rate at nearly half the national average, we are creating jobs 65 percent faster than the rest of the nation.
- And while manufacturing job growth has declined nationally, Minnesota is seeing modest growth, especially in Central Minnesota.

Our business climate today is more conducive to expansion and growth thanks to comprehensive workers' compensation reform.

- We have saved Minnesota employers \$121 million, an overall 35 percent cut in premiums.
- Our system encourages workers to return to their jobs and discourages litigation.

Environment

As Minnesotans, we treasure and enjoy our environment like no other state in America. Where else but Minnesota can you enjoy the breathtaking beauty and year-round recreation offered by our lakes, rivers, parks and trails.

And as an administration, our commitment to the environment includes:

- Adoption of the nation's toughest wetlands law which protects this vital resource and provides local governments the authority to develop their own management plans.
- An unprecedented commitment to clean up the Minnesota River so it can once again be a recreational resource for our families.
- A sustainable development initiative that serves as a national model for how to merge the needs of business with the demands of our environment.
- And a partnership with business that produces better environmental results. Because the best way to get results is to work together.

Children's Issues

Finally, in the area of improving the well-being of children, Minnesota's accomplishments rank second to none. From the beginning, children have been a top priority of this administration. Our commitment has been emphasized with funding increases for children's programs that surpass any time in Minnesota history.

Over the past six years:

- We have taken bold steps to streamline services for children and families starting with the creation of the Department of Children, Families and Learning.
- Today there is a single children's agenda for the state of Minnesota -- something that has never existed before -- integrating all educational and social programs for kids and families.
- We have created incentives for communities to work together for the well-being of children.
- Today, 57 family service collaboratives bring community schools, community organizations and health professionals and social service workers together to share resources and ideas.
- And the results are impressive. In Blue Earth County alone we have seen a \$296,000 savings in

out-of-home placements and an increase in parent involvement in schools. Not only does this save money, but more importantly, it saves children.

In all of these areas, I can confidently report that we in Minnesota have accomplished more reform in the last six years than in any other state in America. Now, we must turn our attention to the challenges that lie ahead.

1997 AGENDA

Minnesota Community

This afternoon, I would like to talk about community -- our community. As a whole, Minnesota is one community. We are proud of this community -- it gives us identity and defines our heritage. No matter where we live -- whether in Warroad or Worthington, Moorhead or Minneapolis, Togo or Tonka Bay -- we are still one community.

As legislators, you bear the title of state senator or state representative. Your job is to balance the needs of your local districts with the needs of the state community as a whole. And, I know how difficult that can be at times.

On the opening day of this legislative session, I was struck by the words of Senator Roger Moe. "We are one state, we are one family," he said. He reminded us that we have a tendency to divide ourselves -- to pit rural Minnesota against the metro area, north against south, cities against suburbs.

Senator Moe, I want you to know, I fully agree with you. And as we look toward the future, I pray that we will continue to work as one community.

And two areas where I hope we can agree are the need for property tax reform and pay raises for our state agency commissioners.

- Yes, I believe that commercial/industrial property taxes are too high -- number one in several categories. We must be honest if we plan on addressing property tax reform. High taxes affect our ability to grow jobs.
- That is why I have asked Revenue Commissioner Jim Girard to work with a bipartisan legislative group to address real property tax reform. We want to grow jobs in Minnesota.
- And it's time that the commissioners of our state agencies receive a pay increase. These people have not had a pay raise in more than 10 years. So I am asking you to pass a bill allowing pay raises for the commissioners, and I support increasing the pay of legislators and the judiciary, too.

Crime/Corrections

But let me be clear on community. A strong community cannot succeed if it cannot protect its own. The good news today is that Minnesotans feel safer in their community than they did three years ago. And overall crime rates have declined across America and in Minnesota.

Since 1991, my administration has made fighting crime a top priority. We have:

- Increased funding for courts and judges.
- Introduced strategies such as police street sweeps and community policing.
- Strengthened penalties for drive-by shootings, sex crimes and stalking.
- And made Minnesota among the toughest states in America for violent repeat offenders and

crimes committed with a gun.

Crime statistics show that these efforts have made a difference. However, as overall crime has decreased, the number of violent juvenile offenders has increased dramatically. And certain inner city areas of Minnesota are literally under siege.

Statistics show that most juvenile offenders begin with small infractions and progress to more serious crimes, often because they suffer no consequences. To reverse this trend, we must target the first-time offender and send a message that no misbehavior will be tolerated. Let me make this clear -- the first-time offender cannot become a second-time offender.

