

INSIDE: The *Policy Blueprint* helps frame Minnesota's major policy debates

THINKING MINNESOTA

ISSUE 2
OCTOBER 2015

The Great Escape

Do Minnesotans move to escape the estate tax?
The weight of the evidence points
to a strong yes



 CENTER OF THE
AMERICAN
EXPERIMENT
Building a Culture of Prosperity

SWEAT & SACRIFICE

Businesses create millions of good jobs means millions of men and women can live out their own dreams

I'm finding myself thinking about creativity more all the time. The key animating moment may have been a little more than a year ago when I was invited to be on Minnesota Public Radio's "Music with Minnesotans," a weekly program in which a designated resident gets to talk about the role of music in his or her life and also suggest several pieces for the approximately 30-minute slot, starting at 5 p.m. on Tuesdays.



Mitch Pearlstein

Suffice it to say the invitation was entirely unexpected, as I assume I'm one of the few guests in the history of the series who doesn't read music and who has never played an instrument, although I was very much intent on doing so until getting kicked out of clarinet class when I was five or six.

For my playlist I picked Richard Rodgers' "Carousel Waltz," a portion of Handel's "Messiah," a portion of Rachmaninoff's "Rhapsody on a Theme of Paganini," and the Guarneri Quartet playing anything that host Steve Staruch picked. I had some kind of story for each selection, the last being that the Guarneri, which went on to be one of

the great string quartets in the world, was in residence at Binghamton University when I was a student there in the late 1960s and they regularly held remarkable rehearsals in dormitory lounges in which they heard things I simply didn't.

But the main point I wanted to make on the show was that I do a great deal of my writing while listening to classical music, as I figure if I'm taking in some of the most beautiful music ever composed, played by some of the greatest

musicians in the world, then maybe I'll be inspired to write — to create — a little better myself. Though I did add I usually have to stop writing when listening to the Rachmaninoff piece, as it's just too beautiful.

Also spurring me to ponder about creativity more concertedly than usual has been American Experiment's 25th anniversary. Am I proud of what, along with legions of others, I've helped create? Absolutely. If that sounds boastful, my apologies, but just think of how pathetic it would sound if I said I *wasn't* proud.

But even more than the creation and growth of this modest-sized nonprofit, I've been thinking about businesses, both great and small, and the creativity it has taken to bring them to life, and the

sweat and sacrifice it has taken so they might one day flourish. Which is to say, create millions of good jobs so millions of men and women might support themselves and their families and live out their own dreams.

If this sounds like a Chamber of Commerce commercial, so be it. But one of the things the Center's silver anniversary has me thinking about

It's impossible to fathom an economic and political arrangement in which freedom to create is more likely than where markets are as free and unconstricting as prudently possible.

more all the time, is how it's impossible to fathom an economic and political arrangement in which freedom to create is more likely than where markets are as free and unconstricting as prudently possible.

If this sounds like a commercial for a free market think tank, so be it again. ★

Mitch Pearlstein is Founder and President of Center of the American Experiment.

THINKING MINNESOTA CONTENTS



Center of the American Experiment's mission is to build a culture of prosperity for Minnesota and the nation. Our daily pursuit is a free and thriving Minnesota whose cultural and intellectual center of gravity is grounded in free enterprise, limited government, individual freedom, and other time-tested American virtues. As a 501(c)(3) educational organization, contributions to American Experiment are tax deductible.

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13

THE GREAT ESCAPE

Do Minnesotans move to escape the estate tax? The weight of the evidence points to a strong yes



17

AN ETHICAL FAILURE

Minnesota is not keeping the pension promise



19

GOING GREEN

It's the new religion, and it's the new home of the entire liberal agenda.



9

5 QUESTIONS WITH TED RISDALL

The CEO of Risdall Marketing looks for a legislative 'reset'



11

POLICY MOMENTUM

Blueprint helps frame the state's major policy debates



23

CHOICE ON THE HORIZON?

Stars begin to align for real educational choice



25

FINAL WORD

Center of the American Experiment holds Met Council accountable

A FRIEDMAN CELEBRATION

Friedman Legacy Day features updates on school choice in Minnesota.

More than a hundred fans of the free market endured intermittent rain to help Center of the American Experiment celebrate Friedman Legacy Day on July 28 at the Brookview Golf course in Golden Valley.

The event was co-sponsored by the Friedman Foundation for Education Choice, a group founded by Dr. Friedman and his wife, Rose. Events like this one were held all over the United States and internationally.

The event featured three speakers: The Center's founder and president, Mitch Pearlstein, talked about how Minnesota has



School choice advocate Mike McFadden, a board member at Cristo Rey Jesuit High School and Tesfa International School discussed how these schools are making a difference in the lives of their students.

failed to maintain its nation-leading approach to bringing innovative choice and excellence to our K-12 students — even in the face of some exciting success stories. Kim Crockett, American Experiment's executive vice president, addressed the campaign to expand schools to offer "early education" to four year olds. And special guest, choice advocate Mike McFadden, a board member at Cristo Rey Jesuit High School and Tesfa International School discussed how these schools are making a difference in the lives of their students. ★

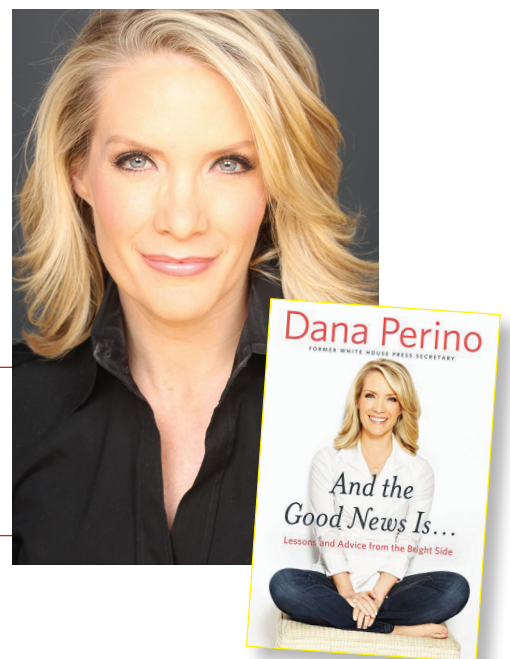
Perino to headline 2016 Gala

Dana Perino, the popular co-host of Fox's *The Five*, will keynote Center of the American Experiment's 2016 Annual Gala on May 21st at the Hilton Minneapolis Hotel. *The Five* is the second most watched cable news program in America.

Perino is also the author of *And the*

Good News Is . . . Lessons and Advice from the Bright Side, a best-selling book that in part traces her career from a local TV journalist to the Department of Justice and ultimately press secretary to President George W. Bush.

The Gala's reception begins at 5:30, followed by a 7 p.m. dinner. ★



To reserve your ticket or table contact:

Kristen Sheehan at 612-325-3597 or kristen@kristensheehan.net
Reserve on the website at: www.americanexperiment.org

CAE inaugurates Employee Freedom Project

Center of the American Experiment will launch the *Employee Freedom Project* with a panel presentation 4-6 P.M. November 5, at the Minneapolis Club. The panel is entitled *Private Citizens and Teachers Push Back Against Government Unions: An Update from the Battle Fronts*.

The event, cosponsored by the Federalist Society, is eligible for one CLE credit.

The Center's Kim Crockett will moderate. Panelists will include the following members:



- Doug Seaton, senior counsel at Seaton, Peters and Revnew, represents home health care aides against SEIU and Gov. Dayton's forced unionization effort in an appeal that will be heard in the 8th circuit later this fall.
- John Raudabaugh, professor at Ave Maria School of Law and former member of the National Labor Relations Board, litigates on behalf of individuals for the National Right to Work Legal Defense Foundation.
- Vincent Vernuccio, director of labor policy at the Mackinac Center for Public Policy which was instrumental in getting and now implementing Right to Work in Michigan. ★

The Board's annual baseball outing



Center of the American Experiment's board members made their annual appearance at Target Field on September 2 as the Twins played the Chicago White Sox.

