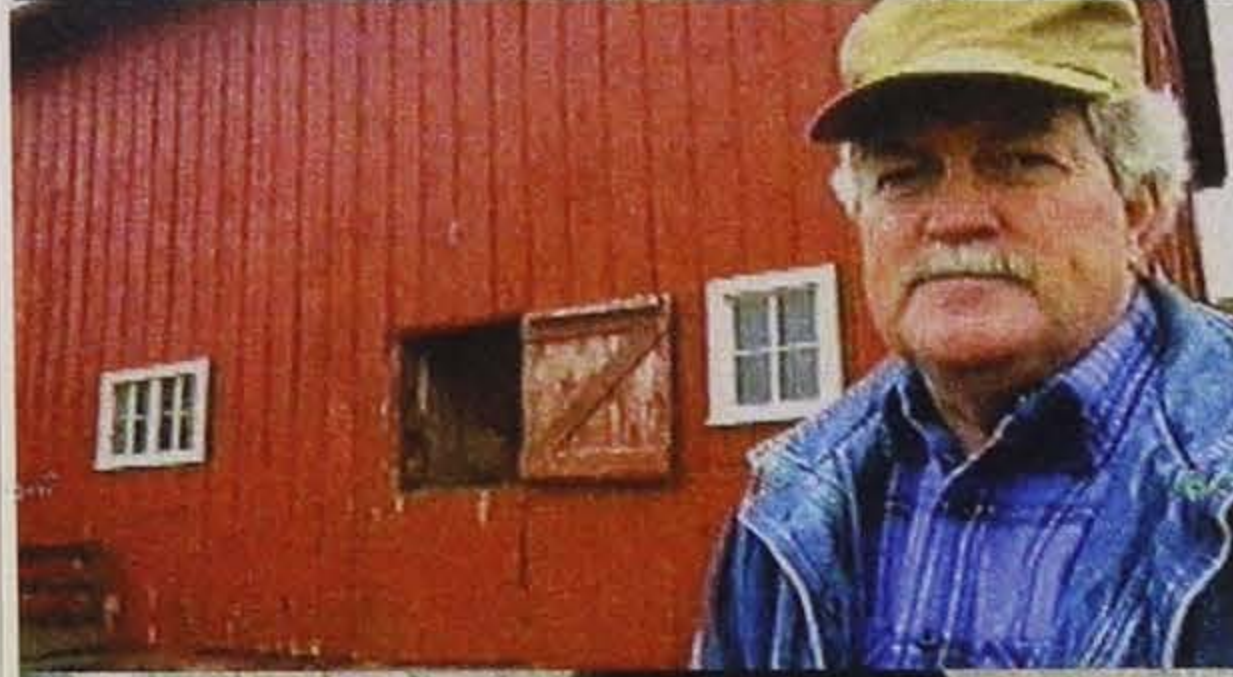
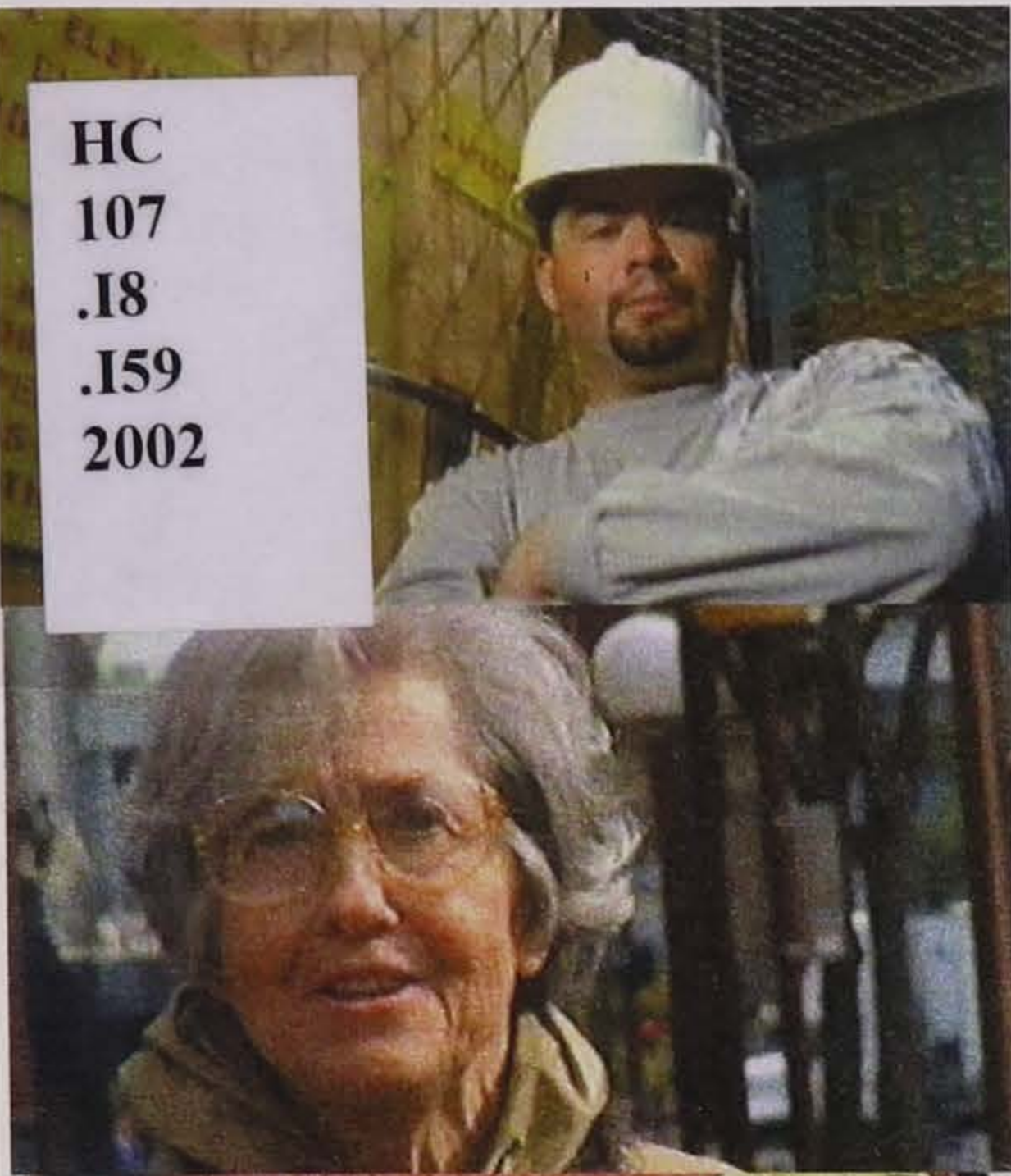


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Perspectives

on the state
of Iowa's future

Securing Iowa's economic future
through *Iowa 2010*

Iowans for a Better Future

December 2002



Iowa 2010 - The New Face of Iowa

Report of the Governor's Strategic Planning Council

Presented November 2000

The Governor's Strategic Planning Council, with input from thousands of Iowans across the state, developed a plan that would change the face of Iowa.

Iowa 2010 included the following bold possibilities for Iowa's future.

- Goal** Increase the state's workforce population
Use innovative strategies to keep Iowans in Iowa, convince those who have left to return and attract new Iowans from across the nation and around the world.
- Goal** Connect every community in Iowa electronically with broadband high-speed Internet service
Link all Iowans to the wealth of information and opportunities available worldwide through electronic communication.
- Goal** Establish Iowa as the life sciences capital of the world through the reinvention of agriculture
Develop new ag-related industries based on consumer demand coupled with plant, animal and medical research at universities. Focus on specialty crops, including organics, for new and emerging consumer markets.
- Goal** Create destination attractions that provide more opportunities for recreation and entertainment
Draw visitors from across the U.S. to Iowa, growing the state's tourism industry and creating new jobs. Enhance the quality of life for Iowans by providing a range of cultural, historic, athletic and entertainment opportunities for Iowans of all ages.
- Goal** Increase wages and worker income
Focus economic development efforts on high-growth, high-wage industry cluster, such as Information Solutions, Advanced Manufacturing and Life Sciences. Address low-wage jobs through innovative public policy measures. Target higher education as a growth industry. Reform Iowa's tax structure in a revenue-neutral manner.
- Goal** Enhance the growth and learning of Iowa's youngest residents
License and register child care and preschool settings, which establishing higher wages for workers and teachers in this area. Strengthen the quality of education at all grade levels through better educator compensation, increased parental involvement and staff development and training.
- Goal** Protect and improve the quality of Iowa's natural resources
Develop Iowa's leadership in renewable energy sources and conservation efforts.
- Goal** Provide government services that are more effective and efficient
Restructure government at all levels to enhance delivery of services on a regional level while freeing resources to meet other needs.

Perspectives

On the state of Iowa's future

Iowa 2010—The Governor's Strategic Planning Council initiative surveyed the landscape of Iowa business and community life at the start of the new century. The resulting report, *The New Face of Iowa*, forecast the struggles our state would face without decisive action and presented specific recommendations for moving the state toward smart growth.

The report outlined bold recommendations to maximize opportunity and potential, while overcoming the significant challenges that lay ahead. It offered a clear and distinct direction for Iowa's future based on strengthening the economy through:

- ◆ Targeted new jobs, higher wages and a growing workforce
- ◆ Reinvention of the business of agriculture and growth of a vibrant biotechnology sector
- ◆ Electronic high-speed connections linking every Iowa community
- ◆ Enhanced child care, preschool and K-12 systems
- ◆ Development of destination attractions
- ◆ Renewable energy sources and strengthened conservation efforts
- ◆ Effective and efficient government services

In the two years since the 2010 recommendations were made, public and private initiatives at the local, county and state level have moved some of the 2010 recommendations forward. But many important recommendations have been left on the table.

In order for Iowa to realize significant economic growth, aggressive strides must be taken to implement the Iowa 2010 recommendations. Grassroots activism, collaboration among groups and new public-private partnerships offer the potential to move Iowa's economy forward; Iowa 2010 provides the road map to guide those efforts.

Seventeen Iowans have been invited by Iowans for a Better Future to reflect on Iowa in the year 2002 in the context of the 2010 goals. This report showcases those perspectives. It is part of the ongoing dialogue that must take place if action is to follow the recommendations of the strategic planning report.

The essays presented here reflect the opinions and perceptions of their authors, and do not necessarily represent the opinions or positions of Iowans for a Better Future, its supporters or board members.

Iowans for a Better Future is a nonprofit organization formed to keep the recommendations of the 2010 report in front of Iowans and help move the state toward those goals. We invite you to join us as we continue the discussion and motivate Iowans to action in building a stronger future for our state.

Iowans for a Better Future

It may have seemed difficult over the past year to stay focused on a better future, but our organization, *Iowans for a Better Future*, has moved forward to insure that the *Iowa 2010 Strategic Plan* continues to steer the State of Iowa in the direction of growth, prosperity and excellence. The priorities laid out in the plan that Governor Tom Vilsack commissioned in 1999 are still representative of the relevant issues that we need to address to stay competitive and improve the quality of life for all Iowans.

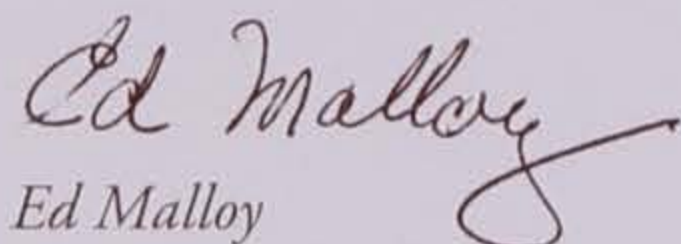
The soul of the *Iowa 2010 Strategic Plan* is in the desire of individual Iowans and communities across the state to meet our challenges, sustain and grow. As *Iowans for a Better Future* has continued to educate legislators, mayors and community leaders about the goals for our state, the inspiration of a better future has continued to create excitement and support. People recognize that the actions we engage in today can change negative trends and build the foundation for a better future.

As we present our Year Two Report to you, progress has been made on many of the goals delineated in the Iowa 2010 plan. Whether accomplishments have come from government, the private sector or non-governmental organizations, there is a momentum that reflects a positive direction for our state. The essays presented in the report capture a flavor of where our state is heading and strong sentiment for staying focused on our goals.

Our mission is to continue to celebrate positive change and educate Iowans about the possibilities of creating and sustaining vibrant and prosperous communities throughout Iowa. Iowans welcome the dialogue and guidance. Keeping our citizens engaged and committed is the key to maintaining the momentum necessary to change.

As we begin the third year of the *Iowa 2010 Plan*, we do so with the hope that more Iowans and more communities will join us in advancing the goals for our state. Our organization seeks to generate a broader public understanding of the 2010 issues and recommendations, and prompt action to achieve the 2010 goals through educational radio programs, seminars for legislators and mayors, and the formation of eight Goal Groups, to assist individuals, organizations and communities with the practical steps to accomplish the 2010 goals.

We understand and appreciate that real change begins with a belief in ourselves and a commitment to embrace new thinking. The pride we have in our state and the heritage we share for success will continue to drive our state forward. We look forward to involving more Iowans in our efforts. We welcome your participation and ideas for building a better future.



Ed Malloy

Co-Chair, *Iowans for a Better Future*



Don Doudna

Co-Chair, *Iowans for a Better Future*

Sagging demographic trends and weak economic indicators are no longer just the concerns of investors, economists and heads of industry. Today they illustrate the downward pathway toward Iowa's future and their impact reaches into every Iowa community. Solutions for turning around Iowa's fortune have galvanized too often around single issues: taxes, spending, subsidies and incentives, welfare reform, minimum wages, the languages we speak.

But the promise of Iowa's future lies in building and maintaining a strong, vibrant economy. Economic development, once the interest solely of the business community, is now both the responsibility of and an opportunity for every Iowan. Economic development is the blueprint for building strong communities and the foundation for growth and success.

The following essays illustrate what Iowa is doing, can do and must do to secure its economic future.

The Iowa 2010 Strategic Plan called for positioning Iowa as the life science capital of the world. This goal challenged Iowans to move from the traditional thinking of commodity agriculture to a biotechnology-based agriculture industry.

Strengthening Iowa's economy by growing industry and agriculture together

by Wayne Seaman

From Iowa 2010: The New Face of Iowa

Bold possibilities for Iowa's future include establishing Iowa as the life science capital of the world through the reinvention of agriculture. Iowa should strive to develop new agriculture-related industries that utilize plant, animal and medical research at our universities to produce new products in Iowa. Economic development efforts should focus on high-growth, high-wage industry clusters including the life sciences.

