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GOVERNOR RUDY PERPICH'S 1989 STATE OF THE STATE ADDRESS

Mr. Speaker, Mr. President, Mr. Chief Justice, members of the Court, Constitutional Officers, members of the Legislature, former Governors — I want to take this opportunity for a little nostalgia. Fifty years ago, 26-year-old C. Elmer Anderson and 32-year-old Harold Stassen became Lieutenant Governor and Governor of Minnesota — 50 years ago today. I ask them both to stand at this time.

My fellow Minnesotans — in 1983, Minnesota's unemployment rate was over 10 percent.

We had lost our triple-A credit rating.

Our budget was on the brink of bankruptcy.

And we had no rainy-day fund.

Today — in 1989 — the State of our State is much stronger.

Our unemployment rate is at four-and-a-half percent.

Over the past six years — we have created more than **340,000 jobs** in Minnesota.

Our credit rating has been upgraded, and deficit spending has been replaced by sound fiscal management.

We have a rainy-day fund for financial emergencies that now totals 550 million dollars.

Together, we have been through bad times and good.

Consistently, from the bad times of 1983 to the good times of 1989 — the central goal of this administration has been the same —

Job Creation.

From the bad times of 1983 to the good times of 1989, we have focused on job creation through partnerships in four key areas —

Jobs through education . . .

Jobs through research and development . . .

Jobs through a clean environment . . .

And jobs through tax reform and sound fiscal management.

Tonight, I ask once again that we continue this tradition of job creation.

First — by building the world's best education system.

Second — by fostering research and development.

Third — by maintaining the finest quality of life through a clean environment.

And fourth — by improving the business climate through tax reform.

We begin with education because our jobs and the jobs of our children will depend upon the quality of our educational system.

Just as our parents lifted themselves up by their bootstraps, our children will move themselves forward on the strength of their brainpower.

Four years ago today — on January 4th, 1985 — we launched an education plan known as "Access to Excellence" —

A plan that the *Christian Science Monitor* has since called — "The most intensive, substantial effort at education reform in United States history."

Under Access To Excellence, we are the first state to establish the right of students to **choose** the schools and the programs best suited to their needs.

Under Access To Excellence, we were the first state in the union to allow high school students to take classes at colleges and universities at state expense.

Under Access To Excellence, we have provided a variety of education options for students who have dropped out or who are at risk of dropping out of school.

And under Access To Excellence — we enable students to choose an elementary or secondary school on the basis of quality and compatibility with their needs.

Choice works.

If you have any doubts, consider Stacy Condon of Minneapolis.

Earlier this year, Stacy's mother wrote to tell me what a difference Access To Excellence had made in the Condon family.

Two years ago, Stacy was ranked in the lower third of her high school class, and planned to quit school at the age of 16.

But after enrolling in our post-secondary enrollment options program, Stacy discovered the joy and the power of learning.

Last June, she simultaneously graduated from high school and completed her first year of college with a full 45 credits and a high-B average.

"Stacy had the ability to succeed," her mother wrote, but "without an alternative educational program, I'm convinced she would not have graduated."

Stacy's mother ended her letter with these words: "There is no doubt in my mind that the money spent to support Stacy through this program will be repaid many times over in the form of taxes generated through higher earnings and the personal contributions she will make as an educated member of our society."

At this time I would like to introduce Stacy Condon and her mother, Marilyn. Would you please stand. We are very proud of you, Stacy.

Stacy's story will be repeated time and time again throughout Minnesota if we provide the information necessary for our students to make informed choices.

Four years ago, I said that our educational system should be strengthened through competition and accountability.

Last month, the legislative auditor issued a report on our educational system that affirmed the need for greater accountability.

Tonight — as I did in 1985 — I am calling for statewide testing.

Testing will be conducted in the core curriculum areas of math, science, English and social studies at both the 6th and 10th grade level.

The state will publish the results on a district-by-district basis.

Testing will provide information that helps parents and students choose which schools best fit the students' needs.

Choice, supported by testing, will create a marketplace for education that is accountable and responsive to the individual needs of our students.

Competition in education through school choice is the way to build the world's best educational system, and continue our tradition of job creation.

Research and development is the second consistent component of our job creation strategy.

Over the past six years, private industry research has focused more on short-term investments. At the same time, the federal government has concentrated its research in highly classified areas of defense.

We have accepted the challenge of filling in the research gap, to create another generation of 3Ms, Blandins and Crays for the 21st century.