Pictured here: Back row, from L to R: Greg Frandsen, Brandon Foley, Chuck Spivecek, Todd Vollmers, Kim Crockett, Peter Nelson, Tom Kelly, Cay Hellervik. Front row from L to R: Ted Risdall, Tara Anderson, Sam Peterson, Robin Kelleher, Lowell Hellervik, Kristen Sheehan, and Ron Eibensteiner.

Connecting with Chambers of Commerce

Center of the American Experiment solidified its relationships with Minnesota's local chambers of commerce by cosponsoring the 2015 fall conference of the Minnesota Chamber of Commerce Executives in Detroit Lake in late September.

Tom Mason, a consultant to the Center, used brief remarks to thank chamber executives for their support of *The Minnesota Policy Blueprint* and to alert them about possibilities at upcoming American Experiment activities.

Several local chambers were key in hosting public rollouts of various chapters in *The Minnesota Policy Blueprint*, Center of the American Experiment's much-praised anthology of policy recommendations for Minnesota policymakers.

Partners included:

- The St. Paul Chamber, which sponsored *Unleashing Minnesota's Job Creating Potential*;
- The TwinWest Chamber, which sponsored *Met Council Power Grab: How the Dayton Administration Intends to Transform the Twin Cities Region for Decades to come* and *Fixing Public Pensions: Securing retirement benefits for current and future public employees*;
- The River Heights Chamber, which sponsored *Healthcare: State Solutions in the Age of Federal Control*;
- The Dakota County Chamber, which sponsored *Aligning Taxes with Economic Growth*; and
- The St. Cloud Chamber, which sponsored *A Vision for Transportation: Moving people and commerce where they want and need to go*. ★

25th Anniversary Celebration

More than 1,000 fans of Center of the American Experiment showed up in June at the Hilton Minneapolis to hear speaker P.J. O'Rourke and to celebrate the 25 years since the Center's founding.

Founder and president Mitch Pearlstein wrote in a 25-year retrospective that "When I wrote the Center's prospectus in 1988, I said we would stay clear of all



John Hinderaker, former board member and long-time emcee of the Center's annual gala on June 2 at the Hilton Minneapolis.

internecine and intramural fights between and among paleo-conservatives and neoconservatives, social conservatives and main-street conservatives, religious conservatives and libertarians. I really meant it, but nevertheless assumed that over time, one school of thought would gain ascendancy over the others, and that whatever one it was, I likely would be tossed out in an ideological purge. Well, 25 years later — 27 years since I wrote the prospectus — I'm still here and we're all still here." ★

Brandl series seeks common ground

The Seventh Annual Celebration of John Brandl's Uncommon Quest for Common Ground featured a conversation with Minnesota Supreme Court Justice G. Barry Anderson and retired Justice Paul Anderson on the 800th anniversary of Magna Carta. The event was held in mid-September at the University Club in St. Paul.

The Brandl programs represent an annual tribute to the former dean of the Humphrey School of Public Affairs at the University of Minnesota. Brandl, an economist, cut a wide swath in Minnesota politics. He represented south Minneapolis in the Minnesota House of Representatives from 1977-78 and 1981-86, when he won a seat in the Minnesota Senate until 1990. Brandl, a Democrat, was known for his even-handed touch in politics.

When Mitch Pearlstein founded Center of the American Experiment some 25 years ago, he asked Brandl to serve on his board of advisors. Brandl accepted. Pearlstein said he first met Brandl in the legislature, when Pearlstein was serving on the staff of Governor Al Quie.

"He agreed, largely, because of our interest in family matters, about religion in the public square, and in

educational choice," Pearlstein remembers.

"John was absolutely true to himself," he added. "He could agree with a free market organization in some instances. And he could agree with a progressive think tank on other issues. He had the capacity of having friendships with all different kinds of people — and he was a good guy on top of that."

One day, about eight years ago Brandl confided to Pearlstein that he had stomach cancer. The next summer, Pearlstein ran into Brandl in the atrium of Humphrey School at the University. "It was clear he didn't have much time left," Pearlstein said.

That's when Pearlstein organized a diverse coalition of Minnesota-based policy institutes — Center of the American Experiment, the Citizens League, The Caux Round Table, Minnesota Free Market Institute and Growth & Justice to convene an annual memorial program.

"The idea would be that we fight it out all year, all the time. But for an hour and a half every year, in the memory of John, we are going to find common ground." ★

MINNESOTA'S LEADING CONSERVATIVE VOICE



For 25 years Center of the American Experiment has been Minnesota's leading voice on behalf of freedom and conservative common sense. Most often that voice has been that of Center staff and Senior Fellows.

Sometimes it has been that of honored guests and world leaders such as Bill Bennett, Jeane Kirkpatrick, Charles Krauthammer, George Will, Benjamin Netanyahu, and Margaret Thatcher.

But in either case as well as others, American Experiment's work simply would not be possible — our many megaphones silenced — without the support of friends like you.

Would you be so kind to join us as we continue building a culture of prosperity in Minnesota? All contributions are tax deductible.



MEMBERSHIPS

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\$250 Patriot Member

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\$25,000 President's Club

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PLANNED GIVING PROGRAM

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REFER A FRIEND

Send the development team your friend's name and contact information and we will invite them to an upcoming event as our guest.

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TOWN MEETINGS PROVIDE PRACTICAL RESEARCH

The Center begins a series of statewide meetings to help update and improve its *Blueprint*

Center of the American Experiment will use the fall and early winter to host a series of public town meetings to gain street savvy insights to help expand and improve some of the proposals in the *Minnesota Policy Blueprint*, a book length anthology of public policy recommendations.

The first will be October 14, with visits to Alexandria and Fergus Falls to see how those communities are helping manufacturers cope with the scramble to find qualified workers for their increasingly sophisticated operations. Other meetings are currently being scheduled.

“Challenges related to the skills gap are very real,” said Ron Eibensteiner, a Minneapolis-based venture capitalist who co-authored a chapter in the *Blueprint* entitled *Unleashing Minnesota’s Job Creating Potential*. Eibensteiner, who also serves on the board of directors for Center of the American Experiment, will chair the meeting along with local legislators, Senator Bill Ingebrigtsen and Representatives Mary Franson (Alexandria) and Bud Normess (Fergus Falls). Also attending will be Peter Nelson, the Center’s director of public policy.

Eibensteiner said the Center selected Alexandria and Fergus Falls as its first meetings because the communities’ educators, business community, and elected officials have collaborated seamlessly to



“Instead of focusing first on problems related to the skills gap, we wanted to focus on a community that has found some solutions.”

ensure that schools are producing graduates who are ready to meet manufacturers’ needs.

“Instead of focusing first on problems related to the skills gap, we wanted to focus on a community that has found some solutions,” Eibensteiner said. “From what we can tell, no communities have done that better than Alexandria and Fergus Falls. We’re eager to find out

how they did it.”

Eibensteiner said the Center’s interest in the skills gap grew from the lively discussion generated when it released the *Blueprint*’s jobs chapter in a session hosted by the St. Paul Chamber of Commerce. He said it revolves around three issues:

- Why aren’t more students interested in manufacturing careers, especially when there appear to be so many high quality jobs available?
- How have the tech schools responded, both in terms of recruiting students and providing market sensitive curriculum?
- Are there options for public/private partnerships?