The reliance on traditional agricultural commodities and markets will shrink as the forces of an integrated world economy continue a 30-year downward spiral of raw commodity prices. While dramatically altering the face of traditional farming practices, these changes provide a unique opportunity for Iowa agriculture. Breakthroughs in biotechnology are redefining what is produced and how, as well as revolutionizing the agri-business infrastructure. Iowa is uniquely positioned to leverage life science assets comprehensively in all three areas: plant, animal and human life science.

Iowa can accelerate economic development related to production agriculture, value-added agriculture, advanced biotechnology and other life science disciplines. Iowa must create new uses for commodities and processes, utilizing the world-class leadership in plant science at the Iowa State University Plant Science Institute, in veterinary science at ISU and in industrial biotechnology and human health and medicine at the University of Iowa. There is an enormous potential U.S. market in agricultural biotechnology (estimated to reach \$1 billion by 2003) and human therapeutic biotechnology (estimated to reach \$23 billion by 2003) to be served by a new Iowa agriculture.

By applying a range of technological disciplines to develop food, pharmaceutical, microbial and chemical products and processes and medical devices, Iowa can be a leader in industries working to improve human and animal health, nutrition, the environment and quality of life.

In the past 50 years Iowa agriculture has operated in a subsidized environment whereby government programs have provided income to farmers when the market failed to do so. During that same 50-year period Iowa has experienced a decline in the number of farmers. However, production has experienced a steady increase due to mechanization, improved genetics and the increase in technology.

As farmers left the farm, another part of rural Iowa began to decay as small town Iowa began to exit its position of prosperity. As rural Iowa reduced its numbers it also reduced its need for many small communities.

Today, Iowans realize that this state must expand beyond being a state reliant upon only agriculture. Rural Iowa needs industrial growth to sustain even a nucleus of larger cities in rural Iowa. Agriculture has not and, in the foreseeable future, will not generate a very high return on investment. Therefore the need to grow industry and agriculture together is essential for Iowa to become a more prosperous state.

Value added—making it work

Iowa Secretary of Agriculture Patty Judge proclaimed that the Iowa goal should be to process 100% of Iowa crop production before it leaves our state.

Value added is a term that is sometimes tossed around without a clear understanding what it means. Value added is a term used when a person or firm receives a raw product, like corn or soybeans, processes it by feeding it or processing it in some form of a manufacturing plant and increasing its value by doing so. The process may increase the value of corn or soybeans but it does not guarantee a profit margin for the manufacturing firm. Several livestock feeders and manufacturing firms have left the business because value added did not generate a profit.

As more Iowans participate in these value added ventures, they need to make sure their investments are made with return on investment as a primary consideration.

Following is a list of some of the value added processes Iowans are undertaking to promote Iowa as a value added processor:

- ◆ Building ethanol plants to convert corn into energy
- ◆ Building specialty soybean processing plants
- ◆ Producing organic products
- ◆ Producing and processing specialty meats
- ◆ Processing organic food products

- ◆ Redeveloping the poultry industry in Iowa
- ◆ Redeveloping the dairy industry in Iowa
- ◆ Producing specialty crops for niche markets
- ◆ Producing soy oil into bio-diesel

Some of these efforts will not succeed but we must not give up each time we face failure. We must adopt a positive mental attitude with the idea that the next venture will be the best.

The GMO Revolution

I realize that genetically modifying the products from which our foods are made is very controversial. However, the revolution may be beneficial for Iowans and for humanity if biopharming becomes a reality. Biopharming is the science and technology of using plants and animals to build desired compounds and then extract them for pharmaceutical and industrial uses. Biopharming is in its infancy, but is already exploding out of the nation's research labs, offering new opportunities for innovative agricultural producers to participate as production managers, responsible for guaranteeing the necessary quality and safety.

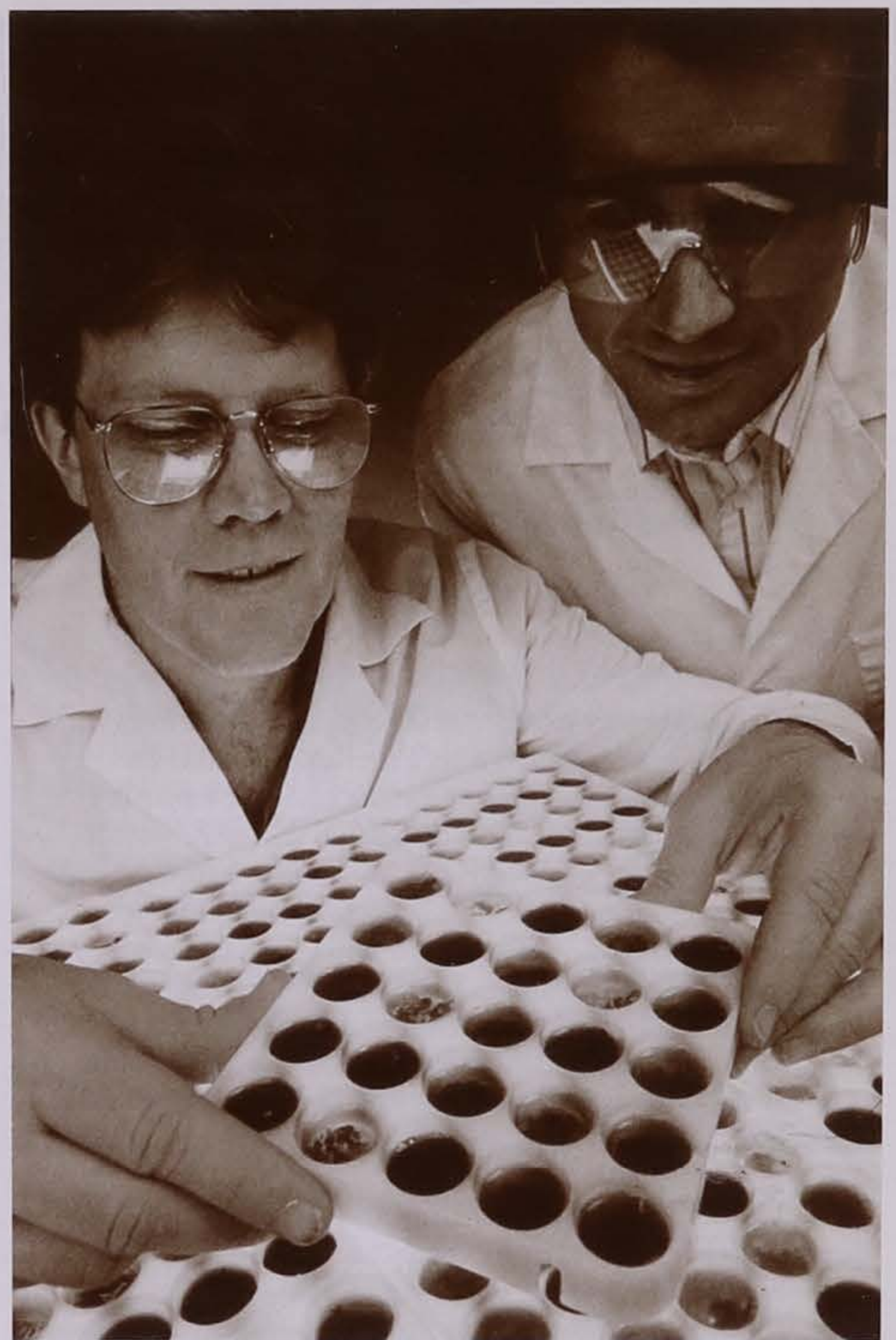
One day products grown in Iowa fields may have specific pharmaceutical benefits that cure some of our most difficult diseases. At a recent meeting of the Center for the Study of Rural America, John Greaves pointed to several specific pharmaceutical products to emphasize the potential of alternative crops. He pointed out the benefits of Lutein (harvested from marigolds), which prevents eye disease, and Fortium R (harvested from rosemary), an antioxidant that maintains the freshness of foods. Iowa can grow marigolds and rosemary.

One company with Iowa connections is in the final stages of bringing several lines of industrial enzymes and pharmaceutical proteins to production using transgenic corn as the medium for production. Similarly, animals can now be used to produce a variety of beneficial compounds, extracted from blood, milk or source organs. These include purified bovine serum albumin (BSA), a useful protein extracted from cow's blood and used in a variety of research lab and pharmaceutical applications. Transgenic products will allow key human pharmaceutical proteins to be expressed in cow's milk and then extracted and purified.

Many drugs are expensive today because the means to extract the desired protein are volume limited (e.g., sourced from human blood) or require tremendous capital expenditure for manufacturing capacity (e.g., e-coli fermentation facilities). As biopharming develops, farmers who wish to participate must be willing to switch from commodity production to a much more carefully calibrated crop that requires special production guidelines and special handling processes.

The future of Iowa agriculture

In the next 10 to 20 years Iowans will experience tremendous change. We will witness the continued reduction in the number of farmers as present farmers retire and few, if any, young people enter this field. Rural areas will become more regionalized as counties begin working together to develop a region rather than their own town or county. Specialty and organic farming, biopharming and production for niche markets will all increase. Industrial growth in rural areas must take place to help support



the infrastructure necessary in these rural regions. I believe processing of Iowa-grown products will continue to increase as a percentage of total production.

The real question I have is: Will Iowans benefit from these ventures by holding an equity position or will we be satisfied being hired help for owners that live out of state or in foreign lands?

Wayne Seaman

Agri-business consultant

Wayne Seaman of Carroll is retired CEO of West Central Coop of Ralston. His consulting business works primarily with coops, but also with other agri-businesses. He managed West Central for more than 20 years and took it from a tiny, rural elevator to a multi-county ag processing business. Besides handling grain, they process soybeans into various products, from dairy supplements to graffiti remover, which are distributed internationally.

Diversifying the agricultural economy by developing new uses for Iowa products is more than just a concept. Since the completion of the Iowa 2010 report, a group of Iowans has collaborated on a plan that demonstrates the potential for an agricultural revolution.

It's time for action on life science industry leadership

by Dr. John Greaves

The biotechnology-driven evolution of agriculture from the production of basic food and fiber materials to include the production of a broader range of specific bioactive molecules involved in human health and well-being is well underway. It marks the beginning of a new era of "molecular pharming" and a fundamental change in agricultural practices and the farm economy for those who embrace it. It also ushers in new opportunities for the processing and further processing of those molecules from agriculturally-produced products, and the subsequent beginnings of new, life-science based manufacturing opportunities. The key question is: What progress have we made and what still needs to happen in Iowa to ensure that we become recognized as a Life Science Capital?

In May 2000, the Iowa Department of Economic Development formed a life sciences advisory committee at the request of Governor Vilsack. The role of this committee was to develop a long range strategic plan to capitalize on the life sciences "cluster" that had been identified through a study of Iowa's economic development opportunities. The committee was made up of representatives from Iowa life science companies, the Regents universities, community colleges, the finance sector, Iowa Department of Economic Development and farmer producers.

The committee developed a comprehensive strategic plan that included focused strategies and tactics addressing:

- ◆ Collaborating on commercial technology development
- ◆ Incubating and deploying new entrepreneurial life science ventures
- ◆ Attracting new commercial life science ventures into Iowa
- ◆ Developing collaborative subgroups on value-added agri-foods, industrial bioproducts, novel fibers, and nutraceuticals/pharmaceuticals
- ◆ Developing a vertically integrated education system
- ◆ Improving public awareness of the life science industry
- ◆ Forming a Midwest life science alliance with neighbor states

In addition, several key pilot projects were identified, of which one was selected for further development. The "alpha project" was designed to facilitate the relocation to Iowa of two commercial companies that were actively engaged in producing novel molecules in corn. The key to success was to design and build a pilot protein purification facility that would allow both companies to

scale-up their technology in Iowa, with the ultimate objective of full-scale production and the realization of a new age of pharmaceutical production in crops. A financing plan was put together and a portion of the initial capital was subsequently raised. However, while the development of a pilot scale protein purification facility was necessary to attract these target companies to relocate to Iowa, it in itself did not address the more necessary objective of building a sustainable economic platform for entrepreneurship and growth in this sector.

In December 2001, the Iowa Business Council convened an Economic Development Summit, bringing together leaders of Iowa's business and industry from across the state. The Summit's purpose was to move ideas to action by reviewing and prioritizing a list of key opportunities for economic growth in Iowa and forming action-oriented "hot teams" around a few meaningful opportunities. In June 2002, the Iowa Coalition for Innovation and Growth, composed of leaders from business, industry, government and education, was formed to oversee and support the ongoing work of these "hot" teams.

At the Summit, the participants reaffirmed that the rapid development of biotechnology, specifically the technology of extracting human therapeutic drugs, nutraceuticals and industrial chemicals from genetically enhanced plants and animals, offered Iowa a unique opportunity. A new industry could be established in Iowa that could draw upon the nationally-recognized strengths of the state's two research universities, in agricultural sciences at Iowa State and human medicine and drug development at the University of Iowa, as well as the established base of companies with tools and technology in downstream protein purification.

They noted that the world market for human health products and services was ten times larger than for the food products that have been the state's economic base throughout its history. Recombinant proteins derived from plants and animals could well emerge as a wholly new industry for Iowa provided that needed resources could be organized to build a leadership role. The concept received support from the participants as a high priority and a Protein Purification "hot team" was formed.

The Protein Purification Hot Team proposed five goals to project Iowa into a leadership role in this promising new industry. These goals and actions are based on a process where new products are taken from discovery to marketplace by encouraging and nurturing new entrepreneurial companies formed from within

the state's universities. This process involves:

- ◆ Discovery of a protein or a new use for a previously known protein
- ◆ Initial laboratory production of the protein, and proof of concept
- ◆ Decision to form a business based around the discovery
- ◆ Production of pilot amounts of the protein either via (a) fermentation (b) plants or (c) transgenic animals
- ◆ Regulatory approval
- ◆ Build manufacturing capacity and market the new protein technology.

The opportunity for Iowa residents, particularly the farming community, to own equity in these new start-up ventures would facilitate a change from Iowa farmers being "contract growers" to becoming company stockholders.

Goal 1 Maintain an academic environment at the state universities that continues to encourage basic discoveries but fosters a culture of commercialization of those discoveries in state-based businesses. Form an "Office of Protein Biotechnology" within the Iowa Department of Economic Development to coordinate an inventory of new discoveries and provide financial support and business mentoring to new life-science start-up companies.

Goal 2 Create an environment within the university where application of protein chemistry discoveries are easily tested at the bench and proof of concept can quickly be demonstrated.

Goal 3 Actively encourage and promote the formation of new Protein Biotechnology businesses by current Iowa residents. Establish programs that make Iowa the choice to locate for early start-up protein biotechnology businesses.

Goal 4 Create a location where production amounts of new Protein Products can be purified in a pilot laboratory that meets GMP or cGMP Standards.

