

**Remarks of Governor Mark Dayton—As prepared for delivery
State of the State Address
Wednesday, February 15, 2012**

Mr. Speaker and Members of the MN House of Representatives.

Madam President and Members of the MN Senate.

Madam Chief Justice and Distinguished Members of the MN Supreme Court.

My fellow Constitutional Officers. Members of my staff and Cabinet.

Vice President Mondale. Governor Anderson. Other Distinguished Guests. Family and friends. My fellow Minnesotans.

My father, Bruce Dayton, is 93 years old. Sundays, we have lunch together at his home in Long Lake, where I grew up.

62 years ago, my father bought 40 acres of mostly woods and a corn field for \$6000. He and my mother built a house there, and we moved into it when I was five years old. Over the years, my father acquired 130 more acres. He was the first person in Minnesota to restore his fields to their original prairie grass and flowers; and he has now donated his property to the people of Minnesota, which the DNR will preserve as one of the few remaining “old-growth” forests in our state.

Last October, as we surveyed the beautiful fall colors on trees bordering his field of prairie grass, I said to him, “You know, Dad, you have been a very good steward of this land. It is in so much better condition than when you bought it.”

I often wonder how our children and grandchildren will judge our stewardship. Will they thank us for leaving our state, nation, and world in better condition than when we inherited it? Or will they ask, “How could you have left us with such a mess?”

The answer is for us to decide.

I am hopeful, because I believe in Minnesota. I believe in Minnesotans. And, fortunately, our state is now showing signs of a long-awaited and much-needed economic recovery. Even better, Minnesota has regained its accustomed position leading most other states’ economic growth, after lagging behind for much of the past decade.

Minnesota’s latest unemployment rate in December 2011 was 5.7%, which was a record 2.8% below the national average. While the national economy has regained less than half of the employment lost from the depth of the Great Recession, Minnesota has regained all of its lost employment. The number of employed Minnesotans today is at an all-time high. And Minnesota’s percentage increase in total wages during 2011 was almost 5 times greater than the rest of the country.

The 2012 State Business Tax Climate Index ranked Minnesota only 45th among the states. The top five were: Wyoming, South Dakota, Nevada, Alaska, and Florida. All, except for Alaska, are “Right-to-Work” states.

Last month, however, Minnesota’s unemployment rate was lower than 4 of those 5 states. During the past two years, our growth in average hourly earnings equaled the best and beat the rest. Our per-capita income was 2nd highest.

We’re doing something right.

Yet, even though 97,000 more Minnesotans are working today than at the depth of the Great Recession, there are still more than 168,000 Minnesotans, who want to work, but cannot find employment.

They must be our #1 priority. So, I say to legislators, let’s take your best ideas and my best ideas and turn them into jobs! And let’s do it now.

I have already sent you three major jobs initiatives. My proposed bonding bill would repair buildings and upgrade classroom equipment at our state colleges and universities. It would improve our state parks. It would help finance downtown revitalization projects in several cities.

Five outstanding Mayors are with us tonight: in alphabetical order, Mayor Eric Anderson of Mankato; Mayor Ardell Brede from Rochester; St. Paul Mayor Chris Coleman; Mayor Dave Kleis of St. Cloud; and Minneapolis Mayor RT Rybak.

My father and my uncles taught me the importance of continuously improving the downtowns of our major cities. They are the economic hearts of entire regions. If the heart weakens, the rest of the body suffers.

One-third of all Minneapolis property taxes are paid by downtown enterprises. That keeps property taxes lower for everyone else in the city.

Every year, the City of Rochester and Olmsted County send almost \$90 million more to the State Treasury in taxes than they receive back in LGA, School Aid, and other assistance. Why wouldn’t we want to help make these and other key cities as successful as possible?

One national study estimates my bonding bill would create 21,700 jobs, most of them in the private sector.

If you’re skeptical, divide by two. That’s still more than 10,000 Minnesotans, now unemployed, who could be working all over the state.