The informal sessions are scheduled to include panels representing Alexandria’s educators and manufacturers. Educators include Julie Critz, Alexandria’s school superintendent, and Laura Urban, president of Alexandria Technical & College. Manufacturers will include Lynette Kluver, director of organizational development at Alexandria Industries and Dwight Taillefer, president, Massman Automation Design.

In Fergus Falls, the CAE group will tour a new \$350,000 manufacturing lab at the high school that was underwritten using private, local funds. ★

YOUNG PROFESSIONALS

The Center's Young Leadership Council kicks off with impressive attendance

More than a hundred young conservative leaders from the Twin Cities attended the inaugural event of the Center's Young Leadership Council (YLC) in September at Marin Restaurant in Minneapolis.

The Center created the YLC earlier this year to help build a constituency of young professionals who understand the importance of public policies built on solid, conservative values, according to Tara Anderson, the local lawyer who agreed to chair the group.



Left to right: Daniel Hennen, Ben Axelrod, Peter Carlson, Stephanie Lamphere, and Paul Lamphere.

“The YLC is attractive because it offers the benefits of many of the professional groups in the area while also focusing specifically on policy.”

Anderson practices at Eden Prairie-based Fafinski Mark & Johnson. At 32, she is the youngest member of the board of directors at Center of the American Experiment.

Attendees ranged from entrepreneurs and investment bankers to medical professionals and legislators. They mingled and listened to brief remarks from

Anderson, Kristen Sheehan, the Center's development director, and Center board member Bill Guidera. Additional Center board members were on hand, as well as founder and president Mitch Pearlstein and executive vice president Kim Crockett to answer questions about the Center and discuss current policy issues one-on-one with guests.

Also attending was Ron Eibensteiner, the Center's development committee chair, who conceived of the YLC after visiting the Manhattan Institute. He said it was “an inspiration” to see so many people motivated by public policy.

“Young professionals bring a fresh perspective on policy issues,” he said. “Their input will ensure that the Center's work is relevant across the generations.”

Anderson said a number of attendees remarked how the group is unique in

Minnesota. “There are a lot of opportunities to network in the Twin Cities, both for political and professional groups” she said. “The YLC is attractive because it offers the benefits of many of the professional groups in the area while also focusing specifically on policy.”

The YLC also named two new co-chairs, Emma Johnson, a registered nurse in the Pediatric Intensive Care Unit at Children's Hospitals and Clinics of Minnesota, and Ryan Miske, a partner

at Faegre Baker Daniels. The leadership group of Johnson and Miske, along with Anderson and co-chairs Anne Mason and Ben Wilmoth, is forming a cross-disciplinary advisory board for the YLC to help set the direction for the group as it continues to develop its programs over the next year.

Going forward, programs will be crafted based on the feedback received from attendees of various events through surveys. The group expects to offer a mix of social events, policy forums and speakers, while also offering opportunities to participate in more in-depth policy work alongside the Center's policy staff.

The YLC's next event will be its holiday party on December 1 at the Minneapolis Club. Please contact Samantha Peterson (speterson@americanexperiment.org) for details. ★

5 QUESTIONS WITH TED RISDALL

The CEO of Risdall Marketing looks for a legislative 'reset'

What drew you to the Center?

I'm concerned about the business climate in the state of Minnesota. We need a larger conversation about how we build Minnesota strong and how we build Minnesota great. I started to think, what body, what group, will lead a thought process, a mindset, to effectively grow Minnesota to be the greatest state it can be? That's why I got involved with Center of the American Experiment.

Why is it important to have an organization devoted to issues in this state?

The Center doesn't have to be caught up in the day-to-day grind at the legislature, but can really dig into the big picture and think about how to reset our thinking in bigger ways. Too often at the legislature we get stuck talking about issues and ideas only in terms of how they can be accomplished immediately. That's great for the short term, but it is small-ball thinking. We need an organization that is always thinking about a mindset that sets us up for the long term.

You were very involved in the process that produced the *Minnesota Policy Blueprint*. How did that project fit into your thinking?

The *Blueprint* was exactly the catalyst for making sure that we're set up for a bigger picture, long-term thought process. The *Blueprint* had some of that



Ted Risdall

built into it, but it also contained very practical, short-term things that we could get behind. I have found that a lot of folks in the capital are looking for ideas and for organizations that will put some ideas out there. It is not always possible for them to home-grow everything. We need an organization that's able to say, "You know what? Maybe we just need to have a whole new trajectory around this. Maybe what we're doing today is just not the right way. We need to step way back and say, 'reset'."

You were a co-author of the *Blueprint* chapter on jobs. How satisfying was it for a business executive to roll up his sleeves and participate in the process?

We work with more than a thousand companies in Minnesota. I've had conversations with CEOs well back into the 1980s about how we get Minnesota set up for long-term success. But a lot of them don't get involved with politics. They just say Minnesota's bad for business. We've got to change that. If our state GDP is \$300 billion right now, we could increase it to \$400 billion with a little more population and policies that encourage exports by helping us compete on a world class basis. If we'd do that, all of the families in this state will eat much better. We'll have that much more cash revenue for our streets and other things we know and love. We'd have a great life together.

What about the next generation of CEOs? The Center has started to invest a lot of energy in the Young Leadership Council, an organization that is trying to inspire issues activism in younger people.

It's a strategic imperative for this state. My grandfather and my father's generation both told me that Minnesota's never going to become a better place to be able to do business. We're just stuck. Just get used to it. We have to change that attitude. We have to bring back hope — and that starts with younger people. ★



2016

ANNUAL DINNER GALA

DANA PERINO

SATURDAY, MAY 21ST

5:30 PM RECEPTION, 7:00 PM DINNER, HILTON MINNEAPOLIS



Dana Perino
former Bush
press secretary
and co-host of
Fox News *The Five*

Individual Seat - \$200

- 1 ticket to the Annual Dinner including Cocktail Reception, seated behind Bronze Tables

Sponsor A Student Table - \$1,000

- Provide tickets for 10 grateful students

Bronze Table - \$2,000

- 10 tickets to the Annual Dinner including Cocktail Reception
- 1 table, behind Silver Tables, with seating for 10 guests

Silver Table - \$5,000

- 2 tickets to a Photo Opportunity with Dana Perino from 5:45 - 6:15 pm
- 10 tickets to the Annual Dinner including Cocktail Reception
- 1 table, behind Gold Tables, with seating for 10 guests
- Printed recognition in the dinner program

Gold Table - \$10,000

- 10 tickets to a Photo Opportunity with Dana Perino from 5:45 - 6:15 pm
- 10 tickets to the Annual Dinner including Cocktail Reception
- 1 table, behind Platinum Tables, with seating for 10 guests
- Printed recognition in the dinner program

Platinum Table - \$25,000

- 2 guests invited to a private conversation with Dana Perino prior to the reception
- 2 guests seated at Dana Perino's dinner table
- 10 tickets to the Annual Dinner including Cocktail Reception
- 1 table, front of house, with seating for 10 guests
- 10 tickets to a Photo Opportunity with Dana Perino from 5:45 - 6:15 pm
- Printed recognition in the dinner program

To reserve your ticket or table contact: Kristen Sheehan at 612-325-3597 or kristen@kristensheehan.net. Reserve on the website at: www.americanexperiment.org

POLICY MOMENTUM

Blueprint Helps Frame the State's Major Policy Debates

Center of the American Experiment spent much of 2014 developing and then rolling out the *Minnesota Policy Blueprint*, a wide-ranging set of policy recommendations across ten different issue areas.

In 2015 we've been working hard to advance these recommendations by publishing more in-depth research, reaching out to lawmakers, building coalitions and educating the community through speeches and op-eds.