Goal 5 Redirect the strategy of IDED to stop trying to attract established companies to Iowa, and only focus on growing start-up or new ventures from discoveries made within the state.

Why Produce Nutraceuticals/Pharmaceuticals in Plants?

Research conducted over the last few years has revolutionized the use of therapeutically valuable proteins and phytochemical intermediates in a variety of clinical treatments. Because most genes can be expressed in many different systems, it is necessary to determine which systems offer the most advantages for the production of the recombinant protein or desired phytochemical. The ideal system would be the one that provides the safest biologically active material at the lowest cost.

The production of recombinant proteins in plants has many potential advantages for generating biopharmaceuticals relevant to clinical medicine:

- ◆ Plant systems are more economical than industrial facilities using fermentation or bioreactor systems.
- ◆ The technology is already available for harvesting and processing on a large scale.
- ◆ The processing step can be eliminated totally when the plant

tissue is used as a food as in the case of edible vaccines.

- ◆ Plants can be directed to target proteins into intracellular compartments in which they are more stable.
- ◆ The amount of product that can be produced approaches industrial scale levels.

There are several examples of plants that are being designed to produce vaccines, antibodies, biopharmaceuticals, and bioactive molecules that will soon be scaled-up for commercial trials, including:

- ◆ Corn—for cancer treatment and cystic fibrosis complications
- ◆ Alfalfa—hemoglobin replacement products
- ◆ Muskmelon—rabies vaccine
- ◆ Tomatoes and bananas—Hepatitis B vaccine
- ◆ Fruit—protein to prevent tooth decay
- ◆ Rice—to combat Vitamin A deficiency (the world's leading cause of blindness)
- ◆ Cherry tomatoes—respiratory syncytial virus (RSV) vaccine
- ◆ Tobacco—anti-cancer proteins

The first step towards success in this rapidly developing area is to create an organizational framework within the state that encourages innovative ideas and basic research at the state universities and supports the development of new businesses through the IDED. Subsequent scale-up of these new protein production processes, particularly the ones involving plants, will inevitably involve Iowa's farming community in the growing of the crop and possibly in the purification of the target molecule.

The most critically important thing for Iowa to do in the next year is to action one or more of these new model systems as a demonstration of what is possible and, as a result, establish Iowa as a regional, national and international leader in 21st Century life sciences.



John A. Greaves, Ph.D.
President, Kemin Americas, Inc.

Kemin Americas is a regional agri-food business, focused on the development and commercialization of micro-ingredient technology for the production of meat, milk, egg and bread products.

John is a native of Lancaster, England. He graduated with a B.Sc (Honors) degree in Agricultural Botany in 1984, and a Ph.D. degree in Plant Physiology in 1987, both from the University of Wales in the United Kingdom. He moved to Iowa in 1988. He is an inventor on eight issued U.S. and international patents, and three pending U.S. patents. He served as Chair of the Governor's Life Science Advisory Committee for Iowa and was instrumental in the development of a state-wide strategic plan for Iowa's "Life Science Cluster".

The potential for reinventing Iowa's agricultural industry holds economic promise for rural communities. But revitalizing the rural economy requires more than new products and new uses for Iowa commodities; it requires telecommunications systems that link all businesses to the markets of the world.

A Tale of Two Iowas

by Dr. Peter F. Orazem

"It was the best of times, it was the worst of times." Charles Dickens' *A Tale of Two Cities* was concerned with two European cities—London and Paris—one for the haves and the other for the have-nots. At times, Iowa appears to be two states. Since 1970, metropolitan populations have increased 17% while rural populations in counties not adjacent to a metropolitan area have shrunk by 10%. Average pay per job in metro areas is one-third higher than in rural counties. Job growth in metro areas is over four times higher than the population growth rate, so jobs are plentiful for families looking for two incomes rather than one.

One of the Governor's 2010 Strategic Planning Council's strategies for rural economic development was to expand high

speed Internet access to rural areas. One might regard the Internet as a needless luxury when rural areas have so many other economic problems. This article has two purposes—to argue that there are positive economic forces at work in rural Iowa, and that those forces will require dependable high speed Internet access if they are to remain strong.

We have grown so accustomed to thinking of Iowa as two states, rural and urban, that we sometimes forget the positive signs for the rural economy. There are two Iowas in rural counties, also. While the number of farm proprietors has declined 35% since 1970, nonfarm employment in rural Iowa has risen 46%. Average pay per rural job has risen at the same rate as in the metropolitan areas. In addition, while the rural population has fallen in Iowa, it has fallen much more rapidly elsewhere. While rural incomes are lower than urban incomes in Iowa, they are above the average for rural areas nationwide. In other words, rural Iowa is doing some things right to have avoided the more dramatic decline of rural areas elsewhere.

Two sectors of the rural Iowa economy have been particularly successful. Since 1970, manufacturing jobs have more than doubled in rural Iowa at the same time that one million manufacturing jobs were lost in U.S. as a whole. Rural Iowa wholesale jobs also more than doubled since 1970, with employment rising

From Iowa 2010: The New Face of Iowa

High speed, broadband Internet is becoming the essential infrastructure for business. Iowa needs this infrastructure to overcome distances separating Iowa's companies and citizens from other parts of the world and to connect them to their future.

High-speed electronic communication is a great equalizer for rural states and communities in search of ways to compete with metropolitan economic centers. Iowa's leadership in high-speed telecommunications will attract high-wage, high-growth business and industry to the state, building the economy and increasing the number and types of jobs available. Iowa's advantages in education, public safety and sense of community will be magnified as people have more freedom to decide where to live. State-of-the-art technology can bring about a rural renewal, including the potential to regrow the population.



almost 50% faster than in the U.S. as a whole. Those two sectors are responsible for half of the job growth in rural Iowa. Both sectors require access to high-speed Internet connections if they are to continue to expand in rural areas.

During the decade of the 1990s, labor productivity in manufacturing doubled after two decades of stagnant growth. Information technology is credited with half to three-quarters of the growth. Interestingly, it is the application of the information technology in "old economy" sectors where the productivity growth occurred rather than in the high technology sectors themselves. In manufacturing and wholesale trade, information technologies have resulted in lower production costs associated with customer care and in purchasing and coordinating inputs. It is also easier to market products broadly, even from remote production sites. For rural Iowa, this means that prospective firms can access inexpensive land, good transportation links to rail or highway, and relatively low priced labor and still have a close relationship with customers and suppliers through Internet connections.

Access to high speed Internet connections through DSL or cable has expanded very rapidly in Iowa. Between 2000 and 2001, the proportion of rural communities with high speed Internet access rose from 28% to 47%. Access rose from 42% to 61% in urban communities. Within one year, high-speed access will be available in three-fourths of rural and urban communities. Access is spread widely around the state. Even areas that do not have wired access can take advantage of wireless satellite transmission, for which Iowa's flat topography is ideally suited.

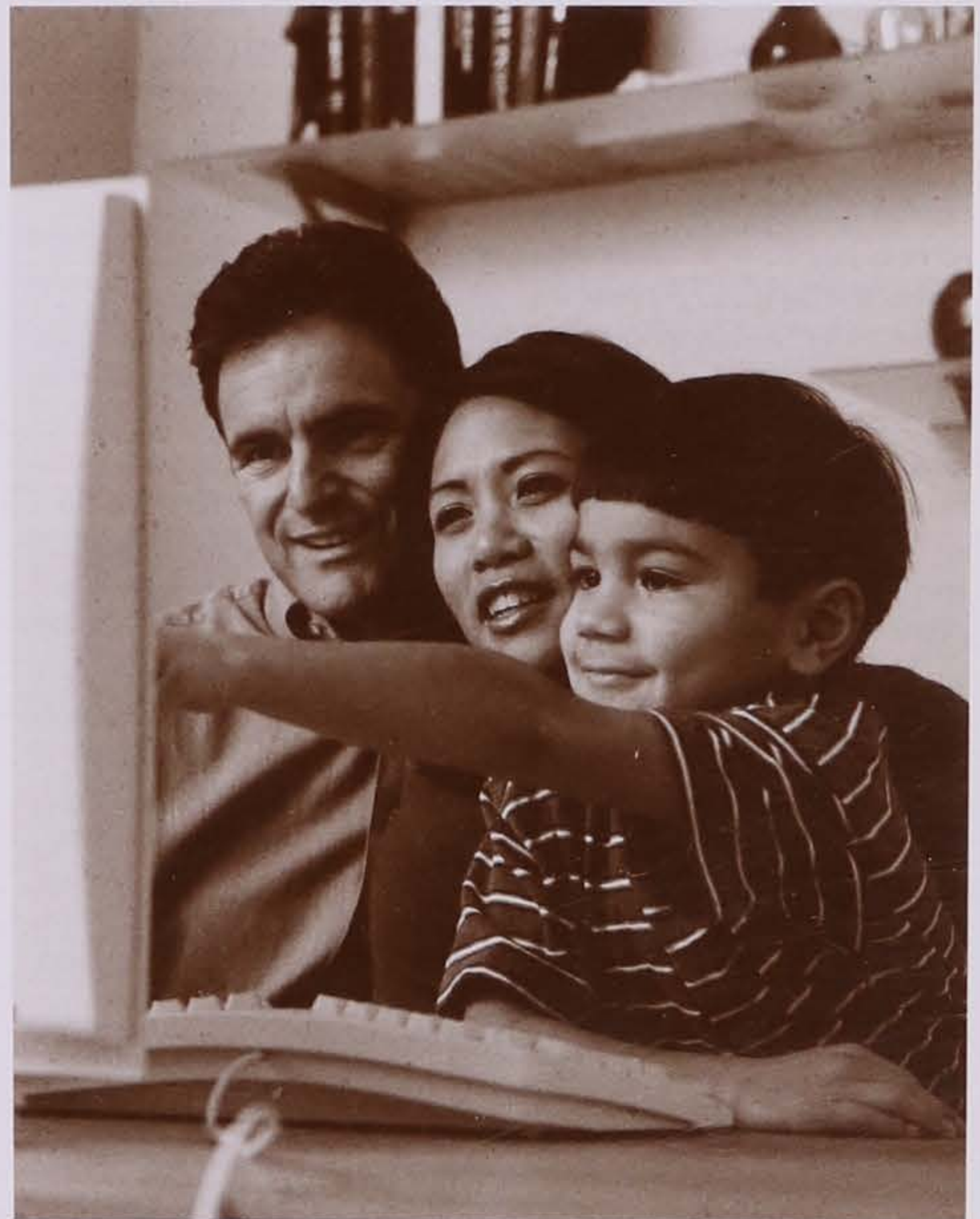
The Internet also offers an opportunity for more remote workers to telecommute to higher wage urban areas. However, almost all workers who work from home also spend considerable time in the office. Firms have not yet created the virtual office where all their workers perform their functions from remote sites. Consequently, telecommuting is a complement to traditional commuting from rural to urban labor markets rather than a replacement. In Iowa, where 96% of the population lives within 45 minutes of a town of 10,000 or more, high speed Internet connections will make it easier to commute from rural to urban markets.

The Internet is no longer an economic development alternative. High speed access to information is as much a part of the necessary infrastructure for firms to compete as are good roads, water, electricity and rail transportation. In that capacity at least, the distinction between rural and urban Iowa is disappearing, and the two "cities" are becoming one.



Peter Orazem, Ph.D.
Director, Industrial Relations
Center, Iowa State University

Dr. Peter Orazem has served as Director of the Industrial Relations Center at Iowa State University since 2000. Prior to that he has served as a professor, Interim Associate Dean of the College of Liberal Arts and Sciences, and Director of Graduate Studies, Department of Economics at ISU. He is a consultant for the World Bank. He earned his B.A. at the University of Kansas and M.A., M. Phil. and Ph.D. degrees at Yale University. His fields of concentration include Labor Economics, Applied Econometrics, Human Capital, Agricultural Economics, Markets in Transition Economies. He has written extensively on issues of economics, employment and education.



Building the information superhighways that connect Iowans to the world isn't just an option, it's critical to the economic development of communities across the state. Construction of that information highway has a financial payoff on investment that is significant.

Iowa's opportunity to bridge the digital divide

A link that joins the serenity of Midwestern rural life and the economic opportunities of the intense world of commerce

by Joe Crookham

Iowa communities have a unique opportunity to bridge the communication divide. Rural Iowa can have the economic opportunities of Manhattan Island and the quality of life benefits of the Midwest. But Iowa communities need to take action now to electronically connect their citizens to each other and the world. Emerging technologies make it possible for education, economic vitality and population growth to be greatly enhanced while saving money and improving the available services.

The issues are fairly simple and the solutions are not really all that complicated. They just require a commitment to action, now.

Historically all communication services have been provided over copper or coaxial cable systems that are owned by the content provider. Telephone service came over copper wires that one telephone company provided, because there was only one telephone company. Cable television came over the coaxial cables that were owned by one cable television provider.

The Internet, and more particularly the World Wide Web created in 1992, has introduced a world where communication services and content are now available from thousands and even millions of sources. The last mile distribution systems for a community need to be "content independent". The last mile needs to be a fiber system that is available like the streets and alleys in every community. Everybody needs to be able to use them and have access to them. They need to be wide enough, smooth enough and sufficiently well built to allow people to use them for all of today's diverse and growing opportunities. We need bandwidth that matches the speed of the human eye. We need 100,000 kilobits, not just the 28 kilobits of dial up Internet access.

Thanks to the Internet, we are only 5/100ths of a second from being in the middle of business activities in Tokyo or London or anywhere in the world. The Internet has created the opportunity for anyone anywhere to be at the center of the world community. But to be part of that community we need that last mile, that last 100 feet of connectivity.

Incumbent providers, the telephone companies and cable television companies, have huge investments in copper and cable that were designed as mere walking paths compared to today's fiber optic super highways of the Internet world. Deregulation of telephone services doesn't make those paths wider.

Communities need to cause a new fiber optic system to be created in their community. Copper can continue to serve some farm customers for the short term because it provides enough bandwidth for low density subscriber areas. But the built up areas need fiber to utilize the opportunities of today and tomorrow.

It is cost effective to make the change. The average household, according to a *USA Today News* survey, spends \$110 per month on communication services. (Iowans probably spend on the high end of cost in this service because our services are so low volume and thus expensive per customer.) More than 50% of that cost, perhaps as much as 75%, is the cost of the distribution system to the home or business. Since we pay that cost separately to each provider, (telephone company, cable television company and Internet provider), we are unnecessarily repeating the big part of the \$110 cost per month of services. One distribution system could save 25% to 50% of that cost and provide both greatly increased quality of service and a wider choice of services.

If it cost \$3,000 per home to build a fiber to the home system, a 10-year pay off would take about \$30 per month to pay for it. Distribution cost reductions alone would save enough to pay that cost and we would have all the other benefits and savings, in addition. A 10-year payoff on a system that large is very ambitious. Recovering the cost in 20 years would be a good deal.

