Kersten: How 'equity' policies lead to chaos in St. Paul schools

# THINKS OF A



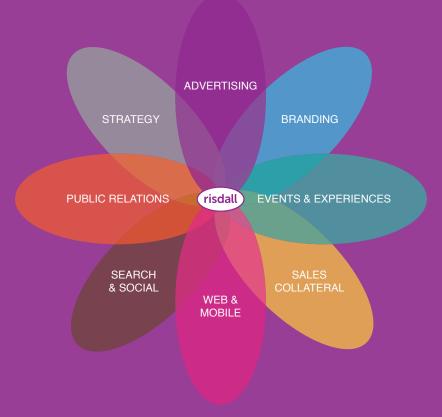
ISSUE 4 SPRING 2016

# Minnesotans on the Move

Minnesota is losing taxpayers and their income to lower-tax states



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#### **UPFRONT**

Minnesotan on the move (4), Jason Riley speech (6), 5 Questions with Rick Morgan (8), Friedrichs to headline Friedman event (9), Note from the Founder (10), A tax or a fee? (11), Reforming the Met Council (12), Tom Steward (14), YLC Update (16), Family symposium (18)

#### **COLUMNS**

2 Eibensteiner:

#### MAKE THE PIE BIGGER



Redistributionists stifle Minnesota's economic growth potential

#### 10 Pearlstein:

#### **PC BUSTERS**



American Experiment has battled PC for more than a quarter century

#### 14 Steward:

#### **TURNABOUT**



Gaylord farmer joins school board that sued him

#### 36 Hinderaker:

#### **IN FULL SPRINT**

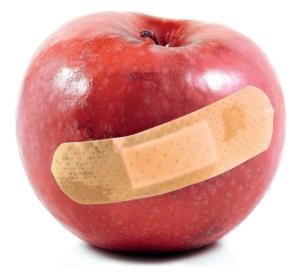


As Ronald Reagan would say, You ain't seen nothing yet.'

#### **FEATURES**

#### **20 CLASSROOM CHAOS**

Teachers are in crisis over the disarray and the threats unleashed by policies of 'equity' By Katherine Kersten



#### 32 "WHERE THE BOYS ARE" The Unacknowledged Worlds of Nonmarital Fathers By Rhonda Kruse Nordin





#### NOTE FROM THE CHAIRMAN

# MAKE THE PIE BIGGER

Redistributionists stifle Minnesota's economic growth potential

Someone once characterized the history of man as a battle between the creation of wealth and the redistribution of wealth. American history certainly demonstrates that most economic policy-makers generally fall into one of these camps. One wants to grow the economic pie, the other wants to focus on dividing it up.

The wealth creators appreciate John F. Kennedy's notion that "a rising tide lifts all boats." Economic growth, they say, is the best way to ensure a prosperous society for everyone and for all income groups. Their priorities include job-creating strategies of lower taxes, increased trade, reduced regulation, and social policies that stimulate economic opportunity and reward individual responsibility.

Redistributionists largely take growth for granted. Seeing government as the be-all and end-all arbiter of society, they focus on manipulating the equality of economic *outcomes*, which usually means the transfer of wealth; their priorities generally consist of higher taxes, increased government regulation, and greater spending.

The challenge for the redistributionists, Margaret Thatcher famously once concluded, "is that you eventually run out of other people's money."

And let's not kid ourselves. The current administration in St. Paul is filled with redistributionist ideologues. Center



Ron Eibensteiner

of the American Experiment is emphatically in the wealth creation camp. We believe that forward-looking economic policies should stop fretting about redistributing individual slices of Minnesota's economic pie. They should focus instead on making the pie bigger.

And, as our Peter Nelson has demonstrated again this spring, we prefer to build our policy recommendations on a foundation of facts, not feel-good rhetoric. Peter, a vice president and senior policy fellow, released an update of his research that shows how high-tax poli-

continued on page 5

#### THINKING MINNESOTA

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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# **UPFRONT**

#### A UNION THUMPING

The Center helps child-care providers remain union-free

With an assist from the American Experiment, Minnesota's in-home child-care providers defeated an 11-year attempt by AFSCME to add child-care providers to the list of dues-paying members. In doing so, the Center stopped a terrible precedent: Gov. Dayton's campaign to extend "state employee" status to business owners in the private sector.

The 2 to 1 margin of victory, announced on March 1<sup>st</sup>, stunned even the most optimistic child-care providers monitoring the election. AFSCME officials said they would end efforts to organize Minnesota's in-home child care business owners before the authorizing legislation sunsets next year.

Jennifer Parrish, a provider and leader of the Coalition of Union Free Providers, said "The fact that child care providers not only beat the union, but did it in such a landslide, even though the odds were stacked against us, proves what we've been saying for many years now. Childcare providers want nothing to do with AFSCME."