The *Blueprint* was driven by a belief that Minnesota needs a strong alternative policy vision in order to rise above the tired old liberal policies that continue to lead the conversation.

Consider the policy solutions coming from the left these days. To fill transportation funding gaps they propose increasing gas taxes. To narrow education achievement gaps they propose expanding K-12 public schools to preschool. To strengthen the job market they propose mandating more workplace rules. And to control rising health care costs they propose increasing government health care subsidies.

These solutions—higher taxes, bigger public programs, and more regulation—could not be more predictable. Just as predictable is their inevitable failure to deliver a better, more prosperous future for Minnesota.

Nonetheless, this is exactly where the state will go if people are not given any



THE MINNESOTA POLICY BLUEPRINT PRESCRIPTION FOR PROSPERITY

practical policy alternatives for solving the state's very real problems.

The *Blueprint* delivers these alternative policies with more than 100 recommendations.

These recommendations played a major role in shaping the proposals and agendas heard during the 2015 Minnesota legislative session. Here are some highlights:

- On transportation, lawmakers proposed to increase transportation funding for roads and bridges without raising taxes by using revenue from the existing sales tax.
- Numerous bills were proposed to make the unelected Met Council accountable to the people.
- The need to make energy more affordable by paring down green

energy mandates finally got a serious hearing.

- Bills to eliminate or reduce the estate tax and the statewide general tax on business and seasonal property progressed in both the House and the Senate.

- Various proposals created opportunities to use tax credits to directly fund private school tuition or private school scholarship programs.

- A law passed to require the state's pension system to make more reasonable assumptions on the rate of return for investments, among other assumptions.

- Finally, Senate Majority Leader Tom Bakk and Speaker of the House Kurt Daudt both authored bills to create a Legislative Budget Office much like the Congressional Budget Office to improve the budget process.

American Experiment's small staff could never shepherd over 100 recommendations through the legislative process. State legislators and other policy advocates have taken the lead to advance a far greater number of *Blueprint* recommendations than the Center could advance alone.

At the close of the session, over 200 bills had been proposed in the House and the Senate that would fully or at least partially advance a *Blueprint* recommendation. Of these bills, nearly 70

gained passage in at least one legislative body and 15 were enacted into law.

The success of the *Blueprint*, at least in 2015, is not about the laws passed. They represent only small, incremental changes. Rather, the *Blueprint's* huge success is revealed in how it contributed so broadly and deeply to the policy debates taking place in the legislature and around the state. As outlined above, key *Blueprint* recommendations helped frame debates over transportation, energy, health care, pensions, regional planning, education and even the budget process. This was no small feat.

Looking forward to the 2016 legislative session, taxes and transportation will likely take center stage. Lawmakers agreed to not spend \$865 million of the \$1.9 billion surplus during the 2015 session. Since

**The Blueprint delivers
alternative policies
with more than 100
recommendations.**

then revenues continue to come in higher than the February economic forecast projected, which means well over a \$1 billion surplus could be available as legislators reconvene in 2016. Negotiations over what to do with a surplus will likely start with tax cuts and transportation spending considering those were the two major issues the House and the Senate failed to resolve in 2015.

Naturally, the Dayton administration and the Senate will come with more ideas for spending the surplus and election year politics will play a big part in the end result.

Within this environment, the Center's attention will be particularly focused on the estate tax. As outlined in the cover story, the estate tax has an outsized influ-

Nelson appointed to the Health Care Financing Task Force

Peter Nelson, the Center's director of public policy, has been named to the Minnesota Health Care Financing Task Force.

The task force was created by the 2015 legislature and the governor to advise them on strategies to increase access and improve the quality of health care for Minnesotans.

Oversight of the task force includes MNsure, Medical Assistance (MA), MinnesotaCare and individuals eligible to purchase coverage with federal advanced premium tax credits and cost-sharing subsidies.

Nelson sees the task force as a great opportunity to develop and advance consumer-driven, market-based solutions to improve our health care system. "With MNsure -- the state's Obamacare insurance exchange -- still so troubled and insurance rates rising so dramatically for individuals, there's a strong demand for solutions and this environment makes it more likely good ideas will get a fair hearing," he said.

One good idea, according to Nelson, is to empower more individuals to shop for their own health plan. "More shoppers would make the insurance market more competitive and responsive to everyone's demand for lower costs," he says. Nelson hopes all the ideas discussed amongst the task force members will come together into a sound set of recommendations to improve Minnesota's health care system.



Peter Nelson

ence on decisions made by Minnesota's wealthiest taxpayers to move to lower tax states. A repeal or reduction of the tax also has a relatively small price tag and some DFL support in the Senate, all of which gives it a good chance of being included in a final tax package.

Moving forward, the Center will also continue to prioritize the following policies: advancing school choice; opening opportunities for small employers to fund individual health insurance pre-tax; guarding against new green energy man-

dates; increasing funding for roads without raising taxes; blocking state funding for new light rail projects; and reforming the Met Council to give local governments and the legislature more control over regional planning and budgets.

Center of the American Experiment can only do this work through the great generosity of our supporters. Please consider making a donation today to advance the *Blueprint* and bolster our efforts to build a culture of prosperity for Minnesota and the nation. ★

THE GREAT ESCAPE

Do Minnesotans move to escape the estate tax? The weight of the evidence points to a strong yes

States compete to offer the most effective tax system, which leads to regular debates over whether various tax rates and tax burdens are too high or too low. Historically, state death taxes avoided this competition and controversy. That's because most state death taxes posed no extra burden on estates as the federal government effectively paid the tax for estates through a state death tax credit. This all changed in 2001 when the federal government eliminated the tax credit. Without the federal tax credit, state death taxes began to pose a real and substantial

financial burden on estates.

This new tax burden reintroduced tax competition over state death taxes. In response, a majority of states immediately stopped taxing estates, inheritances and gifts. Since then, states that retained their death taxes consistently face competitive pressure to eliminate or reduce their death taxes. Above all, these states must answer whether state death taxes encourage wealthy people to move their domicile (legal residence) to states without death taxes.

This is a deeply important question to Minnesota. When people move, the state collects less property, income and sales tax revenues, which could more than offset the revenue collected from

by Peter J. Nelson



Knowing the ease in moving to a second home, it is just common sense that many Minnesotans will take advantage of this opportunity to avoid the state's estate tax.

the estate tax. Furthermore, people give less to local charities, invest less in local businesses, and overall become less and less engaged with the community.

So do Minnesotans move to avoid

the estate tax? Unfortunately, there's no easy way to answer this question. People (and their businesses) tend to leave quietly and they move for a number of reasons. Also, there's really no solid, reliable empirical research that controls for all the reasons people move to show how much a state death tax influences or does not influence a wealthy individual's decision to move.

Without good empirical research, policy decisions to reduce or eliminate the estate tax must be based on other

types of evidence. The weight of evidence presented here strongly suggests wealthy Minnesotans are moving to avoid the state estate tax. Understanding this, state lawmakers should eliminate the tax and, in doing so, eliminate any risk that the estate tax



is eroding other tax revenue, charitable giving, and business investment.

Theory and Common Sense. All things being equal, people generally prefer to pay lower taxes and a state estate tax is no exception. That is just plain common sense. Obviously, homeowners choose to take the mortgage interest deduction to pay lower taxes. So, as a starting point, it is clear most Minnesotans will choose to pay less estate taxes if given the choice. And

common sense, the most obvious piece of evidence is the very existence of a thriving estate planning industry to advise people on how to minimize their exposure to state taxes. Even the University of Minnesota Extension Service lists minimizing estate taxes as one of the main objectives of estate planning. Moving is certainly one strategy advanced by estate planners. It stands to reason that a strategy advanced by people who are paid for their advice is being used by the folks paying them.