Iowa would be more attractive to business for start up, retention, and expansion or relocation in a Midwestern environment that is effectively in the middle of Manhattan. Iowans could televise local events to their homes by simply plugging in a camera at the event and distributing the signal over the local fiber system.

There are many business arrangements in which this "last mile" of fiber can be achieved. Agreements with incumbent providers could be established. A municipal utility could be established or expanded. A joint private and public entity could be created. But whatever the method, the communities of Iowa need to assure that a content independent, broad band, last mile, communication system is available to every household and business in their area. Fiber to the home is the bridge over the communication divide.



Joe Crookham
President and Principal Owner,
MUSCO Lighting

Joe Crookham is a founder of MUSCO Lighting, a nationally and internationally recognized sports field lighting company. MUSCO specializes in lighting for recreational and school ballfields, but also does events such as

Olympics and Super Bowls, and major facilities such as NFL stadiums. He has a B.A. and M.B.A. from the University of Iowa and a Juris Doctorate from Drake Law School. He serves on the board of the Iowa Alliance for Communication Technology. His company has been developing advanced communication systems for the Oskaloosa community, as well as for MUSCO's customers.

Building a stronger economy means creating an atmosphere that encourages and supports new business development. Through venture capital programs, Iowa can significantly increase the number and the success of start-up businesses.

Capital programs will jump start an Iowa 'start-up' economy

by Burt Chojnowski

Iowa took a step in the right direction in 2002 by passing the Iowa Capital Formation, Iowa Seed Capital Tax Credit, Iowa Venture Credit Act and Iowa Startup Tax Deferral Act. The anticipation is that private equity and venture capital activity in the state will increase by four or five times the current levels, that it will stimulate private entrepreneurial ventures, provide higher returns on financial and intellectual capital invested, increase incorporations and corporate growth and encourage more entrepreneurs and concepts to remain in the state.

The immediate result of this block of legislation is to provide tax credits for direct investments by "angel" investors in community-based seed funds and direct investment in start-up companies. The \$3 million of tax credit available to angel investors in 2002 should provide a catalyst to at least triple the amount of venture investment (estimated at a measly \$5 million for 2001). Those credits will continue for three years and provide \$10 million of credits that may be utilized in stages beginning in 2005. The challenge for this program and the Iowa Venture Capital Board responsible for those credits is allocation. What if Iowa taxpayers in 2002 try to claim \$5 million in credit? I think the Iowa legislature would be hard pressed not to authorize an expansion of the program because that would mean approximately \$20 million had been invested in Iowa startup companies this year.

These programs aren't expected to impact the state budget negatively because no state funds are required and the tax credit redemption is deferred for several years. The Governor and Legislature have wisely crafted programs that should develop a sophisticated, private financial infrastructure capable of providing risk capital as well as a parallel entrepreneurial infrastructure and culture, encourage recycling of capital, and inject a broad range of professional investing talent into the state of Iowa.

In addition, the Iowa Capital Formation Act provides for the development of a \$100 million fund of funds to invest in venture capital firms based in Iowa or having a commitment to invest in Iowa companies. The money will be raised privately by issuing bonds that guarantee a minimal investment return mitigating the downside risk of this program. The challenges for the Iowa Capital Investment Corporation, a nonprofit corporation, setting up this program with the Iowa Venture Capital Board's approval will be to raise the funds and invest them in a way that benefits economic

development in Iowa. The goal is to increase the number of venture capital funds in Iowa by a modest amount—three or four—within three years. There are currently about four or five Small Business Investment Corporations (SBICs) operating in Iowa and currently most of them don't invest much in companies based in Iowa.

The 2002 Federal Farm Bill also provides an opportunity for rural communities to diversify their economies. Approximately \$280 million is set aside for loan programs to assist in economic development. The program requires investment companies to invest 75 percent of their total capital in cities or towns with fewer than 50,000 residents, excluding urban areas next to a city with more than 50,000 residents. No more than 10 percent of investments can be in cities larger than 150,000.

This program will provide entrepreneurial Iowans added resources to jump-start a "start-up economy." Why? Because only newly formed for-profit entities or their new subsidiaries are eligible. A rural investment company must have a management team with experience in community development financing or relevant venture capital financing. Venture capital companies may invest in small businesses with a maximum net worth of \$6 million and average two-year net income cap of \$2 million. Each investment company must raise at least \$5 million in private

From Iowa 2010: The New Face of Iowa

Currently Iowa ranks 42nd in the country in research and development investment. A crucial factor in Iowa's economic performance is the amount of capital invested in life sciences research and development and manufacturing capacity. A state-wide effort to attract high-tech, high-wage, growing industry clusters will expand the Iowa economy and provide quality jobs and wages for Iowa workers. Iowa should accelerate entrepreneurial development of targeted industry, particularly for technology and life sciences companies, and develop and formalize venture capital investor networks.

capital or binding capital commitments. That can be leveraged on a 3-to-1 ratio by USDA loans. The federal agency is limited to issuing \$280 million in loans to match capital.

Iowa's support of entrepreneurial activity has been on a downward trend in the last several years and what activity has taken place has been largely concentrated on Fairfield-based companies. According to Price Waterhouse "MoneyTree" (2001), Iowa secured .074% of national VC investments during 1995-2000. But the trend since 1998 is down to .025%. The Milken Institute "New Economy Study" rated Iowa 47th in business starts and 45th in venture capital investment in 2000. The Progressive Policy Institute "New Economy Index" (July 1999) ranked Iowa 42nd overall, 32nd in "Innovation Capacity" and 50th in "Economic Dynamism."

Despite these low rankings generally for entrepreneurial activity, Iowa has great potential because it is considered the 5th best state in E-Commerce (Progressive Policy Institute) and in the Top 10 in "Technology Sophistication" (*Market Data Retrieval*). It also ranks 2nd in business retention (*Brandow*) and is considered the 5th lowest in business costs (*Regional Financial Associates*).

The impact of the new economic stimulus has been to attract attention to Iowa's competitive deficiency in developing and attracting new businesses as well as the advantages that include educational excellence, employee loyalty and cost of doing

business. Communities around the state including Ames, Mason City, Des Moines, Dubuque, Iowa City, Cedar Rapids and Fairfield have community-based funding resources in development, whether they be angel investment funds, community-based seed funds or SBICs. This is a progressive step in generating the private equity capital required to increase new business formation, support an entrepreneur-friendly environment and retain entrepreneurs and concepts that might otherwise leave the state.



Burt Chojnowski
Founder and Chairman,
CoolCall.com Corporation

Burt Chojnowski founded CoolCall.com in 1998 with the vision of creating a converged network of telephony, email and voicemail on a prepaid card that could be used world-wide. CoolCall now provides international services in over 50 countries and will expand to 300 cities worldwide by 2003.

Previously he was Director of Business Development at USA Global Link, Inc. He has over 20 years of experience in the formation and development of successful companies in the telecommunications, computer software, media, alternative energy, government securities, fundraising and oil and gas brokerage industries. He is president of the Fairfield Entrepreneurs' Association and serves on the Iowa Capital Investment Board. He holds the first bachelor's degree awarded from Maharishi International University, (now Maharishi University of Management) in 1975.



Iowa's business economy depends on its workforce. Attracting and retaining Iowans is essential to economic development. Increasing the number of young Iowans, and reversing the trends of our aging population, will strengthen business, revitalize communities and ensure a healthy long-term future for the state.

Lack of young people in Iowa is a death roll

by Erin Crawford

Being young and moving to Iowa is a bit like signing yourself up for one of those university health studies.

You won't see any lab coats, but you'll notice plenty of powerful people watching you —poking you in one direction or another to see how you'll react.

Iowa leadership is well aware of the need for more young adults—the state's need to grow its population. But how they propose to accomplish that task depends on their politics. Some say it's a matter of the right jobs. Some say it's recreation. Others push for getting just the right combination of attractions in the state's metropolitan areas.

From what other 20-somethings tell me, all those elements need to be pursued. But there's something far less tangible at stake and in need of the state's attention.

While living amidst the bustle of Iowa City's college crowd, I never noticed a "youth" problem. But after two years in Des Moines, it seems I can now claim some sort of special pioneering youth status. It's nice to feel so valued, but being a 20-something in Iowa can feel very isolating.

That's not just a small concern. My husband and I attended a play a few months ago. Sitting in our seats beforehand, he issued a small challenge, betting me I couldn't find another couple in the room under 40. I think I laughed at him. Under 40? Ludicrous. I was taking him down on this one. I quickly scanned the seats around us. No one young. I took in the rest of the theater. Not a 20-something in sight.

Finally I began slowly checking over each and every seat.

It turned out my husband was wrong. Not counting us, there were three couples in the room who appeared to be under 40, one

other couple under 30 and one kid, dragged in by his doting parents.

That feeling of being the only one in the room of a certain age strikes me a lot around Des Moines. It's something I never felt growing up in a larger city. It's not necessarily a bad thing, but you can't help wondering, "Why am I the only one here?"

Maybe it seems as if other factors, such as the climate or the music scene, would be more important in picking a place to live. For me, the consequences of the critical mass problem have far, far more impact. The lack of young people is a death roll, a downward spiral. It keeps others from coming and keeps Iowa from changing. The state lacks enough young adults to keep the ones already here from feeling isolated.

More people my age would change the feel of this state, economically and culturally. Generation X and Generation Y view their jobs differently than other generations do. They don't live to work, as those who power lunched through the '80s do. Gen X-ers and Gen Y-ers work to live. Young people who've recently entered the workforce expect jobs to change frequently, have little loyalty to companies and don't believe their employers have much loyalty to them.

We define ourselves less by our careers and more by what we do. We volunteer. We strongly value recreation and the arts. We've been taught the values of conservation and protecting the environment since elementary school. We read national media sources to keep current on information outside our local city, because we are not as steadily tied to the city we live in. We marry later. It is not a given that young adults who grew up in Iowa will get hitched in their 20s, have kids and return to Iowa at some point in the near future.

Without 20-somethings around to assert these values, the state sometimes makes assumptions about the right message to send about Iowa.

Send the message that you're listening. Then do it.

Young adults in the state will recognize it when things start to change. We all have e-mail. We'll let people know.

From Iowa 2010: The New Face of Iowa

Iowa is exhausting its supply of skilled workers. To support economic growth, Iowa must double its current growth rate. Attracting more people to choose Iowa as their home is the challenge of our future. Balanced population growth in rural areas and communities, as well in the urban areas of the state, is necessary for healthy economic and cultural development. Our goal must be to keep Iowans in Iowa, convince those who have left to come home, and attract new Iowans from across the nation and around the world.



Erin Crawford
Managing Editor, *Cityview*

Erin Crawford, 23, is the managing editor of Cityview, an alternative Newsweekly in Des Moines. She moved to Des Moines after graduating from the University of Iowa and became a staff writer for the Des Moines

Business Record. A volunteer for MentorIowa, Erin has previously given her time at Youth Emergency Services and Shelter in Des Moines and served on a Metro Arts Alliance committee.

From Chicago to Iowa and back

by Tony Mirchandani

Upon graduation of high school I wasn't perplexed with the lifelong decision of choosing a university. The University of Illinois, an overcrowded campus where so many of my friends were, reduced the probability of obtaining a quality education. Downtown Chicago schools never interested me due to the lack of a campus feel. In addition, the city life was something I wouldn't be able to enjoy for a few years. This highly sophisticated methodology of choosing my future led me to the University of Iowa.

Within a year I started to see some of the unique opportunities the University of Iowa had to offer. Soon I would also be engulfed with opportunities the entire state would offer. I was pleasantly surprised by the social camaraderie of the students. Even other Chicagoans seemed to drop our stereotypical attitudes and adopt this social behavior. This friendly attitude toward strangers was contagious and had obviously spread throughout the state.

Choosing a major became the next tumultuous task. Fortunately the University began a program allowing engineering students into the business school and offering a combined degree program. This was my first glimpse into the unique opportunities the University and the State would be able to offer. The University's entrepreneurial department arranged for practicing business persons to teach and mentor students from theory to practice. This mentoring helped guide me into a field of business about which I have become exceptionally passionate; this path is one I don't think I would have followed if I was at the University of Illinois or any of the downtown Chicago schools.

Upon graduation I was forced to choose between the traditional IT consulting position in Chicago or an abstruse position with HON Industries, located in Muscatine, Iowa. This decision was considerably more perturbing than choosing a college or even a major. Returning to Chicago would provide me with family, friends and a lifestyle most college students yearn for after graduation. High paying jobs, fancy clubs, and a fast-paced lifestyle in a big city environment are things we envisioned before ever leaving for college. On the flip side was awaiting opportunity. Through some University programs I was introduced to a multitude of business executives, which I honestly never thought resided within Iowa. After being introduced to this new network of opportunity, all my other visions of city life became evanescent.

Even though my Iowa position required a pay cut from what I was offered in Chicago, I choose to go with it. HON Industries had something to offer which I hadn't seen within any of the Chicago firms: the opportunity to get away from the ordinary career path. Moving to Iowa was the opposite decision most of my friends and family expected. Choosing to have my professional life with a company that makes furniture in a small town located in Iowa was the last place they envisioned me.

Nonetheless, I felt and still feel that decision gave me the ostensible advantage I needed to progress my career. I will always be indebted to the University and HON for this. The small town mentality will never be forgotten. Actually I feel it's much larger than a small town feel, it's more of a small town mentality at a

state level. This "small state feel" provided me opportunities I would have never imagined. For that I am indebted to the State, as well.

After joining HON I was asked to join the Iowa 2010 Strategic Planning Committee and provide some insight as to what young people think about when coming into and leaving the state. That was the easy part. After joining the committee I given the abstruse task of finding ways to retain these young Iowa graduates. Soon I was forced to realize the simplistic views I had on how to retain the young people were just that, simplistic. Simplicity is a trait most young college graduates don't possess. Unfortunately most college students see living in Iowa as a simplistic lifestyle.

I can't offer any grandiose insight into what should change in order to attract these people to stay in the state. What I can do is explain my reasons for leaving. After one year at HON I obtained more experience than I expected to in five years of working. What was lacking became my reason for leaving. The lack of a variety of opportunities, not just access to them. Chicago offered the opposite: tremendous variety of opportunities, it's just very hard to get into any of them. This coupled with watching my friends graduate and move back to Chicago became a very alluring situation. Finally an opportunity to jump into the fast paced Dot Com world presented itself and I ran with it. My simple justification was "what venture capitalist would fund a Dot Com based in Iowa?"

Utilizing this excuse I packed and left for Chicago. A few months into raising capital we found our angel investors, which is a group that helps fund you until a large venture capitalist or investment bank takes you in. Ironically, these groups of individuals that believed in us and supported us emotionally and financially were all based in Iowa. Even after leaving the state I found myself benefiting from the network and kindness of its residents.