- Through a partnership with the Minnesota National Guard, we will establish work camps at Camp Ripley where first-time juvenile offenders will clear brush, maintain roads and clean up facilities. I want kids working hard and learning to do something constructive as a team.
- Repeat or violent juvenile offenders will undergo more intense supervision and job training to give them the skills to succeed when they return home.
- The focus is on discipline.

Our crime plan also cracks down on high crime neighborhoods and gangs who prey on our community by peddling drugs and violence to our children. We will increase the visibility and presence of police through street sweeps and strict enforcement of all laws.

The success of this aggressive strategy, called Broken Windows, can be seen in New York City. In the last three years, this crime fighting strategy has led to a 39 percent drop in major crime. And the murder rate is at its lowest since 1968. I want the same dramatic results we have seen in New York City to be the reality here.

To keep kids from entering a life of crime, we will expand our aggressive prevention agenda by investing in effective, community-oriented programs which give our young people an alternative to life on the streets. We will target neighborhoods with especially high rates of poverty, teen pregnancy and juvenile crime. We want to keep our young people out of trouble.

Kids

We will also increase our focus on children and families with more targeted investments in programs which make a difference in the lives of our working families.

- We will increase funding for programs that help children even before they start school through programs such as Head Start, Early Childhood Family Education and Learning Readiness.
- We are proposing the biggest increase in child care dollars in state history to help welfare families move off government dependence and into the workforce.
- And we will increase support for families who work, particularly those families who are teetering on the edge of self-sufficiency but need a helping hand to pull it all together.

Welfare

Through our ground breaking welfare reform plan and increased aid to working families, we want to break the cycle of poverty. Children deserve the chance to grow up in families where there is work, structure and hope.

- With new strict time limits and work requirements, we will continue to target those individuals who lack the necessary job experience or education that can make them self-sufficient. We will help them become more self-sufficient.

Our administration is committed to working with businesses, big and small, to help provide these individuals with jobs. However, government's responsibility should not be to create jobs. Rather, government must create a climate in which grows quality jobs and produces skilled workers.

Therefore, I urge our businesses who have a shortage of workers to hire these individuals and give them a shot at independence. Both the individual and community will benefit. We will work with you to make this a reality.

Our goal is to make our communities safe and all of our people productive and contributing members.

Arts

But a community must also have soul. Our culture, our essence is captured by the arts.

- Our state's 30,000 artists and 1,700 arts organizations generate more than \$1 billion each year for our economy.
- We have an active and growing film industry. Film and video production is now a \$250 million per year industry that employs over 5,000 people.

But the arts are far more than dollars. The arts give our communities their identity. That is why I am proposing an arts initiative to help nonprofit arts organizations increase their touring activity in Greater Minnesota. Through increased funding we will help communities to create their own arts festivals--to celebrate, to honor creativity and to strengthen their identity.

I want all Minnesotans, no matter where they live, to be able to experience the arts and how they can enhance our communities and unite people from all walks of life. I can see community arts festivals, community theaters springing up -- let the sounds of music vibrate throughout Minnesota. I want Salsburg to talk about the Minnesota music festival.

Stadium

Like the arts, sports give us a strong community identity -- from our youngsters who play T-ball at the neighborhood park, to high school athletics, to our state's professional teams the Vikings, Twins, and Timberwolves. Truly, sports are a part of Minnesota's community.

So are the Minnesota Twins. On this issue, I urge you to look at outcomes. If we do not support the stadium, we will lose the Twins. I do not want our families to lose the opportunity to take their kids to a Twins game.

Yet, critics, say that we should not publicly support a private enterprise whatever the consequence. But, I remind you, community subsidies are part of our public policy. Through tax increment financing, through revenue bonds, and through direct government subsidies and grants.

Take for instance the budget our administration will be releasing next week. It includes \$100 million in school aid reimbursements for tax increment financing. Communities throughout the state have committed public resources to help private businesses.

The state has aided other private ventures, too. For example:

- Northwest Airlines. If the state had not stepped in and provided Northwest a loan to keep their operations running, we would now be lamenting the loss of 20,000 direct jobs. An additional 110,000 jobs supported by the airport and \$5.5 billion into our economy would have been severely cut back. And many other small and large companies would have looked elsewhere for a more convenient location. Not to mention that the state's pension fund benefitted from the Northwest deal.

We have also supported:

- A new potato plant in Park Rapids.
- A manufacturing company in Benson.
- An ice rink in Roseville.
- An exposition center in Worthington.
- Direct subsidies to political campaigns.
- And by the year 2000, we will have provided nearly \$100 million to our state's ethanol industry.