A survey by the Minnesota Society of CPAs found that more than 86 percent of their members said that clients has asked for advice regarding residency options and moving from Minnesota.

people do have a choice. The estate tax has been called a “voluntary” tax due to the many strategies available to avoid it. The tax is especially voluntary at the state level because it’s much easier to avoid the tax by moving one’s domicile. Here’s how a report from the Minnesota House Research Department described the choice of domicile facing wealthy Minnesotans:

Avoiding the [estate] tax requires changing one’s permanent home (domicile) to another state or reducing the amount of Minnesota property owned. Affluent individuals may be willing to change their domiciles to avoid paying potentially multimillion-dollar state estate tax liabilities. The fact that many of these individuals have second homes in states without estate or inheritance taxes increases their ease of moving.

Knowing the ease in moving to a second home, it is just common sense that many Minnesotans will take advantage of this opportunity to avoid the state’s estate tax.

Estate Planning Industry Delivers Prima Facie Evidence. Beyond

The advice itself is *prima facie* evidence Minnesotans move to other states to avoid estate taxes.

In Surveys, Advisers Report Estate Taxes Influence Decisions to Move.

Another important piece of evidence comes from surveys of accountants and attorneys who advise wealthy clients. These are exactly the people who help people decide how to transfer their estates upon death. In that process, they see firsthand whether estate and other taxes influence decisions to move assets or residency to another state.

The Connecticut Department of Revenue administered a survey of practitioners who provide estate planning services in 2008. 52.6 percent of survey respondents “said that their clients changed their Connecticut domicile to another state *primarily* due to the Connecticut estate tax.” In addition, 76.9 percent “said that their clients changed their Connecticut domicile *partially* due to the Connecticut estate tax.”

After Minnesota increased the top income tax rate, amended the estate tax and added a gift tax in 2013, the Minnesota Society of Certified Public Accountants surveyed their members.

They found that “more than 86 percent of respondents said clients had asked for advice regarding residency options and moving from Minnesota.” 91 percent said the number of clients asking about moving increased from previous years.

Anecdotal Evidence Also Shows Estate Taxes Influence Decisions to Move.

Beyond more structured surveys, simply talking to people who provide estate planning services reveals Minnesota taxes do influence decisions to move. Taxes might not always be the most important factor—family and weather top the list—but taxes are indeed a factor for the very wealthy. For instance, as reported in *Twin Cities Business Magazine*, Thrivent wealth advisor Ted Contag said, “Many clients have brought this up; yes, everyone is talking about it. Generally it’s not only a tax question but also a weather question.” After Minnesota passed the 2013 tax increases, business and tax attorney Bob Abdo also told the *Star Tribune* “inquiries into [leaving Minnesota] have increased since the tax law changes became law.”

New York and Maryland Lawmakers Were Convinced.

Lawmakers in New York and Maryland became convinced people are moving by testimony from estate planners and then increased their estate tax exemption to the federal amount. A report commissioned by New York’s Democratic Governor Andrew Cuomo explained how “during the Commission’s outreach meetings, tax practitioners and business leaders noted that the low exemption threshold of the estate tax was a possible factor in taxpayer migration from New York to states without an estate tax.” The same story played out in Maryland and, again, was led by Democrats.

Federal Estate Tax Collections Grow Faster in States without Death Taxes.

Though empirical research that controls for the many reasons people move might not exist, there are still data points to help answer the question. In particular, federal estate tax collections per return are now

much higher in states without death taxes compared to states that retained these taxes. Figure 1 compares federal estate tax collections in states with no state death tax in 2012 to states with a state death tax as of 2012. In this comparison, federal estate tax collections per return were consistently about the same from 1998 to 2009. But beginning in 2010, states with no death tax began reporting much higher federal estate tax collections per return. Higher federal estate tax collections per return mean people are now dying with more wealth in states with no death tax. This represents a remarkable change that strongly suggests wealthy people have indeed moved to avoid state death taxes.

Minnesotans Tend to Move to States with No Estate Tax. A 2013 report published by Center of the American investigated just how many people on net are leaving the state and how much income they take with them. The IRS reports data on the annual movement of all tax returns and the associated income on the tax return. This is not sample data. It's the actual data for all taxpayers who moved.

North Carolina had an estate tax. By comparison, seven of the top ten states contributing net income to Minnesota had an estate or inheritance tax.

Top Earners Are Leaving Minnesota at a Very High and Increasing Rate.

Since Center of the American Experiment published the 2013 report on income migration, the IRS released new, more detailed data showing the migration of people and their income by both age and income level. So, for the first time we have good data on the movement of top earners—households reporting more than \$200,000 in income—from state to state and the results show wealthy, high-income Minnesotans are indeed moving.

On net, from 2012 to 2013, 661 top earners moved from Minnesota to another state and took \$590 million in income with them (see table below). This was the fifth largest loss in income in the country when measured as a percent of total income reported by top earners. Only Alaska, Connecticut, Maryland and Illinois lost a larger percentage. The 2012 to 2013 loss also represents a substantial jump from the previous year when Minnesota lost a much smaller, but still very substantial \$313

of the jump in migration of top earners is simply impossible to ignore. All of this evidence is highly suggestive that taxes, including estate taxes, do play a role in where people decide to live.

Altogether, the evidence outlined above presents a strong case that wealthy Minnesotans are moving to avoid state estate taxes. Those Minnesotans who have already changed their domicile to a second home have already begun paying less income, property and sales taxes. They've also begun giving less to Minnesota charities and investing less in Minnesota businesses. As more and more wealthy Minnesotans leave, the combined loss of state revenue and investment in community organizations and businesses will begin to outweigh any revenue gain from Minnesota's estate tax collections. In fact, these losses may already outweigh estate tax collections.

These losses are just too high to justify maintaining Minnesota's estate tax. Various legislative proposals offered in 2015 recommend aligning Minnesota's estate tax with the federal exemption amount. This would be a positive move but it still leaves a strong incentive for the wealthiest Minnesotans to leave

Net Migration of Minnesota Households and Adjusted Gross Income (1,000s of dollars) for Households Reporting \$200,000 or More in Income								
	All ages		45 under 55		55 under 65		65 and over	
	Number of returns	Adjusted gross income (AGI)	Number of returns	Adjusted gross income (AGI)	Number of returns	Adjusted gross income (AGI)	Number of returns	Adjusted gross income (AGI)
2011-12	-373	-\$313,051	-92	-\$48,612	-160	-\$105,104	-68	-\$109,717
2012-13	-661	-\$590,263	-205	-\$254,561	-288	-\$276,124	-89	-\$89,901

The report found on net a consistent outflow of income from Minnesota between 1995 and 2010. During that time \$5.1 billion (adjusted for 2010 dollars) left the state of Minnesota. Most importantly, Minnesota is generally losing people to lower tax states and gaining people from higher tax states. Turning to the estate tax, of the top ten states receiving net income from Minnesota, only Washington and

million in income due to the migration of top earners.

This incredible uptick in the migration of top earners to other states strongly suggests something new is motivating top earners to leave the state. So what happened? Well, in 2013 Minnesota lawmakers hiked income, estate and gift taxes on top earners, giving them a larger financial incentive to leave. Yes, it's just one year of data, but the size and timing

of the estate tax brings in does not come close to justifying the losses in revenue and community involvement that likely result when wealthy people work to avoid paying the tax. The estate tax should be eliminated. ★

Peter Nelson is director of public policy at Center of the American Experiment

An Ethical FAILURE

Minnesota Is Not Keeping the Pension Promise

by Kim Crockett

I have an old friend who worked as an administrative assistant in the public sector. After many years on the job, she wanted to do something really different. But when she checked her pension formula, she discovered that she would get a much smaller pension if she did not stay in the public sector for a full 25 years. That is because public pensions “back load” the benefit, favoring career employees.