The question was asked of me multiple times, "Do you want to settle down in Iowa to raise a family?" I have some wonderful memories of Iowa but no true motivation to move back. Many of us who come to school in Iowa see it as our college experience, and don't envision moving back to raise a family—especially when our family and friends don't reside there.



Tony Mirchandani
Entrepreneur

Tony Mirchandani received an electrical engineering degree and technological entrepreneurship certificate from the University of Iowa. He has been included in Lexington Who's Who of Executives and Professionals for his successful past and present entrepreneurial ventures. He has been involved in corporate venturing with HON Industries and was featured on the cover of Inc. Magazine in 1998. Mr. Mirchandani was a member of the Governor's Strategic Planning Council, Iowa 2010. He now resides in Chicago where he continues his entrepreneurial endeavors.

One way to build communities is by making them welcoming places for a wide variety of new residents. Growing populations, in turn, strengthen communities.

With the right attitude, communities can grow

by Chuck Offenburger

In my hometown of Storm Lake, we have lived "Goal One" from the Iowa 2010 recommendations. And it works—not perfectly, to be sure, but it works.

That goal is all about growing our population, maintaining our workforce numbers and making our communities more vibrant, prosperous and interesting places to live. It's the foundation of all that Iowans for a Better Future wants to accomplish.

Here in Northwest Iowa, nearly every county seat town around us declined in population from 1990 to 2000. But in Storm Lake, we grew by nearly 2,000. Our population of 10,076 meant we hit five figures for the first time in the town's history.

We've done it with immigrants, who have come here in great numbers since about 1990 to work in our two huge meat packing plants, and many have now opened their own small businesses. We've done it with college students coming here to attend Buena Vista University, with a surprising number deciding to stay in the area when they graduate. We've done it with high-speed Internet service. We've done it with a beautiful, 3,300-acre natural lake, which we are currently dredging to ensure its future as a regional recreational attraction. We've done it with four home-owned banks and a diverse line-up of small businesses and industries. We've done it with bold, innovative programming in our elementary and secondary schools, including opening a new Lutheran school recently to go along with our public and Catholic K-12 systems.

But the real thing we've done it all with in Storm Lake is an attitude.

It's best expressed with the way the office hours were painted on the front door of City Hall when it was renovated two years ago. They are listed in English, Spanish and Lao.

Storm Lake seeks to be an inclusive, welcoming place. Indeed, the Chamber of Commerce adopted a slogan of "The World's Hometown."

Our Buena Vista County is now said to be Iowa's most diverse. More than half the children in our Storm Lake public elementary schools have some language other than English as their native tongue, but nearly all are fluent in English, too. Our town's population is about 35 percent "minority." Latino leaders estimate there are 3,500 Spanish-speaking people, from a dozen different countries, in the immediate area. Southeast Asian leaders think they have about 1,500 here from six or seven nations. Those of German ancestry, most of whose ancestors immigrated here 100 or more years ago, are still the largest ethnic group, and we have a scattering of Swedes, Irish, Norwegians, Czechs and others—37 different nationalities, by one count.

When I've talked to Iowa audiences about immigration, I ask them to think with me of the communities in our state that we all love to visit and that have the coolest festivals: Pella, Decorah, Emmetsburg, Cedar Rapids' Czech Village, Stanton, the Amanas, Orange City, Remsen and many more. What do they have in common? They've kept alive their immigrant history, they proudly celebrate their ethnic heritage and yet they are as American and Iowan as you can get.

Goal One is not all about immigration, of course.

We also want to do a better job of convincing our kids to stay in or return to Iowa for their careers and to raise their families. We want to invite others from all over the U.S. to give Iowa a try and see if they agree that it's one of the most livable places on Earth.

But if you look at the kind of growth we need here, that retention and recruiting will not be enough. Business leaders say the workforce must grow by 310,000 workers by the year 2010 to maintain the economic pace we've come to enjoy in Iowa.

That is a daunting challenge when you hear the population experts tell us that the most Iowa's population ever grew in one decade was by 200,000—and that was from 1890 to 1900.

What was happening then? Immigration.

Mark Grey, the University of Northern Iowa professor of anthropology who has been a real guide on Iowa's immigration's history and future, tells how in 1869 the Iowa Legislature established a Board of Immigrants to invite newcomers. They published a booklet "Iowa: The Home for Immigrants" in five languages and distributed 65,000 copies throughout the world and all over the U.S. Here is how that booklet opened:

"To all Working Men, who live by honest toil, and would thereby contribute their part toward the development of a free and prosperous state;

"To all Landless Men and Women, of both the Old World and the New, who desire beautiful homes in the fairest portion of the green earth;

"To all Good Men and Women, who aspire to independence, either for themselves or their children after them, and who will contribute, either of mind or muscle, to carry Iowa forward to her grand and glorious destiny, this little book, with the information it imparts, and the counsel it gives, is respectfully offered..."

It warms me thinking how my great-grandparents in Germany and Ireland may have read that.

In Iowa, we need to rekindle the immigrant spirit that is part of us all. We need to open our hearts and minds to the idea that immigration is not only our heritage. It's our future.



Chuck Offenburger
Writer

Chuck Offenburger of Storm Lake, a member of the board of directors of Iowans for a Better Future, has been writing about this state for more than 40 years. He is a native of Shenandoah and a graduate of Vanderbilt University in Nashville, Tenn. He spent 26 years with the Des Moines

Register, 21 of them writing his "Iowa Boy" column. He co-hosted the newspaper's bicycle ride, RAGBRAI, for 16 years. Since 1998, he has been teaching, freelance writing and doing public service. He has taught journalism at Loras College and Buena Vista University. He is a columnist for The Iowan Magazine and for his own news and opinion site on the Internet at www.chuckoffenburger.com. He has authored five books about Iowans.

Strengthening Iowa's rural communities requires more than just growing populations. Iowans need to face the challenges and opportunities of the future to ensure stronger economies and communities.

Stepping outside the safe circle of wagons will revitalize rural Iowa communities

by Craig Lang

I really enjoy old western movies. Those must have been exciting days. It seemed as if every wagon train crossing the western prairies had to circle the wagons at night. I think this arrangement of wagons surrounding a campsite gave the settlers a feeling of security, a feeling of togetherness and cooperation. A community on wheels.

We need to protect our rural communities in the same way the early settlers protected their traveling communities. But in order for our rural communities to survive and prosper in the future, we also need to take a brave step outside of that circle.

Rural Iowa doesn't have the population it once did; therefore, it is difficult to garner critical attention to the farming communities. Yet people living in our rural communities need to have the same opportunities for education, commerce and entertainment that exist elsewhere. So how do we elevate rural issues to the level that will activate Iowans to take action and get the attention of lawmakers?

We must be proactive and actively participate in securing a promising future. We must take risks and venture outside of that circle of security.

What kinds of risks am I referring to?

- ♦ Giving young farmers an opportunity. Some say we have a corporate farm law in Iowa that may be restricting opportunity for young farmers. Can we open the debate on this law and find ways to enhance opportunities for all farmers?
- ♦ Exploring crops beyond corn and beans. It doesn't require many farmers to plant and harvest Iowa's entire crop. We need to encourage all farmers to look at growing more alternative crops. Our rural communities need more people and more economic activity than the simple growing of commodity corn and beans.
- ♦ Pushing for legislation that gets a better tax rate for those who are retired. Iowa ranks very high in the number of people over 75 years of age. Many of our retired stay, but those who can afford to leave are heading out of the state and taking their expertise, experience and money with them.
- ♦ Supporting other taxes or a reduction in services in order to reduce our total property tax bill.

- ♦ Supporting research that will bring opportunities to young people and workers who want to return to Iowa. Iowa has not spent enough time and money on research that will bring new fields of business opportunity to our college or tech school graduates.
- ♦ Advocating for tax rebates for young and beginning entrepreneurs who want to live in Iowa and calling on the Iowa Legislature to create a new tax system to benefit entrepreneurship.
- ♦ Moving forward legislation that would give a one cent sales tax to schools and property owners. The Iowa Legislature failed to move such a bill forward even after a *Des Moines Register* poll showed that a majority of taxpayers supported an increase in sales tax.

We must all be willing to take some personal risks in order to participate in the revitalization of rural Iowa. Education, health, medical facilities, Main Street businesses and economic opportunity are all important issues for those who want to live in rural Iowa.

Agriculture is Iowa's largest industry. Iowa farmers are producing food, fuel, clothing and medicine for the world. The Iowa farm family produces enough food and fiber to feed themselves and 279 others around the world. Ninety-one percent of the land in Iowa is agricultural—the largest percentage of any state in the U.S.

Yet the most important item that rural Iowa produces is our children. As our population declines and economies in rural communities weaken, the attractiveness of rural life diminishes. The strong work ethic taught by living and working on a farm has been a valuable by-product of country life. Young families are leaving Iowa today because we are not offering the opportunities we once had.

Advancements in technology have created an agriculture that needs fewer people. Technology is the main and driving reason that agriculture and rural areas are at a critical crossroad. In 2002 it is easier to raise corn, beans, beef and pork and produce milk than it was even 10 years ago. Technology has allowed farmers to farm into their golden years. Farmers over age 60 in Iowa own over 60% of the farm ground. It is not uncommon to see a farmer actively farming 10 or 20 years longer than they did a decade ago. (This is not all technology-driven; unfortunately many farmers

have not been able to retire because of low prices and slim profits.) The technology and machinery we have today can plant the entire Iowa corn crop in less than two weeks. And we can harvest that same crop at an unbelievable speed if weather permits. Innovations by machinery manufacturers and improvements in crop genetics, such as fast dry down, drought, disease and insect resistant hybrids, have changed the face of agriculture. Technological advancements have been more beneficial to farmers and of greater value to consumers than any farm bill.

Despite the record subsidies in farm payments in the 1990's, rural America has seen one out of two rural counties decline in population and three of every four rural counties have below average economic growth.

Many communities have circled the wagons to carefully and methodically protect what we have. But we must do more. Our circle will be complete when a majority agrees that we need not only preserve what we treasure from the past, but that we agree to accept the risks of the future with optimism. One wagon at a time, let's address the issues that are limiting Iowa's rural economic

growth and dwindling population.

The solution to Iowa's declining population and lackluster economy lies in first circling the wagons, then venturing forth. A future of success for all Iowans rests in our rural communities' ability to adapt to a changing and challenging environment.



Craig Lang
President, Iowa Farm Bureau

Craig Lang of Brooklyn was elected president of the Iowa Farm Bureau in December 2001. Lang was first elected to the state board representing District 6 in the spring of 1992 then served as the organization as vice president for five years. Lang farms in partnership with his father and brother on 1,000 acres where they have a 400 head dairy operation. He has served on the Iowa Farm Bureau Political Action Committee and IFBF and AFBF dairy advisory committees. Lang is a graduate of Iowa State University.



Ensuring an adequate workforce is critical to meeting today's business needs, but the future of business and Iowa communities depends on educating the next generation of Iowans. Communities must protect, care for and educate their youngest residents if Iowa is to be strong and vital.

Time for Iowa to commit to its youngest citizens

by Dr. Robert Koob

"By 2010 all Iowa children benefit from high quality early education and childcare that is affordable and accessible."

The logic of the 2010 strategic planning council's goal seems unassailable. Iowa's economic and social growth requires a growing and better-educated population. The greatest impact on ability to learn occurs in a child's earliest years. Iowa should have one of the nation's best early childhood education and care systems in the country.

Contrary to that logic, Iowa has one of the poorest systems in the nation. Even though we lead the nation in parents who work... Even though we take great pride in our K-12 and higher education... Even though the occupants of our prisons are dominated

by the under-educated... Even though no one denies that children are our most important asset, Iowa has one of the poorest systems of early childhood education and care in the United States.

The Iowa 2010 Strategic Planning Council clearly identified this need in its report to the Governor in 2000. Iowa's legislature recognized the need earlier by creating Empowerment legislation in the 1998 session. The Empowerment legislation was a step in the right direction, but the dollars committed to a wide range of early childhood issues is very small in relative terms.

While the Empowerment effort has been successful and raised awareness of the broad needs of our youngest children, there is no evidence of growing political support for extending public school availability below kindergarten. Those school districts that have moved in this direction tend only to provide a pre-kindergarten program for four year olds.

One may also find across Iowa examples of enlightened businesses that have either individually or in small consortia provided early childhood education and care. Talking to executives of these businesses, one learns that they recognize the value in improved employee productivity and time on the job. This enlightened self-interest, while apparent, has still not led to universal support throughout the business community.

Nascent efforts by government, both state and local, and business need to grow if Iowa is going to move purposefully to develop the great resource available in our youngest children. National bipartisan support for the "Leave no child behind"

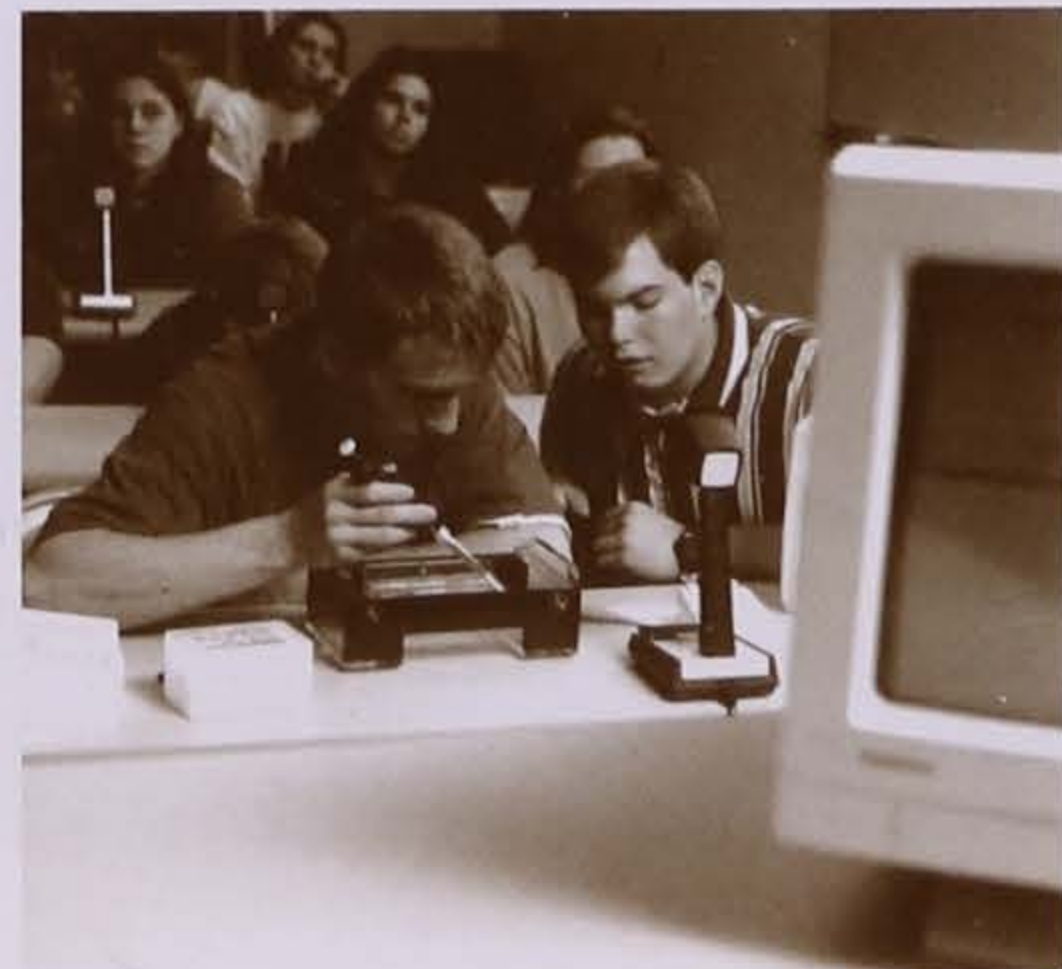
From Iowa 2010: The New Face of Iowa

By 2010, all Iowa children benefit from high quality early education and child care that is affordable and accessible.