In 1983, we began building engineering schools in St. Cloud, Mankato and Duluth, and a Natural Resources Research Institute at UMD.

Since then we've added another engineering school in Winona, a Supercomputer Institute at the University of Minnesota, and two months ago began work on four Agriculture Research and Utilization Institutes.

These agricultural institutes will develop technologies that create new uses for our crops and expand markets for our farmers.

Last year, I showed you a biodegradable plastic bag made from cornstarch, using a technology that researchers say could use up to 500 million bushels of corn a year.

Another agricultural product with great potential is a printing ink made from soybeans.

This newspaper — *Agri-News* — is just one of the many publications in Minnesota and across the country that are being printed with a soybean-based ink.

As with biodegradable bags, this product is opening new markets and increasing demand for crops grown by our farmers.

We have established the Greater Minnesota Corporation as the centerpiece of our research and development effort.

The GMC is up and running — and already is earning respect.

The *Chicago Tribune* has called it the most far-reaching state plan for research and technology in the country.

And here in Minnesota, the *St. Paul Pioneer Press-Dispatch* has written that the GMC is on a course that "should bring economic development projects to both rural and urban areas of the state," and "would expand Minnesota's role as one of the nation's leading science and technology states."

The fact is that research and development represents the most dynamic force for job creation in the global economy.

President Reagan has said that technology will lead to a new industrial revolution.

Soviet President Gorbachev has called technology the key to transforming his nation's economy.

The Japanese are counting on technology to make them the economic superpower of the 21st century.

The competition is fierce — but our commitment is strong and our vision is clear.

Whether it is research and development for agriculture or biotechnology, for supercomputers or natural resources, Minnesota will take a back seat to no one when it comes to turning the ideas of the classroom into products for the global marketplace.

Our commitment to research and development will make Minnesota one of the nation's leading science and technology states.

The third consistent component in our job creation strategy is firmly embedded in Minnesota's great heritage — the protection and preservation of our environment.

In 1983, the Conservation Foundation conducted a survey to see which states — if any — could simultaneously develop their economy and protect their environment.

When the group issued its report, Minnesota was ranked number one for protecting our environment while developing the economy.

Since then, we have lived up to our position of national leadership in this field.

In 1983, we created a state Superfund to clean up toxic waste.

In 1986, we passed the Re-Invest In Minnesota program to protect thousands of acres of land as wildlife habitat.

Finally, in November of 1988, the people of Minnesota overwhelmingly endorsed the creation of an Environment and Natural Resources Trust Fund, the first of its kind in the nation.

These are just a few of the reasons why the Nature Conservancy has said — “When looking for leadership in natural areas protection, we and other conservation organizations throughout the nation have always looked with respect and admiration to Minnesota.”

As the nation looks to Minnesota in 1989, our environmental leadership will continue.

The drought of last year taught us that our water resources are fragile and require constant care to ensure their proper use.

In the coming weeks — I will outline a program for water protection.

And I will talk about our vision for an Environmental Compact of the States.

We know that many of the challenges to our environment extend beyond the borders of a single state.

These challenges require national cooperation and national leadership.

As the chair of the Education Commission of the States, I have seen how effectively states can work together through a national partnership to address common concerns in education.

I believe an Environmental Compact of the States — headquartered right here in Minnesota — can bring Americans together in a similar fashion to address common concerns about the environment.

As an official from the Natural Resources Defense Council has said — “There have always been some states like Minnesota that have been out in the forefront and didn’t need the federal government to tell them what to work on.”

An Environmental Compact of the States will once again prove the truth of that statement, and will help safeguard the clean environment that is critical to our tradition of job creation.

The fourth and final consistent component of our job creation strategy is tax reform through sound fiscal management.

Back in the difficult days of 1983, when there were many demands on our revenues, I offered the challenge that we tighten our belts and establish a budget reserve — a rainy day fund to protect us from shifts in the economy.

Today, while the federal government faces a mountain of debt, and states from California to Massachusetts and from New York to Arizona wrestle with cutting services or raising taxes to balance their budgets, we have kept our rainy-day fund secure.

This policy of sound fiscal management will continue.

Failure by the federal government to solve the federal budget deficit and to correct the trade imbalances could have severe adverse effects on the Minnesota economy, as well as the rest of the nation.

Even as we experience an economic boom in many parts of the state, and even as there are funding requests for many worthy programs, I will call again for budget restraint to protect us against the effects of any possible downturns in the economy.

We tightened our belts in the difficult days of 1983. We know we can hold the line on spending in 1989.