My friend continued to work dutifully, but she missed out on a chance to try something new. While always grateful for her job, she did not really want to be there anymore. As she counted down to retirement, her department missed out on getting a new person with a different skill set and enthusiasm for the job. Does that make any sense in a mobile economy where people change jobs and careers five to seven times over a lifetime?

In addition to being rigid and out of date, Minnesota’s pension plans are fall-

ing farther behind in funding the promises they have made to employees. Yet, as I demonstrate in the newly released *Minnesota Policy Blueprint* chapter, *Keeping the Promise: Securing Retirement Benefits for Current and Future Public Employees*, the cost of these plans is going up for both taxpayers and employees. Here are some Quick Facts to ponder:

Pension Quick Facts from *Keeping the Promise* and the *Minnesota Policy Blueprint*

- Unfunded liability in 2013 is \$17.3 billion; in 2014 it went up to \$17.6 billion (see **Figure 1**)
- The unfunded liability may actually be over \$43 billion
- Minnesota has 76 cents on the dollar to pay pensions (see **Figure 1**)

- Total required contributions to make pensions whole for 2014 were \$2.6 billion but Minnesota only paid \$2.2 billion, with a deficiency of \$377 million
- Minnesota has missed the full annual contribution since 2003 by hundreds of millions each year
- The unfunded liability (\$1.27 billion) was almost equal to the cost of benefits earned that year plus expenses (\$1.29 billion)
- A large chunk of the contributions in 2014 was allocated to the amortized unfunded liability (\$897 million) but the unfunded liability just keeps growing
- Employees paid \$386 million and employers paid \$511 million of the unfunded liability of \$897 million



- Minnesotans kicked in an additional \$110 million in direct state aid and employer contributions in 2014 to prop up some funds

Did you know there are almost 312,000 public employees in Minnesota contributing to a public pension fund and over 202,000 retirees, survivors and disabled people relying on a pension check? That is over 11 percent of the state's population, so we better figure this out, and soon.

We timed the updated edition to coincide with the fall interim meetings of the Legislative Commission on Pensions and Retirement.

This 14-member commission, made up of members from the House and Senate, is chaired by Rep. Tim O'Driscoll (GOP-St. Cloud). The Vice Chair is Sen. Sandy Pappas (DFL-St Paul). The commission meets regularly during the legislative session to pass an annual "omnibus bill" but typically takes up policy issues during the interim when members and staff have more time to devote to this complex topic.

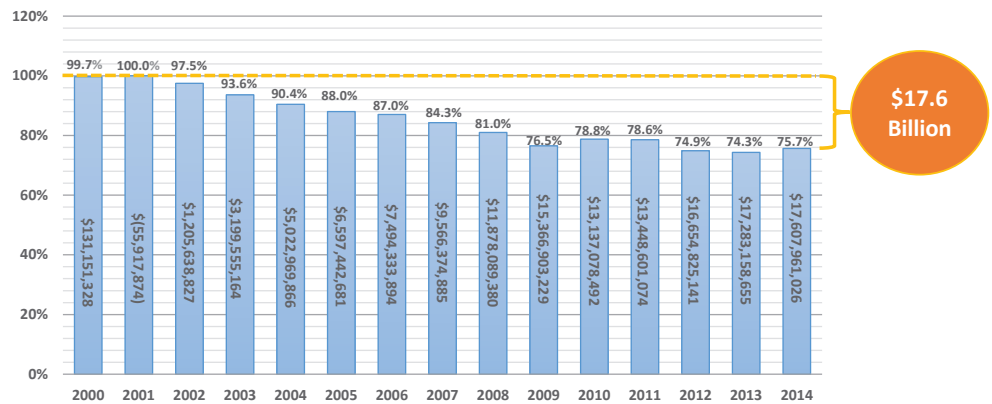
The interim meetings come at a time of great volatility in the world of public pensions. Following the Detroit and other municipal bankruptcies, there were big announcements from funds around the country as managers struggle to close the gap between the promises made to retirees and the assets available to pay them.

For example, the California behemoth CalPERS, which sets the trends for public pensions, announced a plan to lower investment return expectations from the current 7.5 percent to 6.5 percent.

The New York State Common Retirement Fund has gone from an 8.0 percent assumed rate of return five years ago to 7.5 percent, and it announced that it is lowering it again to 7.0 percent. New York's Comptroller said, "From a long-term perspective, we think it's a prudent move in that it better positions the fund to have more realistic expectations about what our investment returns will be."

These are huge changes in big "Blue" states that will have to be paid for by

Figure 1: Historical ACTUARIAL VALUE Funding Ratios for All Plans, Leading to \$17.6 Billion Unfunded Liability



* 2013 and 2014 do not include Volunteer Fire Plans and 2014 does not include Bloomington Fire because data was unavailable.

Source: Minnesota Legislative Commission on Pensions and Retirement, *Minnesota Pension Plan Actuarial Reporting, Historical Data by Plan* (February 18, 2015), available at <http://www.commissions.leg.state.mn.us/lcpr/valuations.htm>.

taxpayers and employees alike—how that mix works out is up to each pension fund. This comes on the heels of big increases that have already crowded out other spending at the state and local level. The U.S. Census Bureau reports that local and state contributions to retirement systems have already more than doubled over the last decade, while employee contributions rose about 50 percent.

Maybe that is why, in spite of big increases in educational spending, Minnesota keeps seeing school referenda for higher levies. Or local government increases in property taxes.

So where is Minnesota on this key assumption?

With the exception of the Teachers Retirement Association (TRA), which is in the worst shape of all the major funds, the pension funds lowered return expectations from 8.5 percent to 8.0 percent. So while Minnesota is headed in the right direction, it is still well above the national average, and the national average is still too high.

What does that mean? It means the pension plans are overestimating how much the state will earn on investments and thus underestimating how much to put aside to fund the pension promised.

Hence, the growing unfunded liability.

When we polled Minnesotans last year as part of the *Blueprint* project, a majority (51 percent) of Minnesotans said that the financial solvency of the state's system of public pensions poses a potential problem. Nearly two-thirds (64 percent) think that public employees should transition to a kind of 401(k)-style pension system that is commonly used by private sector employers. That means the Center has done a good job of educating the public.

And therein lies the solution. While big unions, and the politicians they elect, will fight to keep a complicated pension system that gives them control over employees like my friend, the voting public knows it is time to give employees the freedom to choose a savings plan that puts them in charge of their own assets and retirement plans.

401(k) plans are far from perfect but they are fully funded every pay period. That would be a good place to start keeping the promise. ★

Kim Crockett is Center of the American Experiment's Chief Operating Officer, Executive Vice President, and General Counsel.

GOING GREEN

Is Just Part of the Plot

It's the new religion, and it's the new home of the entire liberal agenda.

Every decade or so, another academic “fashion du jour” sweeps America’s college campuses. In the 1990s, it was multiculturalism. That morphed into “diversity” — now such a mantra that students can spell it backward in their sleep. Today, excitement is surging for a new fad, “sustainability,” that’s taking higher education by storm.

Sustainability now permeates campuses from the classroom to the dorm, dining hall, faculty lounge, physical plant and alumni office. The word conjures up images of clean water, recycling, and DDT-free songbirds at the

This article first appeared in the Star Tribune.

BY
KATHERINE
KERSTEN

back-yard feeder. Responsible environmental stewardship — what’s not to like about that?

But wait. If you hang around campus for long, you learn that sustainability also often entails a curious grab bag of social issues. These include “gender-neutral” campus housing for transgender students; patronizing women-owned businesses; and denouncing “white privilege” and police brutality.