Quality child care and early education spur a child's development. Infant brain research demonstrates that 80% of cognitive development occurs before a child's third birthday.

More than 180,000 Iowa children are in some form of child care on any given day while their parents work. Iowa ranks second in the nation in the percentage of families with preschool children in which all parents in the household are employed (74%). This percentage increases as children enter school and access to out-of-school care decreases. Studies show that children in high-quality child care centers had better math, language and social skills through kindergarten than those in poorer quality centers. Yet an estimated 59% of Iowa children under the age of five are in some form of unregulated care, where quality is far from guaranteed.

For families with preschool children, child care has become the second highest living expense, after a mortgage. An Iowa family with two children spends an average of \$8,974 for child care, accounting for 30% of the average median family income. Almost half of all Iowa families with young children earn less than \$35,000.



initiative further emphasizes the wisdom of pursuing this course. There also exist models in other states that offer great promise for Iowa.

North Carolina Smart Start is a public-private initiative that provides early education funding to all of the state's 100 counties. Governor Jim Hunt launched Smart Start in 1993 with legislation that authorized funding and established the North Carolina Partnership for Children (NCPC), a nonprofit organization created to provide technical assistance and oversight for Smart Start statewide. Smart Start funds are administered at the local level through local nonprofit organizations called Local Partnerships, which are responsible for determining the needs of young children and their families at the community level. State funding now totals \$220 million, and more than \$120 million in private sector donations has been added. Smart Start funds are used to improve the quality of childcare, make childcare more affordable and accessible, provide access to health services and offer family support. Smart Start has garnered much national recognition and is considered a model for comprehensive early childhood education initiatives. Several states, including South Carolina, Alabama, Kansas and Oklahoma, are pursuing the adaptation of the Smart Start model in order to enhance early childhood opportunities and services at the local level. (<http://www.smartstart-nc.org>)

Iowa should create a public-private partnership entity in 2003 that will coordinate existing state and local efforts to improve early learning in the state. This entity might model the North Carolina Smart Start initiative, be a Children's Cabinet or a public-private nonprofit organization, such as the Iowa Business Council, that has the full support of the state's executive leadership. Iowa should consider building upon successful programs, such as Community Empowerment, to develop a broader collaborative initiative that would incorporate public and private sector partners.

Iowa should leverage the opportunities stemming from the recent award of a \$150,000 technical assistance grant from the North Carolina Partnership for Children to help the state strengthen and expand its state and local partnerships for providing quality care and education for young children. The Director of Iowa Community Empowerment, the lead contact for this grant, is working with five other agencies on this collaborative initiative (http://www.empowerment.state.ia.us/GeneralInfo/early_child_grant.pdf).

Iowans have always valued their children. A broadly felt need has been publicly identified. Other states have

demonstrated that it is possible to make progress filling this need even in the face of limited resources. It is time for Iowa to commit fully to its youngest citizens.



Robert D. Koob, Ph.D.
President,
University of Northern Iowa

Robert Koob has served as the eighth president of the University of Northern Iowa since 1995, and is the first UNI graduate to return to his alma mater as President.

Dr. Koob has focused on creating and maintaining an intellectually demanding and stimulating environment for all members of the university community, which has resulted in strengthened partnerships with the Iowa business community. He has also been instrumental in obtaining student and state financial support for capital improvements at UNI. He is involved in the Iowa Empowerment Board, Iowa Education Roundtable, Iowa Business Council, Governor's Strategic Planning Council, Iowa Commission on Volunteer Services, Iowa Coordinating Council for Post High School Education, Iowa Association of College Presidents, and Des Moines Higher Education Center Board of Directors. He also participates on a national level with various educational organizations.



Public education systems are the foundation of strong, economically viable communities. School systems are the critical infrastructure for educating future workers and building leaders for the next generations.

Investing in teachers is critical for Iowa's future

by Jolene Franken

“Quality education for all children is the most effective means of preserving our democracy, ensuring a strong economy and providing quality lives for our citizens.” (*American Association of State College and Universities in its report: To Create a Profession*)

Quality education is what will keep driving Iowa's economic development efforts. It's one thing to promote the Iowa State Fair, or pheasant hunting, or Tulip Time as reasons why Iowa is great. These are all limited exposures and don't inspire people to move here and put their students in school. What remains after all the one-time events are over is a prepared and skilled work force and an excellent quality of life.

All the research indicates the quality of the classroom teacher is the key to quality education. Iowa has been experiencing some

From Iowa 2010: The New Face of Iowa

Quality teaching remains the central driving element in bettering student achievement as recognized by researchers in school improvement. To stem the out-migration of some of Iowa's teachers and administrators, compensation needs to be dramatically improved. At a minimum, the state needs to move out of the ranks of the lower third of states in teacher compensation. Educators will benefit from increased salaries and expanded opportunities for professional development, while students will benefit by having the highest qualified teachers utilizing the most current research-based information and strategies.

real problems in assuring the public there will continue to be a quality, caring and competent teacher in every classroom. The following are just a few of the issues we're facing.

Iowa has been supplying other states with well-trained teachers. Many believed the teacher compensation bill signed into law in 2001 would solve this problem and keep our teacher education graduates in the state. It has not.

First, the legislation was woefully under-funded. By all accounts, it would have required an investment of \$300 million to fully implement the various components of the complex plan. The state, however, could only find \$40 million in the first year (actually only \$32.5 million was earmarked for salary improvement; the rest went for mentoring programs and the training of evaluators). In addition, this money was targeted primarily to help raise the salaries of beginning teachers. That left very little to help retain our more experienced teachers.

In this, the second year, we face similar problems. Again, there was only enough money to maintain the status quo—not enough to further increase beginning teacher salaries and certainly not enough to make the salaries of experienced teachers more competitive.

It's interesting to note that despite this modest infusion of money, Iowa is still among the bottom one-third of states for teacher pay at a time when student achievement scores rank consistently in the top five on any measure you want to analyze.

The bottom line is that investment of nearly \$80 million over two years is only the first step. Salaries must be competitive if we are to keep our teachers in Iowa.

Another problem is that the law itself was seriously flawed and the time line unrealistic—both of which made implementation very difficult. The 2002 Iowa Legislature did make some policy improvement in the law, but the state must remain committed if we ever hope to be able to attract and keep quality teachers in Iowa.

Salary increases alone, however, will not ensure that we can continue to recruit and retain the best teachers. One of the good things to come out of this new law is the mentoring/induction program for new teachers. There are a number of school districts that have implemented strong programs to pair veteran and

beginning teachers to work together and learn from each other. Quality instructional mentoring programs help beginning teachers get their careers off to a terrific start and should contribute a great deal toward stopping the revolving door of new teachers that many Iowa school districts are experiencing.

Another critical factor in stopping the teacher shortage is high-quality and meaningful professional development opportunities to help teachers meet the changing needs of today's students. Sadly, the teacher compensation law so far includes no funding to help make this happen. What's more, budget cuts and fiscal constraints over the years have resulted in Iowa school districts losing more than \$34 million in Phase III funds—the only source that most school districts have to pay for teachers to keep current and learn new skills. The meager \$9 million that remains in that fund will do precious little to help Iowa's teachers meet the growing demands of new state and federal legislation, as well as increasing public expectations.

Retirements are still occurring in large numbers. The only change from two years ago is that more and more school districts are not replacing teachers when they retire. Instead, they are increasing class sizes and reducing course offerings. Iowa is not alone in this problem. Although we have fared better than most states in terms of budget issues, the state and national economies have had a serious impact on school district finances and their ability to address the challenging and increasingly complex needs of students.

And finally there is the issue of respect for the teaching profession. Disrespectful behavior by many students—and their

families—is another reason why it is becoming more and more difficult to keep our quality teachers in the classroom. That lack of respect is also evident in the recent decision by the state to lower the standards to become a teacher. This is NOT going to solve our problems. Quality teacher training programs are essential if we are to have high student achievement.

Ironically, at the very time Iowa is lowering teacher standards, there is new federal legislation which mandates that every state hire only "highly qualified" teachers. This legislation also imposes strict new accountability measures and mandates on the states while offering very little in the way of additional funding in order to meet the increased demands.

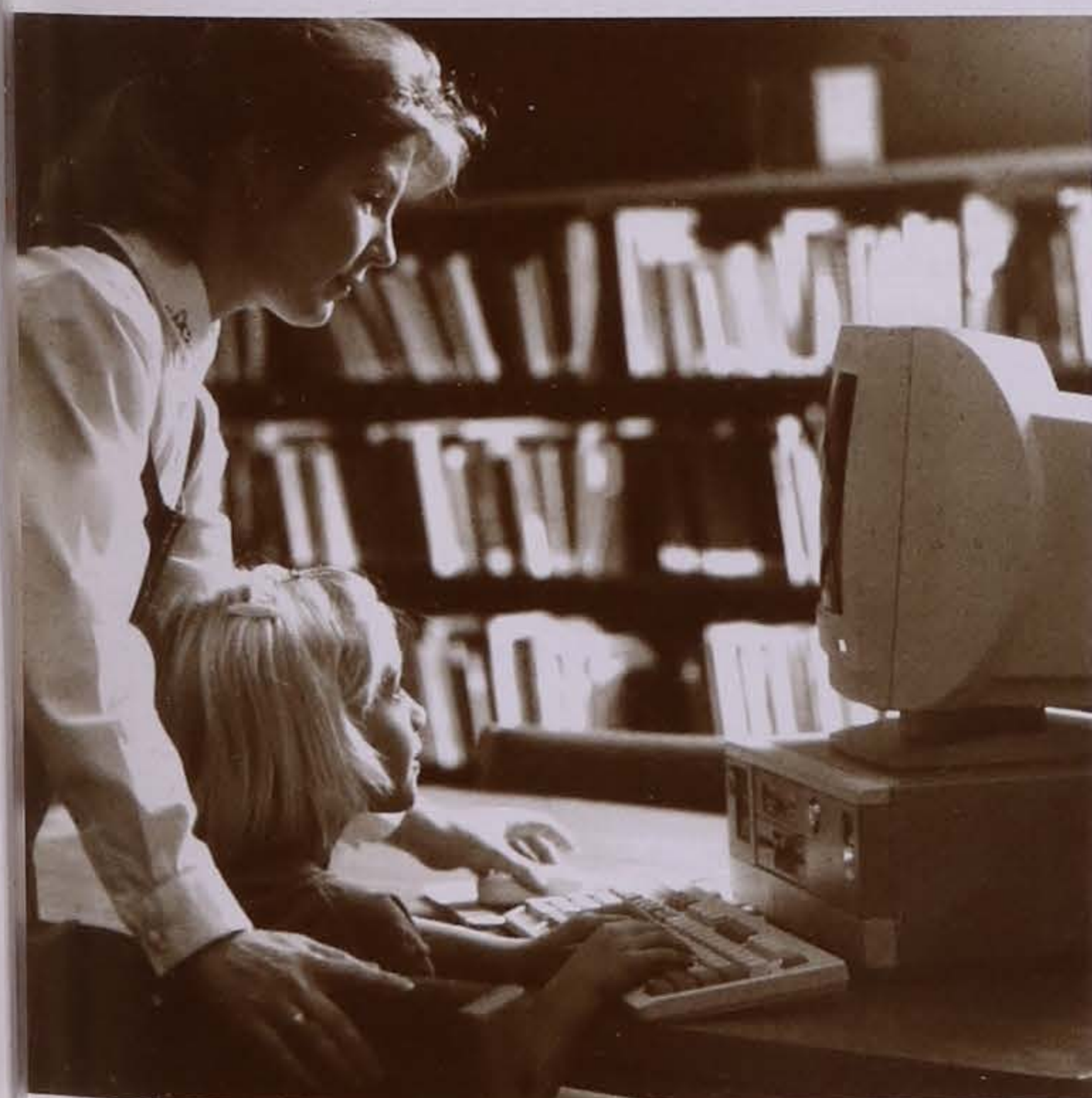
Without a doubt, the reauthorization of the Elementary and Secondary Education Act (ESEA), which President Bush calls "No Child Left Behind," has far-reaching ramifications for Iowa. This law has been put into effect without implementation rules. That leaves many state departments of education and school districts wondering what happens next. It may very well have devastating effects on high achieving states like Iowa and could change Iowa's education system as we have known it. Only time will tell what will happen next.



Jolene Franken
Former president,
Iowa State Education Association

Jolene has been active at all levels of the Iowa State Education Association, including serving as president. Jolene has been an elementary classroom teacher in western Iowa for more than 30 years.

She earned her Bachelor of Science Degree in Elementary Education from Greenville College and Master's from Northwest Missouri State University. She has taken numerous hours in gifted and talented education from the University of Northern Iowa and the University of Iowa Belin Center. She is now an Executive Officer working on outreach programs, the Thank a Veteran and Vote pilot project, and will be the Legislative liaison for the Iowa Secretary of State's Office.



Vision, collaboration and hard work are required to ensure our communities are great places to visit and live. Dubuque provides one example of turning a vision into a workable plan to revitalize the riverfront, add jobs, attract thousands of visitors and dramatically improve the quality of life for area residents.