If we as a community are to continue our successes of the past, we must ignore the critics and work together to forge solutions to the challenges we face.

This proposition goes beyond subsidy. For a ten cent tax on cigarettes, we can own 49 percent of the Twins as well as a \$350 million outdoor stadium. That is a good investment.

Let me tell you today, I want the Twins to stay in Minnesota. And I will do what I can to bring hockey to St. Paul. Both are part of our communities' quality of life.

Higher education/University of Minnesota

A sound community also prepares its young for responsible jobs and toward that end we can all agree on the importance of our higher education system in preparing our students for the challenge of the work place. When it comes to competing for jobs, our state has prospered, largely because of the quality of our workforce.

However, to ensure that our economy continues growth in dynamic, cutting-edge industries, we must form a closer partnership with our entire higher education system:

- It is crucial that we continue to support and strengthen our state colleges and our community and technical colleges in their effort to educate and train Minnesotans for jobs of the future. We to want work closely with Judith Eaton and the presidents of campuses in Bemidji, Mankato, Moorhead, Willmar, Winona, St. Cloud and Southwest State to make our system one of the best in the nation. For instance, students at Northland Technical College in Thief River Falls now each have their own laptop computer thanks to IBM.
- We must provide the University of Minnesota, the state's only research university, with the resources to foster new technologies that can drive our state's economic engine.
- I applaud the University's selection of Mark Yudof and am excited about a close working relationship to help him achieve his goal of making the University of Minnesota a leader in digital technology and one of the top five public institutions in America.
- I am confident that President Yudof will bring a new sense of excitement to the University and will sell that mission and sense of community statewide.

And we will continue our technology transfer initiative to develop more cutting-edge devices with our expertise at the University of Minnesota. By partnering with Academic Health Sciences we can bring ideas from the laboratory to the marketplace. Minnesota has over 500 medical product companies employing 15,000 people, ranking us second in the nation.

K-12 education

Our high school graduates must be prepared to work in a high tech economy.

But the red flags are waving. In a recent study, 42 percent of our employers report that our high school graduates lack necessary skills in reading, writing and math. And with one of the nation's tightest labor markets, demand for skilled workers will only increase.

- By the year 2000, 70 percent of all jobs will no longer require a college degree. But, they will require workers to have basic reading and math skills.
- However, our standardized tests tell us that one-third of eighth graders failed basic math and one-fourth failed basic reading.
- And 50 percent of the students in Minneapolis and St. Paul drop out.

Well let me tell you, my friends -- no successful community allows its children to fail.

And what is the price of this failure? From funding faulty outcomes through remedial education to the growing cost of our corrections system and welfare rolls, we spend upwards of \$2 billion annually on the cost of failure. And this cost will only increase unless we focus on those children who are not making it.

We must do better. Last month I announced a package of reform to make schools accountable to students and families. We want to:

- Establish a statewide test to measure the performance of our students and our schools.
- Drive decision-making to the local level and allow school boards to enter innovative performance contracts to better student achievement.
- Develop charter schools free from government restrictions so they can use creative strategies to tickle the minds of our children.
- Partner with our state universities to put laboratory schools on campuses across Minnesota.
- Establish tax-free savings accounts for families who invest in their children's futures.
- Provide tax credits and deductions to expand choices for parents and students. The money can be used to:
 1. hire a math tutor
 2. enroll a student in foreign language classes
 3. buy a home computer
 4. attend a private school or home school a child

And link every Minnesota school to the Internet and e computer.

I want Minnesota to be the number one state in computer technology.

For centuries, education has been the heart of the American dream.

To those of you who do not agree with our plan, I say, where is your plan? Do not underestimate my resolve on this issue.

Too many students are failing and we cannot afford to lose one more. I challenge every one of us to put students first.

Conclusion

As we look ahead to the 21st century, I am confident that Minnesota is poised for another exciting journey. It is a journey I pray we will encounter the same success we have seen over the last six years. A journey that will bring us closer together.

We have an incredible opportunity here. An opportunity to direct the needs of education to the child. A chance to make every system understand that our goal is to allow each child to reach his or her potential.

We can make our communities safer and become more committed to helping working families. We will make a commitment to the arts and building our soul within our community.

We can build a new baseball stadium without taxing the general public. We can refurbish the St. Paul Civic Center without taxing the general public.

We want a vibrant, growth-oriented economy which offers opportunity for all. We have taken the state from a deficit to a surplus. And we will cut taxes over \$500 million this year.

Minnesota once was a national model. You and I working together are again going to make this the best state in America.

Thank you very much.

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