Sustainability, it turns out, is the new battle cry in an old war. It’s a wraparound concept that links the old, familiar liberal causes of environmental activism, animosity toward free markets, and a progressive take on “social justice.” But it repackages them and lends them



urgency by maintaining that embrace of its ideological agenda is imperative to avoid a looming ecological and social catastrophe.

Second Nature, a national advocacy organization that has helped engineer sustainability's rapid rise on campus, describes the movement's transformative ambitions this way. America does "not have environmental problems per se," the group maintains. "We have environmental consequences resulting from the way we have designed our business, social,



Sustainability, it turns out, is the new battle cry in an old war. It's a wraparound concept that links the old, familiar liberal causes of environmental activism, animosity toward free markets, and a progressive take on "social justice."

economic and political systems."

In other words, the campus sustainability movement's mission is to transform our fundamental social, economic and political institutions, and to do so by manipulating, cajoling and browbeating a generation of college students into accepting the movement's worldview and cultural norms.

A report titled "Sustainability: Higher Education's New Fundamentalism" — recently released by the National Associa-

tion of Scholars (NAS) in New York City — explores the history and implications of the movement's meteoric rise on campus.

Sustainability is not an academic discipline but an ideological "lens" through which to view all of life, as the report makes clear. Today, 475 colleges in 65 states or Canadian provinces offer a total of 1,436 degree or certificate programs in sustainability, according to the Association for the Advancement of Sustainability in Higher Education. In addition, there are countless elective classes. Cornell University offers more than 400, ranging from "The Ethics of Eating" ("defend" or change your eating habits) to "Magnifying Small Spaces Studio," where students learn to make do living in tiny spaces.

Beyond the classroom, students are pressured — often by paid student "eco-reps" — to conform the smallest details of their daily lives to the movement's norms. This can mean tray-less cafeteria dining; shorter showers; "Meatless Mondays;" lectures on fossil fuel divestment; and films like "Food, Inc." or "The Story of Bottled Water," which depict the American economy as a tool of greedy, ruthless capitalists.

How is the sustainability movement playing out on Minnesota campuses? St. John's University in Collegeville offers an example. SJU is committed to "incorporating the goals of sustainability into every aspect of life" and focusing students' attention on the "triple bottom line: equity, economy and the environment."

The university — which boasts of becoming "carbon-neutral" by 2035 by conserving, changing energy sources, and investing in alternative energy and carbon offsets — offers courses like "Food, Gender and Environment;" has two "eco-houses" for student living; distributes the "SJU Green Guide," and employs 10 full-time equivalents for diversity and equity coordination.

SJU's sustainability push begins at freshman orientation, where students use "corn utensils and recyclable plates" during meals. All freshmen and seniors take a Sustainability Literacy Assessment, so the school can measure how effectively its saturation campaign is

changing students' beliefs and attitudes.

In March 2014, SJU organized a Sustainability Week — "dedicated to educating our campus community and encouraging environmentally friendly behaviors." The event concluded with "a celebratory 'Sustainability Happy Hour'" that "featured trivia about SJU's sustainability initiatives and other environmental topics."

The University of Minnesota's Twin Cities campus also bombards students with preachy exhortations on the gospel of sustainability. These include politically correct invocations about biking, transit, recycling and composting, and a "Welcome Week" during which every student has "the chance to engage with ... hands-on learning activities and ... to win prizes all while learning about sustainability."

The U earns special "points" from a national sustainability rating organization because it provides "gender neutral housing" for "transgender and transitioning students" (those switching to another gender), as well as single-race housing for black men, Hmong students and other minorities.

The university's Sustainability Studies office emphasizes the "heavy intersection" between "the issues of race relations and sustainability." During last year's riots in Ferguson, Mo., the office posted online resources demonstrating how "white folk can show support against police brutality," and encouraged students to donate to "The Organization for Black Struggle" — fighting "the racist police state in Ferguson" — to help protesters with "basic needs, including food, water, gas masks and school supplies."

Responsible environmental stewardship is commendable. So is the prudent use of energy and other natural resources. But in higher education today, sustainability is an ideology — not a proposition to be discussed, but a baseline assumption to be taken on authority. Dissent is harshly suppressed. Scientists who question climate change, for example, are branded 21st-century heretics.

In the classroom, this doctrinaire approach undermines open inquiry and rational debate — the heart of liberal education's mission. In teaching and scientific research, it "shuts out certain questions

and locks in certain answers,” as the NAS puts it. In decisionmaking about energy use and physical plant, it discourages honest analysis of costs and benefits.

The movement’s “salute-and-shut-up” mind-set is reflected in the sustainability oath that students and employees at the University of Virginia are asked to take on matriculation and at graduation: “I pledge to consider the social, economic and environmental impacts of my habits and to explore ways to foster a sustainable environment during my time here at U.Va. and beyond.”

The authoritarian impulse is also evident in the movement’s public-policy agenda. Its leaders call for vastly increasing state control over people and resources, and conferring power on government planners to distribute wealth and opportunity on the basis of skin color and socioeconomic status. This sacrifice of individual economic, political and intellectual liberty is regarded as “the price that must be paid now to ensure the welfare of future generations,” as the NAS observes.

Why are students attracted to the sustainability movement?

Its appeal springs, in large measure, from its quasi-religious nature and message. In our increasingly secular age, a focus on transcendent meaning has largely vanished from campus. Sustainability can fill the resulting vacuum by offering young people a sense of purpose and meaning.

“Like its predecessor movements that excited student passions,” sustainability

“invokes moralistic duties to repair and restructure the Earth,” explains the NAS. It “rewards its followers with a sense of belonging to a community of the enlightened few,” and “endows the smallest actions with meaning and significance.”



Sustainability is not an academic discipline but an ideological “lens” through which to view all of life.

Recycling a plastic cup, for example, becomes a “noble sacrifice rewarded with laurels” that “contributes inexorably” toward saving the planet.

The Church of Sustainability derives many of its major themes from Judeo-Christianity. It teaches that the Earth — once a pristine Eden — is now fallen and polluted because of human sinfulness, and that an apocalyptic Judgment Day

looms unless mankind repents. Absolution and salvation are possible if humans heed the enlightened saints and prophets who warn us of impending doom.

As sustainability spreads beyond the campus, we increasingly see it touted in coffee shops, celebrated by major corporations and embraced by urban planners. For example, it’s the ideology driving “Thrive MSP 2040,” the Metropolitan Council’s new 30-year plan for development in the Twin Cities region, with its pervasive themes of top-down planning and rule by “experts.”

It’s ironic that college campuses are home base for the sustainability movement. For higher education is among the least sustainable of our contemporary institutions. Colleges and universities are caught in a death spiral of rising costs and declining benefits. Nevertheless, they obsess about recyclable napkins, solar panels and fossil-fuel divestment, and pour \$3.2 billion annually — frequently without assessing effectiveness — into achieving their dreams of sustainability, according to the NAS.

Today, colleges and universities are charging students huge, unsustainable sums — often upward of \$50,000 a year — for the privilege of (among other things) living out an elite, politically correct fad. Many emerge with a crushing load of debt, at a time when, as the NAS points out, more than 50 percent of recent graduates are either unemployed or underemployed.

For these young people, there’s no better guarantee of an unsustainable future. ★



Katherine Kersten, a writer and attorney, is a Senior Fellow at Center of the American Experiment. She was a founding director of the Center, and its chairman from 1996 to 1998. Katherine has served as both a Metro columnist and an opinion columnist at the Star Tribune (Minneapolis), and has written on cultural and policy issues for publications including the Wall Street Journal, the Weekly Standard, First Things, Christianity Today, Policy Review and American Enterprise. For two years, she served as a regular commentator on National Public Radio. Katherine has appeared on numerous radio and television shows, including those hosted by Hugh Hewitt and Laura Ingraham. She also has been featured on Fox News and MSNBC, among several television outlets. Katherine is, along with Mitch Pearlstein, the author of Close to Home, a collection of columns on a wide variety of public policy issues. The center has published a number of her monographs on education. A graduate of the University of Notre Dame, Katherine holds a master’s degree from Yale University and a J.D. from the University of Minnesota.