America's River

Creating a national destination on an Iowa riverfront

by Teri Goodman

"If you're all waiting for some knight to come riding in on a white horse and restore your riverfront and downtown, forget it. If you really want to know who will redevelop Dubuque's riverfront, take a look around this room, because the leaders are right here and the challenge of visioning and creating is yours." And so the gauntlet was thrown down in 1995 as Dubuque business and community leaders, artists, historians and other interested folks gathered to hear a city planner from Duluth, Minnesota, speak about their lake-front renaissance.

How were we to proceed? Ready or not, we had been given permission to be daring and to work to make our vision a reality.

Turn on the Lights!

By 1995 Dubuque was well on its way to recovery from the disastrous eighties. Who can forget the cover of the *Forbes Magazine* in 1982 that cried out to the nation, "Will the last one out of Dubuque please turn out the lights?" From the bottom of the

From Iowa 2010: The New Face of Iowa

Iowa is below the national average in the number of people working in the entertainment industry and the state is missing out on the economic benefits of increased tourism and recreation spending. However, Iowa can become a place where healthy lifestyles mix with opportunities for recreation and fun. This effort to build on Iowa's place as a destination provides important economic benefits. Communities will be revitalized through tourism income as more visitors explore the attractions in the state. Jobs will be created and increased local income will support schools and community services.

recessionary heap we had pulled ourselves up, diversifying our businesses and industry, introducing a dog track and the nation's first riverboat casino, focusing on preservation and restoration of our historic neighborhoods and our rich architectural stock. We inventoried our strengths and identified our weaknesses in Vision 2000, a community-wide planning process. The Mississippi River was identified as one of our greatest underdeveloped resources.

Concurrently, the Dubuque County Historical Society, through an NEH funded self study to determine the future of its Mississippi River Museum, identified that a national interpretive center for the river was of interest to many people. A merging of visions was logical.

A National River Campus

What better place than Dubuque to feature a national campus devoted to learning about and experiencing the Mississippi River? The river and under-utilized riverfront became central in our plans to create a revitalized recreational, educational and tourist center in Dubuque.

Galena, Illinois, a 12-mile drive to the east, had long before capitalized on historic preservation and heritage tourism. It is the second most visited tourist destination in the state of Illinois. National market studies showed that our neighbors in northwest Illinois and southwest Wisconsin had long promoted and benefited from tourism. Dubuque's development could provide critical mass to the touring public—18 million potential visitors within three hours of Dubuque.

America's River at the Port of Dubuque— a National Destination

Four major components frame the \$188 million America's River project, due to open in 2002-2003.

The National Mississippi River Museum and Aquarium and the National Rivers Hall of Fame will create a national museum of the Mississippi River and the rivers of America. It is the only history museum in Iowa affiliated with the Smithsonian Institute. The national museum and aquarium will tell a balanced story of

the river as an environmental treasure, economic artery to global markets and recreational destination for fishing, boating and hunting. It will feature five major aquariums and interactive exhibits bringing to life distinctive river habitats. Hands-on exhibits will let visitors create a flowing river, study river hydrology and flooding and simulate piloting a towboat. An outdoor wetland will tell the story of the river's natural environmental system, the national landmark steamboat William M. Black will be converted into a "boat and breakfast," and the boatyard, site of the old Dubuque Boat and Boiler Works, will feature a daily boat launch and a boat-building program. Fiber optic technology will connect this state-of-the-art facility with educational sites across Iowa and the country.

The Mississippi Riverwalk will be perched atop the John C. Culver Floodwall and will link the Star Brewery Amphitheater, River's Edge Plaza (a landing for the Delta Queen and other large excursion boats), visiting boat docks, greenways, public art, parking and public infrastructure.

The Mississippi River National Educational and Conference Center will be a 130,000 square foot conference, meeting and training facility on the banks of the River. It will provide classrooms, assembly spaces, exhibit facilities and distance learning capabilities for regional and national education and forums. A 12,000 square foot Grand Salon Ballroom adjacent to a 9,000 square foot outdoor river terrace will provide unique dining and entertainment space.

The Grand Harbor Resort Hotel and Indoor Waterpark will offer 194 rooms with dramatic views of the river, full-service restaurant and entertainment services. It will be connected to the conference center and will also feature Iowa's first indoor waterpark.



Building the vision

The riverfront redevelopment in Dubuque has created jobs now and will in the future. It provides a cornerstone for future growth. It creates quality of life enhancement that attracts a new and younger workforce and helps to maintain current workers and their families. America's River positions Dubuque as the crown jewel in the national story of this global icon.



Teri Hawks Goodman
Campaign Coordination,
America's River project

Teri Goodman has coordinated City, Chamber Foundation and Museum campaign to raise \$188 million to create a ninety-acre national Mississippi River educational and recreational campus at Dubuque, Iowa. She also serves as Development Director for the Mississippi River Museum/National Rivers Hall of Fame in Dubuque.

She serves on the Governor's Advisory Committee on Infrastructure, Iowa State Historical Society Board of Trustees, Iowa Environmental and Very Special Arts Iowa. She is a graduate of Clarke College and has completed M.A. course work in educational counseling at Loras College.



Strategies that support a cleaner environment also have significant economic development potential for Iowa. By harvesting the renewable energy sources abundant in our state, Iowa can utilize its own resources to provide the power we need.

Thinking green in energy policy can put green in Iowa pocketbooks

by David Osterberg

The Governor's Strategic Planning Council Iowa 2010 Report recommended creating a plan to market Iowa-produced wind energy. Most Iowans undoubtedly embrace this plan. Whether the motivation is to help the environment or the economy, wind energy carries great promise. However, I believe we should be more ambitious than just wind power in marketing renewable electricity.

Several studies in the past year concluded that thinking "green" in our energy policy will put more green dollars in Iowans' pocketbooks. First was the Governor's Energy Policy Task Force, which met for more than a year and last fall produced a bipartisan report calling for meaningful steps to encourage 1,000 Megawatts of new renewable energy in the state. This past March, a study for the Iowa Policy Project (IPP) demonstrated great opportunities to keep Iowa dollars working for Iowans by expanding our use of

renewable power and encouraging conservation. A new report in July 2002 from the well-respected Union of Concerned Scientists also enumerated great economic and environmental benefits from developing renewable power.

Let's look at the IPP study, by Iowa State University researchers David Swenson and Liesl Eathington. They found that each \$1 million in sales of wind-produced electricity or of switchgrass co-fired with coal, generates more money throughout the Iowa economy than does \$1 million of traditional electricity production. The main reason for the difference is the purchase of out-of-state coal. Swenson and Eathington considered the coal-purchase savings of a combination of scenarios: (1) boosting wind-energy production slightly, (2) initiating switchgrass-firing equal to 5 percent of a 900-megawatt coal plant, and (3) counting the economic benefits of energy conservation programs already in place. The ISU researchers estimate that mix would represent about \$250 million of total industrial output. (Report available at www.iowapolicyproject.org).

You don't have to read a study, however, to understand that renewable energy has potential. Five Iowans this summer visited northern Europe on bicycles to view firsthand energy policies that encourage renewable power. The state of Schleswig Holstein in Germany now gets 18 percent of its electricity from wind power. Germany and Denmark dominate the world's manufacture and installation of wind turbines.

But wind is only part of the equation. Northern Europe also has begun to use crop residue and domestic and industrial waste to produce electricity and useful heat. Farmers near the town of Sakskobing, Denmark, now have a market for their wheat straw. It is burned in a plant that produces electricity and provides heat to 12,500 customers in two towns. (Pictures available at www.greenbike.org.) The demonstrated success of other countries is yet another reason for our state government to take action to encourage more renewable energy production and energy saving programs.

In Iowa, fiscal troubles dominated the debate in Des Moines during the 2002 legislative session. I wish the senators and

From *Iowa 2010:* *The New Face of Iowa*

Iowa has enormous environmental and economic opportunity through renewable energy in the next decade. As the nation's leader in the production of ethanol, Iowa is poised to lead the world in renewable energy production. As the 10th windiest state in the nation, Iowa also has the potential to produce almost five times the amount of electricity from wind power as it consumes, and has the energy capacity to produce 5.2% of total U.S. consumption annually. Iowa is currently the third largest producer of electricity from wind, behind California and Minnesota.

representatives had considered how expanding renewable power and conservation could have assisted the budget in the long run by keeping more dollars in the state instead of enhancing business in the coal and oil fields in Wyoming and Texas. Legislators could have taken steps to make Iowa less energy dependent without a significant cost to taxpayers, yet these ideas could not even receive a hearing. Not one of the recommendations of the Governor's Energy Policy Task Force was adopted during the last session. The next legislature needs to wake up and act on Iowa's long-term interests.

Besides the economic benefits, I think we all know the environmental benefits of renewable power and energy conservation. By reducing coal-produced electricity, we reduce hospital admissions for asthma; we clear the air locally; we reduce sulfur emissions that kill forests and reduce crop yields; we reduce mercury that contaminates the Great Lakes; and we take steps to combat global warming.

Ten years into the new century, Iowa can be a better, cleaner and richer place if we make much more of our electricity with our own renewable resources.



David Osterberg, M.S.

Associate Clinical Professor, Department of Occupational and Environmental Health, University of Iowa

During twelve years in the Iowa General Assembly, Osterberg served as chairman of the House Committee on Energy and Environmental Protection, and chairman of the House Committee on Agriculture. He has served as special consultant on global climate change at the Iowa DNR. Osterberg is executive director of the Iowa Policy Project (IPP). IPP was created in 2000 to be a reliable, scientific source of information and data for Iowa policymakers.

Iowa is failing to maintain its essential life support systems

by Duane Sand and Mark Ackelson

By 2010, Iowans will recognize and demonstrate that clean water and air, and healthy soils are integral components of our state's infrastructure and key resources for our prosperity. This is Goal 7 of the Governor's Strategic Planning Council.

The Council stated that Iowans expect drinking water of the highest quality. Business, industry and agriculture require clean water for producing quality products. Clean water attracts recreation and tourism, while helping to ensure healthy and vibrant communities in our future.

The Council also reported that healthy soil continues to be an important asset for Iowa's prosperity. It cited several air pollution concerns and questioned the state's willingness to control these pollutants to protect public health.

How is Iowa doing on the five Council action recommendations?

Provide technical and financial assistance to farmers to improve water quality and soil conservation.

State assistance was cut by over \$10 million this year. Fortunately, Iowa leadership shaped the 2002 federal Farm Bill, which created a great opportunity to assist farmers in protecting our land and water. Federal assistance from eight conservation programs could mitigate state cuts by perhaps doubling farmer incentives during the next several years. The adoption of the Conservation Security Program offers the greatest potential for voluntary conservation, because all farmers are eligible and are rewarded for addressing the whole range of conservation needs. Farmer response to these federal programs will test whether voluntary, incentive based programs are effective, or whether greater regulation of agriculture will be needed.

This increase in federal conservation aid also helps mitigate some of the negative impacts of commodity subsidies. Federal farm policy continues to encourage the conversion of grasslands to row crop production and the cultivation of marginal lands that would otherwise be growing grass or trees, in the absence of federal subsidies.

Use successful watershed models in developing guidelines, technical assistance, and sustainable funding for water protection.

The bad news is state funding cuts for conservation. Conservation budgets were cut by 42% over the last three years, even though state revenues were down by only 4%. In addition, several dedicated environmental trust funds have been raided of over

From Iowa 2010: The New Face of Iowa

By 2010, Iowans will recognize and demonstrate that clean water and air, and healthy soils are integral components of our state's infrastructure and key resources for our prosperity. Clean, safe water and air should be recognized as vital to ensure healthy, vibrant, economically strong Iowa communities in our future.

\$100 million that should have gone to groundwater protection. State assistance has been slashed even though community involvement and citizen water monitoring continues to grow.

Iowa's priority list of impaired waters shows very little pollution cleanup. The monitoring and planning for 150+ impaired surface waters are scheduled to take 12 years and the actual cleanup will take even longer. The list of polluted water bodies is expected to grow rapidly as water monitoring expands and water quality standards are revised to reflect additional problems.

Implement a state water quality program for monitoring, abatement, control and management of all Iowa watersheds.

The multi-agency Watershed Task Force Report commissioned by the legislature was a good start toward meeting this need. Currently, however, there is no coordinating body, no information clearinghouse, no statewide needs assessment and very little assistance for local watershed councils. Water protection is in disarray and state agencies have shown little capacity for change due primarily to budget cuts.

The lax enforcement of regulatory controls is also problematic. Clean water is possible when all Iowans take responsibility for their actions and make some efforts for conservation. There needs to be timely consequences for those polluters who ignore the laws of the land, whether the problem is soil erosion, discharge violations, septic tanks, or livestock wastes. Timely enforcement will require more staff and an increased environmental budget.

Assess the effectiveness of Iowa's environmental regulations for animal confinement facilities.

Iowa university experts completed an assessment in 2001. This technical report, plus a great deal of public protest, caused the legislature to revise environmental laws for large livestock operations in 2002. The effectiveness of the new law for resolving water quality, air quality, and land use conflicts remains in question. It appears to be a step forward over the objections of the industry. However, much could be lost during the rule making and enforcement process. Local citizen action groups and legal challenges promise to continue the debate.

Recent assessments show large scale livestock feeding tends to create and multiply health and environment problems faster than technology can resolve the problems. Meanwhile state research funds for sustainable livestock systems have been severely cut.

Develop comprehensive monitoring, incentives, and regulatory programs to address toxic air pollutants.

Iowa does not yet have a comprehensive monitoring program for toxic air pollutants, even though EPA computer models indicate several chemicals are present throughout Iowa at levels that threaten public health. Iowa has not yet expanded regulatory permits to cover many toxic air pollutants. Iowa apparently lacks the political will to regulate air pollutants beyond current EPA requirements.

No voluntary incentive based program has been developed for

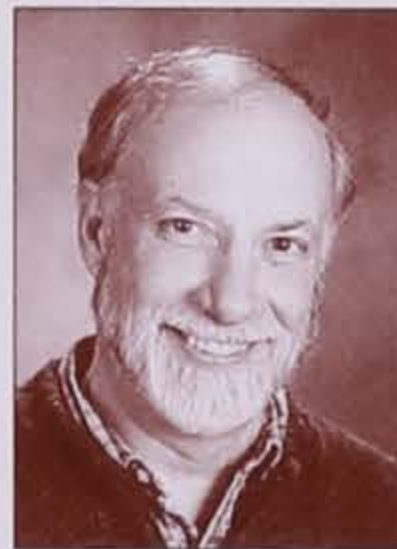
air quality. However, the DNR is promoting Environmental Management Systems as a process for businesses to become proactive in environmental protection.

In summary, there is enough progress to believe most Iowans recognize that clean water and air, and healthy soils are key resources for our prosperity. Unfortunately, state policy makers are not funding these resources as integral components of Iowa's infrastructure. There is too little progress on Council recommendations. Iowa is not preparing to maintain its essential life support systems by 2010.