In previous speeches — I have said that our first and foremost objective is to make Minnesota competitive with the rest of the country.

Since that time, we have lowered our corporate tax from 12 to 9.5 percent.

We cut our individual income tax rate in half.

We reduced our inheritance taxes from among the highest in the nation to among the lowest in the nation.

And our unemployment compensation rates are now 21st in the nation.

We are proud of these successes.

In 1989 — our work on tax reform will continue.

Property taxes remain a major problem for many Minnesotans.

I am committed to reducing property taxes where the burdens are the highest — for middle-value homesteads, apartments, rental homes, and for businesses.

We must also reform the way the state finances local government operations.

Sixty-five percent of all state tax dollars are sent back to schools and local governments.

I will be proposing ways to improve the fairness and efficiency of this property tax system.

Property tax reform will further improve our business climate — which has turned around in the past six years.

In 1983, everyone talked about a job drain from Minnesota to North Dakota and South Dakota.

But in 1989, the man who was Governor of North Dakota six years ago — Allen Olson — goes to work at his job in Minnesota.

And in 1989, the man who was Governor of South Dakota six years ago — Bill Janklow — also works in Minnesota.

The fact is that there are **more than seven business start-ups or expansions in Minnesota every single day of the year.**

That is a net start-up and expansion figure that takes into account the businesses you read about that leave this state.

Furthermore, **the failure rate of Minnesota businesses is 45 percent lower than the national average.**

The bottom line is that not only do we create jobs in Minnesota — we preserve and enhance the jobs that we have created.

In every region of the state last year, businesses responded to the brainpower and productivity of Minnesota's workers.

The Swift Meat Company expanded its operations in Worthington, calling it the crown jewel of its national operation.

IBM chose its employees in Rochester to design and manufacture its newest line of computers.

The Deluxe Check Corporation created 1,500 manufacturing jobs through its expansion in Shoreview.

And in the largest private sector industrial expansion in Minnesota history, Boise Cascade is investing one-half billion dollars into its paper mill in International Falls.

These expansions by our top corporate citizens create tens of thousands of jobs and deserve to make headlines.

They represent the essence of the Minnesota spirit, and the essence of our tradition of job creation.

Since 1983, you have heard me say that my top three goals as Governor are jobs, jobs and more jobs for the people of this state.

I would like to close this evening by sharing my thoughts on what a job means to me.

A person with a job knows that he or she can do something well enough to be paid for it, and that knowledge provides dignity and hope.

A job gives a person the power to dream, and the strength to work toward the fulfillment of that dream.

I have seen the way people who do not have a job are treated.

I have seen the struggle and the quiet desperation that many of them endure.

Many of you have heard me talk about growing up on the Iron Range where my father was an iron ore miner.

When he had a job, our family was happy.

But I learned at a very young age that when my father's lunch bucket was on the shelf, there would be no job for him that day and less income for the family.

The longer that lunch bucket stayed on the shelf, the less my father would speak, and the more I would see tears on my mother's face.

Through those hard times, my parents held the family together with love and hard work — and taught my brothers and me the meaning of a job.

Tonight I would like to publicly introduce my mother and father, Mary and Anton Perpich — the first time they have attended one of my State of the State speeches.

And I would like to thank them for the examples that they set for me, and the lessons that they gave to me, on the value of never giving up, or giving in to despair.

I thought of my parents and my childhood often during the early part of this decade — when Minnesota was hit with a double depression in our mining and farm economies.

We all read in the papers of the number of jobs lost, and we saw mining towns like Babbitt and Silver Bay devastated — and Main Street businesses in farm towns like Benson and Appleton and Slayton closing their doors.

Back in those difficult days, I knew that behind each number in the jobs-lost column was a family struggling to survive.

And behind the doors in the homes of those mining and farm families, there were people suffering in silence and tears.

It was during that time that I decided that jobs would be the central and overriding goal of this administration.

And it was during that time that I developed a job creation strategy, based on the belief that **every single one of us deserves the chance to make a better life through a job that pays a decent wage.**

In every State of the State message since 1983, this strategy for job creation has remained consistent.

Tonight I renew my pledge to the people of Minnesota, that as long as I am Governor — in boom times and recession, in good times and bad — I will remain consistent in my efforts to create jobs.

Jobs through education . . .

Jobs through research . . .

Jobs through a clean environment . . .

And jobs through tax reform.

Together, we will carry our tradition of job creation forward . . .

Today, tomorrow, and into the future . . . where our hopes, dreams and accomplishments await us.

Thank you and good night.

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