CHOICE ON THE HORIZON?

Stars begin to align for real educational choice

A minister, a rabbi, and a Catholic bigwig walk into a bar — no, make that a joint session of the Minnesota Legislature — and vow a new day is about to arrive for thousands of Minnesota parents who believe their children would do better in schools that more closely fit their academic and social needs and better reflect their families' deepest values.

At which point Senators and Representatives, regardless of political denomination, rise as one and push green voting buttons in unison, thereby passing Minnesota's first consequential school choice bill in decades, and send it on to the governor, who enthusiastically signs it to shouts of "Amen" in a chorus of harmonious languages.

A dream? Yeah, probably. But various stars are, in fact, aligning better than they have in a long time, potentially leading to Minnesota parents finally taking advantage of real educational choice. By "real," I mean the kinds of opportunities that include private schools. The kinds, more specifically, in which parents across the country are increasingly taking satisfaction and comfort, and in which their children are learning more and graduating at higher rates.

The aforementioned minister, rabbi, and Catholic leader, along with a couple of lawyers among other members, are all directors of Opportunity for All Kids, or

"OAK," a new Minnesota school choice coalition of which I'm proud to be president. Do we believe the time is right, after a long hiatus, for Minnesota to once again be a national leader in expanding educational opportunities for all students? You betcha, though I would risk multiple excommunications if I revealed, before

system that has too little of it, as all major Minnesota choice programs exclude private schools.

One bill would provide tax credits to individuals and businesses that make contributions to certified nonprofit organizations which, in turn, would give scholarships to low-income students.

A second bill would add tuition as an eligible expense to the 1997 educational tax credit program. It also would update inflation-eroded income thresholds and benefits.

And a third bill would create educational savings accounts so that parents could take best possible advantage of educational opportunities and services for their children with disabilities, be those opportunities and services public or private.

It's always worth recalling how Minnesota was the first state in the nation with Post-Secondary

Enrollment Options (PSEO). The first state with intra-district choice. The first state with inter-district choice. The first state with charter schools. And the first state with tax credits for certain education expenses, as noted above. But all these advances became law a long time ago, under Governors Rudy Perpich, a DFLer, and Arne Carlson, a Republican. It's time to ring some school bells again. ★

Mitch Pearlstein is Founder and President of Center of the American Experiment.



the Legislature reconvenes in March, strategic details as to why this is the encouraging case. But suffice it to say I'm more optimistic — carefully so — than I've been in a long time.

For now, let me just cite three bills that were introduced during the legislative session that ended this past May. Each and every one, if passed next year, would provide vital financial help to strapped parents while helping their sometimes struggling children both academically and socially. More broadly, each one would add competition to an education

“WHY I SUPPORT Center of the American Experiment”

Name: Scott Rile

Position: Principal, Bernstein
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Alma Mater:

- University of Wisconsin,
BBA, Marketing/Marketing
Management
- University of Minnesota,
MBA, Carlson School
of Management

“Issues matter. Solid research is a critical part of my business. And the Center provides valuable policy research that makes Minnesota better.”



FINAL WORD

Center of the American Experiment holds Met Council accountable

The Center has for years attempted to bring some sanity to the problem posed by an overbearing, overreaching Metropolitan Council. How do we get first class regional services and intelligently plan for growth without giving up our right to govern ourselves at the local level?

We are happy to report that the political equation has changed for the Met Council and that the Center is playing a significant role. As a result, the Council has been forced to change its behavior and recognize the authority of elected officials, or at least the authority of the Legislature. Where this leads remains to be seen but you should be encouraged.

Chairman Adam Duininck and the Met Council, who serve at the pleasure of Governor Dayton, have backed off of the threat to go around the Legislature and self-fund the state's share of the Southwest Light Rail Transit (SWLRT) project.

Instead the Council will attempt to convince the House GOP to fund the line, which it declined to do last session. If the Legislature in 2016 again declines, SWLRT should come to an end. Recognizing that the Legislature is talking about changing and even abolishing the Council, Chair Duininck told the House transportation chair in a



Kim Crockett

letter, "Should the Legislature ultimately choose not to fund the Southwest LRT project in a future legislative session, the project will not go forward." Even if the Council attempts to renege, deadlines for federal funding may have passed.

While admitting it puts the project in jeopardy, even the *Star Tribune* had to admit that the Council was wise to let the state de-

cide whether to fund the project, deferring to the body that created the Council and can "uncreate" the Council.

Being good Minnesotans, we are reluctant to blow our own horn, but we want our members to know when progress can be claimed as a result of your generous support of the Center. Our long-term goal of unwinding the Met Council is still at a distance, but we can say that SWLRT is at serious risk, and the Council's authority is under the microscope.

So how did we do it? Early in 2014, Kathy Kersten began meeting with local officials trying to fend off *Thrive MSP 2040*. The Center then gathered local and

state leaders to hear national experts like Wendell Cox and Randal O'Toole offering opportunities to meet, compare notes and build a coalition of people who are in a position to make a difference.

Next, Kathy and I teamed up for the *Blueprint* project. While Kathy tirelessly mastered and dissected *Thrive MSP 2040*, I focused on creating a menu of legislative solutions. This has been a very productive partnership resulting in a widely circulated *Blueprint* critique of *Thrive* entitled "*Met Council Power Grab*," which we took to the airwaves and on the road.

Working as a tag team, we have



debated the Council’s representative and *Thrive* advocates while speaking to numerous area chamber and business groups. We have reached thousands of Minnesotans via the radio and countless columns in the local press. We have reached over a hundred elected officials, staff and leaders with a PowerPoint presentation on the Met Council’s power grab. Kathy and I have also testified at the Legislature in various committees, and met with county and local officials to share the ideas and encouragement they need to re-assert their authority.

“Even the Star Tribune had to admit that the Council was wise to let the state decide whether to fund the project.”

Kathy is now connecting her research to the anti-democratic “Sustainability” movement that inspires *Thrive*.

The Center does not object to regional services. We object to an unaccountable regional body that has no respect for local government or even the state legislature. Citizens have been disenfranchised by the behemoth Met Council, which is now a nearly \$1 billion dollar agency.

Kathy and I have urged elected officials to protect us from this rogue agency and offered them the intellectual ammo to do it. With very limited resources, and lots of passion, we have poked and prodded elected officials to focus on this governance problem before the Council does more damage and succeeds in solidifying its power under *Thrive*.

There can be no American Experiment without local governance—and there can be no Center without faithful donors like you. ★

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What is a culture of prosperity?

To us, prosperity includes a wide variety of benefits and opportunities that help Minnesotans — *all* Minnesotans — achieve a rich and fulfilling life. Economic success is only part of it.

- It means enabling Minnesotans to raise their families in a safe, healthy and fulfilling environment.
- It means creating opportunities and incentives for self-fulfillment and personal enrichment.
- It rewards hard work, personal responsibility and individual initiative.
- It means access to jobs — *well-paying* jobs.

Minnesotans believe in work. They know that quality jobs are the foundation that sustains our culture and our economy. Work contributes to the sense of dignity and self-reliance that is the best-known antidote to entrenched poverty.

With that in mind, our policy recommendations emphasize opportunity, value in government, innovation, and a full appreciation for the job-creating power of entrepreneurs.