Legislators, you are obviously entitled to your own preferred projects. I ask, however, that you develop your priorities quickly and pass a bonding bill this month.

The sooner you act, the sooner several thousand unemployed Minnesotans will be doing the work that those repairs and renovations require.

Pass the bonding bill, now. Please.

I have also proposed building a new "People's Stadium" which would provide private sector jobs for several thousand more Minnesotans.

I'm amazed that some people feel no urgency to put several thousand more Minnesotans back to work.

The legislative authors, Senator Rosen and Representative Lanning, along with Chairman Ted Mondale, have been terrific partners in this undertaking. They may be getting close to a site, a deal, and a bill. Then it will be up to you in the legislature.

Some of you reportedly want to avoid voting on a stadium until after next fall's elections. That would be terribly unfair to the several thousand unemployed Minnesotans, who could be working on that project this year, and to the Vikings.

Pass the Stadium Bill this session. Please.

My third jobs proposal is a "Jobs Now" tax credit to encourage businesses to hire unemployed Minnesotans, Veterans, and recent college graduates. It would reduce taxes for participating businesses, while putting still more of our citizens to work.

Last week, the Minnesota National Guard's Adjutant General, Richard Nash, reported that of the over 3000 Minnesota Guardsmen and women presently serving in Kuwait, 22% of them will be unemployed, when they return home.

After they ALL served our country heroically, 22% of them won't have jobs. That is shameful.

It is why, in addition to my "Jobs Now" tax credit, I have also proposed expanding the Minnesota GI Bill to provide education benefits to all eras of veterans, because unemployment among all Minnesota veterans may be as high as twice the state average.

Sitting upstairs, are two Minnesota veterans.

Mr. Steven Jackson served in the US Army for 15 years in places like Iraq.

Mr. Jack Marshall for served 6 years in the Air Force, and did a tour in Kuwait.

These two heroes served our state and nation with great patriotism, valor, and honor. Now they can't find jobs. That is wrong.

So pass a "Jobs Now" bill and expand the MN GI Bill. Please.

One area in which the Legislature and my Administration have worked well together is government reform. I look forward to continuing our bi-partisan collaboration in streamline permitting processes even further, reducing the costs of public services, and making them more cost-effective.

We have already made real progress. The Minnesota Pollution Control Agency and the Department of Natural Resources now complete 99% of their priority permit reviews within 150 days. We can make it still faster, and we will.

It is already paying off, however. Recently, an energy consultant asked the MN Pollution Control Agency about air permitting for a potential new business.

MPCA staff walked him through the general timelines and process. Staff also offered to meet with the company in advance to help improve the proposal and provided a pre-application checklist. This consultant said he helps businesses in Minnesota, Wisconsin, Illinois, South Carolina and California; he had never heard of another state providing this kind of service. And our 150 day turnaround seemed shorter than other states.

I also received a note from a businessman whom I met at the MN Chamber dinner. His wood products company employs 140 people in Northern Minnesota. Last year his company invested about \$4 million to improve its Minnesota facility, with the possibility of another \$5 million in this year. He said, "None of this would have been possible without the cooperation of Commissioner Aasen and his department."

DEED Commissioner Phillips' "Business First-Stop" is another step in the right direction. It is a one-stop shop, where new and expanding businesses can make one call and get whatever help they need.

Under the expert tutelage of companies like General Mills, state agencies are implementing "LEAN" practices of continuous improvement, which are saving taxpayers' money and improving services. Commissioner Cronk and his Department of Administration saved \$3 million in six months by revamping contracts with suppliers. The Department of Revenue, under Commissioner Frans' leadership, saved \$1 million by implementing electronic check processing, and greatly reduced the turn-around time for tax refunds.

At the Department of Agriculture, Commissioner Frederickson and Supervisor Harley Olinske saved taxpayers \$300,000 a year, while also shortening the time for most grain and produce license renewals to less than 30 days. Mr. Olinske epitomizes the dedicated state employees, who work hard every day, and get little credit. He deserves some tonight.