Duane Sand
Environmental Consultant

Duane Sand is an environmental consultant from Norwalk, Iowa. Most of Duane's work is for the Iowa Natural Heritage Foundation, where he coordinates state appropriations works, federal farm policy work, and model watershed projects. He has done consulting work for private foundations and conservation groups for the last five years. Duane worked for INHF from 1981-1993, working on soil and water conservation projects related to agriculture. Prior to that, he worked for the Soil Conservation Service. Duane has many years of experience working with clean water and sustainable agriculture coalitions, at both the state and national levels. He is a member and volunteer for several Iowa environmental organizations.



Mark Ackelson
President, Iowa Natural Heritage Foundation

Mark Ackelson joined the Iowa Natural Heritage Foundation as one its original staff members in 1980 and has served as its president since 1994. Thanks in large part to Mark's efforts, this private, nonprofit conservation organization has helped protect more than 70,000 acres of Iowa's prairies, wetlands, woodlands, watersheds and trail corridors. He helped found the Mississippi River Blufflands Alliance and Iowa Environmental Council and Resource Enhancement and Protection (REAP) Alliance. Nationally, he helped found Land Trust Alliance and recently chaired the Rails-to-Trails Conservancy. His previous work experience includes the Story County Conservation Board and the Iowa Conservation Commission (now called the Department of Natural Resources).



Smart growth is the foundation for economic development. As Iowa implements a plan for growth, effective and efficient government services are a key part of its success.

Concepts for regional governance of urban and rural metropolitan areas

by Neil Ruddy

Thanks to 20-20 hindsight, it is now fairly commonly accepted that developer-driven urban sprawl is a flawed urban growth scenario that ultimately harms an entire metropolitan region. Urban sprawl consists of two aspects: physical sprawl, which happens when local decision-makers are either unwilling or unable to contain urban growth within reasonably compact geographic areas, and political sprawl where decision-makers representing a patchwork of local jurisdictional boundaries that are often indistinguishable to outsiders are again either unwilling or unable to overcome the traditional cultures of local governance in order to create more efficient systems of regional governance. The harm of urban sprawl results from a gradual shift of new investment and tax base growth away from a region's core city and into its suburbs or smaller communities and a gradual increase in fiscal disparity between a region's wealthier and poorer communities.

The driving force behind all attempts to redesign metropolitan governance systems is the need for every metropolitan region to maintain or enhance its competitive local economic climate in the face of a globalizing world economy. America in general and Iowa in particular are at a disadvantage in terms of competition with other metropolitan regions throughout the world because their

historically determined jumble of local governments decentralizes control of decisions on the key issues of taxation and land-use.

Although Iowa 2010's Goal 8 calls for more effective and efficient regional realignment through streamlining of service delivery and reallocation of resources, Iowa's State Code tends to encourage the regional governance strategies of annexation, where one local government takes over the territory of another, and consolidation/merger, where one local government merges into another or where two or more local governments actually go out of business and form a new government. These strategies were heavily used during the 19th century but today are considered among the most archaic and divisive of all the techniques for promoting regionalism.

More effective and less controversial techniques for achieving regional governance are generally described as "fiscal regionalism". These are cooperative strategies that allow existing local government organizational structures to remain in place while creating regional funding mechanisms to finance activities that benefit the region as a whole or to distribute the benefits of economic growth throughout the region rather than just to the local jurisdiction where the growth occurs.

A cultural asset district strategy such as the "Scientific and Cultural Facilities District" in Denver or the "Bi-State Cultural District" in Kansas City can be used to finance services and facilities such as zoos, museums, stadiums, performing arts venues and other attractions that benefit an entire region by distributing their costs equally to all the jurisdictions in the region rather than just to the jurisdiction in which they are located. In Des Moines, the Art Center, the Science Center, the Civic Center, the Botanical Center, the Zoo and Sec Taylor Stadium have all been identified as facilities that benefit the region but that are currently financed primarily by the jurisdiction in which they are located.

A tax sharing strategy such as the Twin Cities' tax base equalization model, which allows individual local jurisdictions to retain 60% of their annual commercial/industrial tax base growth but diverts the remaining 40% of the annual commercial/industrial growth to a pool that is taxed at a uniform rate throughout the region and distributed back to the individual local jurisdictions according to a need-based formula, can be used to mitigate regional fiscal disparity.

The regional fiscal disparity in the Des Moines metro area is

From Iowa 2010: The New Face of Iowa

To achieve the ambitious goals of streamlining service delivery and reallocating resources, Iowa needs smart government. Working smarter to utilize limited resources more effectively will provide more efficient government services and free up resources for other uses. Smarter government also gives skilled workers and businesses another good reason to choose Iowa. Efficiency, effective and wired government can help retain and attract new Iowans to a state where citizens can conduct their own business—and business with the state—from anywhere at any time.

quite severe with suburban Urbandale and Clive at property tax rates of less than \$9.00 per \$1,000 and core city Des Moines at a rate almost double that of over \$17.00 per \$1,000. The fiscal disparity is compounded by the fact that approximately 20% of the real estate in Des Moines is tax exempt compared with an average of approximately 4% in the suburbs.

The Polk County Charter Commission process appears to be taking a pragmatic view of regionalism by focusing on a strategy of consolidating Polk County only with the City of Des Moines. This narrow approach presumes that the other fourteen metro jurisdictions are less interested in joining a consolidation than Des Moines because, as relatively wealthier suburbs, they are not as motivated to want to share metropolitan governance expenses.

It can only be hoped the Polk-Des Moines consolidation will not founder on the allegation that it is a bailout for past mistakes, and if consolidation does happen, it will mark the beginning of an effort in the Des Moines metro area to move toward a more systemic approach to regionalism and of a realization by the suburbs that without systemic changes, their own fiscal situations will become less competitive and more like those of the core city.

It must also be remembered that regionalism does not just apply to metro areas. Each county seat in Iowa has the potential to

become the nucleus of a regional cluster of communities that identifies ways to reduce government costs and increase government efficiencies and regional competitiveness. In some areas, a cluster of counties may be more effective and provide more efficiencies than a cluster of cities.



Neil Ruddy
City Administrator, Carlisle, Iowa

Neil Ruddy was born and raised in eastern Pennsylvania and educated in the New York metro area and Iowa City. He has been a local government manager in Minnesota, Wisconsin and Iowa, where he is currently City Administrator for Carlisle. He knows first hand that there are more effective and productive ways to deliver government services and allocate government costs than those currently available in Iowa.



Growing Iowa's economy, not Iowa's government

by Neal Schuerer

Paul and Alison Shepard recently bought their 3-bedroom "dream house" in an established, older neighborhood in Waterloo, Iowa. Both were raised in Iowa and graduated with degrees from the University of Northern Iowa in 1998. Paul began his own business as a carpenter, and Alison opened a gift shop downtown. The house needed some repair work, but with Paul's skills and Alison's artistic eye, they looked forward to fixing it up and raising their children there. One year after they purchased the home, their property taxes increased by \$80 per month! The Shepards could not afford the additional expense, and are now putting their dream house up for sale.

In order to keep people like the Shepards in Iowa, we need to realign state programs to ensure that Iowans are financially equipped to make a better life for themselves, and that we fund only those programs that enable Iowans to live independent of government. We must implement the following ten fundamental principles for sustainable economic growth in Iowa:

Reform regulatory agencies: We must cut the strangling red tape of government regulation.

Reduce burdensome taxes: According to CATO Institute's "Fiscal Policy Report Card on America's Governors: 1998," the ten states that reduced taxes have lower unemployment rates, faster growth in per capita income, and attracted 500,000 more people to their states.

Grow the population by enacting policies designed to retain and attract our best and brightest: Technology has made it possible for people to live in one part of the world, and work in another. We must promote the safe, affordable, quality of life that Iowa offers to those taking advantage of this new lifestyle!

Develop true world-class education by introducing rigor and accountability into the system: We must fine-tune our goals and processes to use our talents and education for a better economy—and keep that great talent in Iowa. Our educational system must cultivate relationships among businesses, schools and our talented future labor force.

Cultivate leadership at state and local level: State leaders are able to work with the foundation constructed by local, private and government leaders to create sound policy.

Promote private sector vs. government thoughts and ideas: Government should not "reinvent the wheel" and compete with services that the private sector can already provide more efficiently and effectively.

Develop a growth/entrepreneurial climate in all branches of government characterized by a "customer friendly" attitude: A "user friendly" government would not only allow people greater

access, it would also make our government more efficient and effective. Improved technology, one-stop government shops, available 24/7 will move Iowa at light speed. Giving taxpayers the respect they deserve is also key.

We will establish funding priorities, which means some programs must be eliminated. The legislature established a new commission in May of 2002 to review all programs and other functions funded by government taxes. The **Program Elimination Commission (PEC)** is charged with the goal of identifying a sustainable 2% savings for the general fund of the state.

Insist on accountability and sound financial practice in government: We must end "credit card spending" and spend within our means.

Promote family and "family-friendly" policies: It is important for us to support marriage-based, two parent families, and the family bonds that once existed in every facet of American life. We can encourage these family structures, which are more successful both emotionally and financially, by increasing the dependent deduction on the state tax return, thus reducing the family's taxable income. We also need to give a tax credit for a stay-at-home parent (a dollar for dollar tax savings). We need to reward those who work to remain independent of government!

Grow the agriculture sector through market realistic value-added agriculture: We need to promote Iowa as the food capital of the world. In Iowa, we have the ability to grow and produce renewable energy in the form of ethanol motor fuel, also known as super ethanol (85% corn-based alcohol and 15% unleaded gas). Ethanol is good for the environment (it burns much cleaner than gasoline) and is renewable.

By reducing government to the programs that support and sustain our working economy, we will ensure that all Iowans have the tools they need to take advantage of their opportunities and succeed. A stronger economy will make a stronger Iowa.



Neal Schuerer
Iowa Senator

Neal Schuerer was born in 1954 and raised in Amana, Iowa. He attended Amana High School and graduated from Central College in Pella. He operated the Amana Barn Restaurant from 1984 through February 2001. He is currently serving his second term in the Iowa Senate.

Shaping Iowa's future

Iowa's future is being shaped by short-term decisions and determined by demographic forces we are having difficulty recognizing or addressing. Our future can be spectacular or it can be one of steady decline with a continued concentration of population and wealth in a few economic centers. What we do with the next year or two will make that choice.

The issue we face is a very simple math problem. Take 1945 and add 62 years to it and you have 2007. The first wave of baby boomers begins to retire in 2007 and that wave continues for the next decade. Iowa has one of the highest percentages of two earner families in the United States. When the retirements begin, it will affect Iowa more than other states.

During the work on Iowa 2010, it was calculated that Iowa would need more than 300,000 new workers to replace retiring workers just to maintain our current economic condition. If we do not increase our workforce we cannot continue to have the success we have today. Our businesses cannot continue to grow or even survive. Our city governments will not be able to provide the services citizens require. Our quality of life concerns will take a backseat to survival.

There will be pockets of apparent success. In the economic centers of Iowa around Des Moines, Council Bluffs, Waterloo/Cedar Falls, Iowa City/Cedar Rapids, Sioux City, Davenport, Dubuque and a few other regional centers, like Carroll and Fort Dodge, there will be growth. Can it really be called growth when it comes at the expense of the rest of the state? Last year a housing study determined that the housing market was stagnate or declining in 68 of our counties. Is it a growing housing market in one county when it comes at the expense of so many other counties?

As Iowans, we are all in this together. It is not a rural or urban problem. We need to change the conflict that falsely pits our smaller counties and cities against our larger. We need to begin seeing how we can work together to face the real issues of Iowa instead of those created to keep us apart.

Together we can address the complex issues of Iowa. We can review our tax code and make it an engine of growth instead of a method of controlling people, businesses and governments. We can review how governments deliver services to our citizens and how schools develop and deliver tomorrow's skills to our young. We can become better stewards of beautiful land without making that stewardship a political conflict.

Iowans for a Better Future was organized to work for what our name proclaims. We need you to join with us to advance a nonpartisan and positive message for that better future. Help us present creative, positive and constructive alternatives so the future will be one shaped by choices we have made together.

Jerry L. Kelley

Executive Director, Iowans for a Better Future

A Case for Smart Growth

Iowa's Future Depends on It

As a wise philosopher once said, "The future will be here before you know it and gone before you recognize it." While we cannot control the future, we can control today's activities to prepare a more enjoyable and productive future. Iowans must act now for the future of our state.

Iowa's future depends on individual Iowans and their businesses and organizations. As this state faces the challenges of stagnant growth, aging population, fewer jobs and limited technological resources, planning and working for the future have never been more important. It is up to each citizen, each community, each county to face Iowa's challenges and act to keep Iowa strong and economically viable.

The Governor's Strategic Planning Council, a group of 37 Iowans with diverse backgrounds, created *Iowa 2010*, a comprehensive plan to address these challenges and position the state for a strong and viable future. It focused on bold possibilities for smart growth made possible by

- ◆ increased population,
- ◆ leading edge technology,
- ◆ a diversified agricultural economy,
- ◆ enhanced recreational opportunities,
- ◆ higher wages and income,
- ◆ stronger schools,
- ◆ a clean environment and
- ◆ efficient government.

Iowa 2010 provides the foundation for a strong and growing state. Implementing the plan's architecture is the next critical step in ensuring Iowa's future.

Iowans for a Better Future (IBF) continues the work begun by the Governor's Strategic Planning Council. This nonprofit, non-partisan statewide organization is a voice for action and a catalyst for implementation of the *Iowa 2010* goals. Its mission is to help Iowans initiate and sustain real change by providing education, networking and resource development. IBF supports grassroots action and initiatives that inspire meaningful growth and improvement in the quality of life in Iowa. It seeks to keep the goals of *Iowa 2010* in the media, in the legislature and in communities and homes across the state.

Iowans for a Better Future is working to build a stronger Iowa. The need for change is real and the time to act is now. The investment we make in our communities, businesses and state will yield returns that will position Iowa for a strong and vibrant future.

Supporting Iowans for a Better Future

Iowans for a Better Future is a non-profit organization supported by donations of businesses, organizations and individuals across Iowa. Major programming and operational support has been received from

- ◆ Iowa Farm Bureau
- ◆ Iowa Board of Realtors
- ◆ Hy-Vee
- ◆ Musco Lighting

Iowans for a Better Future is a nonpartisan, non-political organization. Funds are used for educational and informational services. No funds are used for lobbying or political purposes. Contributions are tax-deductible to the full extent allowed by law.

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To learn more about Iowans for a Better Future and how you can become involved in the goals of *Iowa 2010*, visit our website at www.betteriowa.com or email us at IBF2010@aol.com

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