Finally, Commissioner Parnell and her team are working hard to implement the legislature's decision last year to consolidate the state's many IT functions. Anything that gets Representatives Kahn and Downey hugging on the House floor deserves a lasting legacy, and this will have one.

The key to our future, as we all know, is education. As President Obama says, "We can't out-compete other countries, if we don't out-educate them." That means we must develop the best educational systems in the world.

Despite our other difficulties last session, we agreed upon many significant education innovations. We enacted an Alternative Licensure path for teachers.

We expanded Early Childhood Education, and our doing so was crucial to Minnesota's winning the federal "Race to the Top" competition against 34 other states.

We established evaluation requirements for both teachers and principals. We increased the per-pupil aid formula by \$50 per student in each year of this biennium, the first real increase since 2003.

We enacted "Read by Third Grade," which will be a priceless gift to the children of Minnesota, and their parents, from a wonderful legislative leader. In fact, two outstanding leaders of improving the quality of education in Minnesota are retiring after this year: Senator Gen Olson and Representative Mindy Greiling. Let's pay tribute to them now.

We accomplished a great deal last year, by working together. The US Department of Education's approval of our No Child Left Behind waiver, along with our afore-mentioned Race to the Top success, is testimony to their confidence in the positive direction of Minnesota's education innovation. That tremendous progress is a tribute to the excellent leadership of Commissioner Cassellius and legislators of both parties.

Our challenge this year is to put all of it to work for the schoolchildren, parents, teachers, and administrators throughout Minnesota. Already, however, some legislators are advancing even more new proposals.

I have a novel idea. Let's develop any education initiatives this year in cooperation with teachers, rather than in conflict with them. The best education for all Minnesota students should not be a political ploy; and I will not support anything, which is.

We face similar challenges to improve our colleges and universities throughout Minnesota.

Unfortunately, unlike K-12 education, where we increased funding last session, the University of Minnesota and MnSCU were each cut by almost 15%.

The two new heads of these invaluable institutions are here tonight. Dr. Eric Kaler is the 16th President of the University of Minnesota.

Dr. Steven Rosenstone is the 4th Chancellor of the Minnesota State Colleges and Universities system.

They are joined tonight by the new Director of the Office of Higher Education, former Senator Larry Pogemiller.

The three of them, together with legislators and other higher education leaders, have the enormous responsibility to retool Minnesota's colleges and universities and give their students the crucial advantages needed to succeed in this highly competitive global economy.

We're told that by 2018, 70% of Minnesota's jobs will require some kind of postsecondary degree.

That's just the beginning, however; not the end. Our postsecondary students need more than degrees; they need the world's best educations -- so they can thrive in that world. And Minnesota will not thrive, unless they do.

Chancellor Rosenstone and President Kaler need our support to make all of their campuses excellent. Their curricula and classrooms must be world-class and state-of-the-art.

They must prepare their students for the jobs of the future, not the past.

It's already happening in many classrooms on U of M and MnSCU campuses. Mr. Ron Ulseth is an instructor at Itasca Community College. He developed the program "Iron Range Engineering," a hands-on learning experience, where students do real engineering work for Minnesota companies.

It's so successful that the Engineering Department at Stanford University invited him there to teach their faculty about the benefits of this new model. When "Iron Range Engineering" meets Silicon Valley -- well, Ron, I just hope you have a share of the royalties!

Antoinette McCarthy is another wonderful success story. She said, "I had tried college before, but I wasn't as successful as I had hoped." As a result, she struggled to find a decent-paying job and a career with a future.

Now, Antoinette is poised for success. She just completed a FastTRAC program at Inver Hills Community College, receiving her Certificate as a Nursing Assistant.

Her hard work for that certificate means she will earn, on average, nearly double what someone would at a minimum-wage medical job.

We need FastTRAC on every campus in Minnesota. We need state and federal job training and workforce development monies to be better coordinated with higher education funding and programs, so that all of our students come out of our educational systems, skilled and ready to succeed. The success of our state depends upon it.

Another prerequisite for our children and grandchildren's future success is for us to restore fiscal responsibility to Minnesota government.

Last year, legislators, who voted for the final budget bills, and I increased borrowing from our schools by \$750 million and borrowing from our future by another \$750 million. \$1.5 billion in additional debt should put our so-called \$876 million surplus in perspective.

If my final tax proposal, to raise income taxes on only the wealthiest 2% of Minnesotans had been accepted, not only would this biennium's budget have been balanced and that \$1.5 billion of additional borrowing unnecessary; but also the current budget forecast for the next biennium would show a surplus, rather than a \$1.3 billion deficit.

In fairness, I acknowledge that many of you in the legislature wanted to balance the budget by reducing spending.

Next November, Minnesotans will decide which of our approaches they prefer. Until then, let us resolve that we will conduct this session's financial affairs responsibly.

No more borrowing.

As stewards of the public trust, I ask us to leave one final legacy to future generations of Minnesotans. Our wonderful State Capitol building is wearing down and falling apart. We can either wait until someone is seriously injured or worse, when the public outcry will compel action; or we can act now.

I am asking you Legislators to make the most unselfish vote of your careers: to kick yourselves, me, and everyone else out of the Capitol, as needed, for the four years necessary to renovate this building, and to make it both functional and safe for the next 100 years. It will be hard on all of us – but so much better for those who follow us. That is the essence of selfless stewardship. And it epitomizes the kind of legacy for which our children and grandchildren will be grateful.

When this magnificent Capitol opened in 1905, Minnesota was a very different state. And not nearly as successful.

Our citizens' per-capita income was below the rest of the country's, and it dropped to only 85% of the national average by 1920. There it floundered for the next 25 years, before beginning a gradual climb to parity with the rest of the country in the 1960's, rising above the national average in the 1970's, and continuing to improve thereafter.

So how did Minnesota become above average? The President of the Federal Reserve Bank of Minneapolis recently noted, as have others, that the number of educated people in our state's labor force is higher than in the nation; therefore their productivity and their work quality are better.

MinnPost's Louis Johnston attributes our success to high rates of labor force participation, especially by women; our greater investments in human capital, such as education and health care; and both public sector and private sector investments in physical capital.

As we strive to improve our state for ourselves and for our descendants, let us not forget what has lifted us from below average to above average to outstanding. Let's not destroy good wages and benefits; damage our schools, colleges and universities; or curtail our capital investments, in search of another strategy of unproven value.

Or one of proven less value.

Minnesota is a remarkable state. Our people, our businesses, our non-profits, and our governments have worked well together to achieve a standard of living and quality of life, which surpass most. Both DFL and Republican governors and legislators have contributed to that success.

Let us, please, build upon what has been done before us, not tear it down. Minnesotans want more efficient government; they want better services. And they want us to cooperate and compromise in order to deliver them.

I stand ready to work with legislators on both sides of the aisle to enact laws that will better Minnesota.

They will be the bills, which have involved members of my administration and legislators from both parties in their development.

Those bills I will support.

I am not interested in highly partisan, extreme measures, which are intended for campaign literature, rather than law.

Those bills I will not support.

President John F. Kennedy, in his book, Profiles in Courage, wrote:

“It is compromise that prevents each set of reformers from crushing the group on the other end of the political spectrum. The fanatics and extremists are always disappointed at the failure of their government to rush to implement all of their principles and to denounce those of their opponents. But the legislator knows that there are few, if any, issues where all the truth and all the right and all the angels are on one side.”

If we cooperate, if we share our best ideas, if we exchange our rigid ideologies for our shared ideals, we will revitalize our state. And we will be doing the jobs the people of Minnesota sent us here to do.

Only by working together can we achieve a lasting legacy, in which we – and they – can take pride.

May God Bless the State of Minnesota and the United States of America.

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