Kim Crockett called the union defeat "a moral victory and huge encouragement for women business owners who have been harassed for more than a decade." Crockett, vice president and senior policy fellow at CAE, has helped coalesce opposition to the union's efforts since 2011 through writing, testimony and encouraging child-care business owners. Crockett's efforts got a big boost when Tom Steward, an old friend and ally in this fight, joined the Center in February as communications director.

In 2015, Crockett launched the Em-



Kim Crockett



ployee Freedom Project to reduce the undue influence of public employee unions and provide greater freedom of choice to Minnesota's public employees.

The project also focuses on stopping the *expansion* of public unions into the private sector, like in-home child care and personal care. The Center is allied with Americans for Lawful Unionism (ALU), a 501(c)(3) that was formed to challenge the 2013 legislation that redefines who is a "public employee" for purposes of collective bargaining with the state. ALU conducts litigation, while the Center focuses on research and educational outreach.

"When the election was announced, we had to help our friends," Crockett said. "So we figured out a cost-effective way to join the battle. It was better to defeat AFSCME at the ballot box *before* they formed a union than to try to decertify the union or run an opt-out campaign later," she said.

Here is how they won so decisively. According to Crockett, "The child-care providers already had an amazing ground-game, after years of organizing. The Center backed them up with a 'VOTE NO' postcard and social media campaign."

Then the Center unleashed a state-wide campaign to reach providers, affected parents and lawmakers. Crockett published widely circulated commentaries in the *Star Tribune* and *Pioneer Press*, while Steward wrote an op/ed that appeared in the *Duluth News Tribune*, *The Fargo Forum*, and the *Grand Forks Herald*.

Then came the day of the vote. "Tom and I got to watch the ballot count with key child-care leaders and their lawyer, Doug Seaton. We were all very calm inside. After the count ended, a bunch of us went outside and whooped it up," Crockett said.

A happy Hollee Saville, provider and leader of Minnesota Family Childcare, pointed to the future, "We will always celebrate this victory. But an unconstitutional law is still on the books and providers in other states face forced unionization. We are extremely grateful but the fight is far from over."

#### **UPFRONT**

## Minnesotan on the Move

#### Peter Nelson's updated report,

Minnesotans on the Move, used IRS data to disclose that an alarming number of people are moving to lower tax states in the year after the Dayton administration \$2 billion tax increase, costing Minnesota nearly \$1 billion in adjusted gross income between 2013 and 2014.

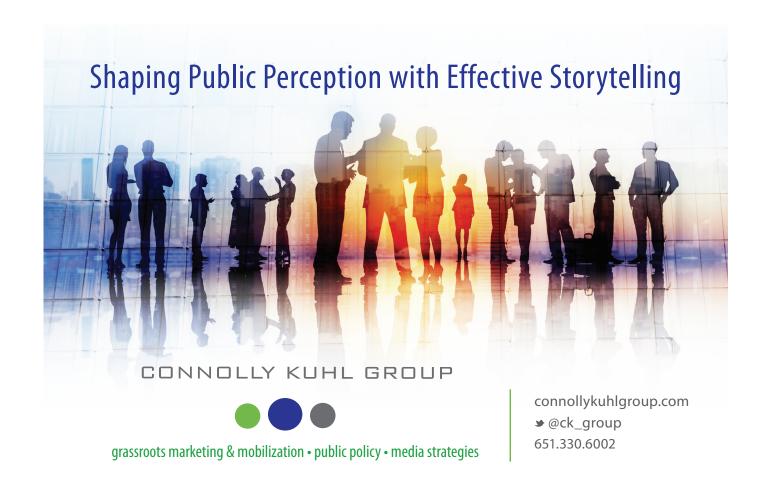
The report (this issue's cover story, page 24) prompted a flurry of speech requests and media appearances for Nelson. He is shown here with *Twin Cities Business* editor Dale Kurschner on the set of *At Issue*, KSTP-TV's weekly public affairs program, with host Tom Hauser. Kurschner wrote a similar piece



as a cover story for *Twin Cities Business*. The two also testified at the legislature and cohosted a webinar on the topic.

"Dale's study is very consistent with what I found," Nelson said. "It is a great combination of studies because I look at the data, show the inflow and outflow of people and income. He went out and asked people why they were leaving."

The report also had an impact at the legislature. "It got a lot of attention here," said Representative Matt Dean (R-Dellwood). "People have to see that tax increases have real world consequences. I think it is one of the best reports the Center has ever produced."





#### Growth

continued from page 2

cies are chasing high-earning taxpayers out of Minnesota just as the legislature was convening for its 2016 session. Using IRS data, Peter demonstrates that Minnesota has lost nearly \$1 billion in adjusted gross income between 2013-2014 as Minnesota on net lost a record amount of income to lower taxed states. in the wake of Mark Dayton's \$2 billion tax increase in 2013. He quotes a study conducted by the Minnesota Society of Certified Public Accountants that found that "more than 86 percent of respondents said clients had asked for advice regarding residency options and moving from Minnesota." Peter adapted his study for the cover of this issue of

Thinking Minnesota magazine. It begins on page 26.

Peter's ongoing work and the impressive level of public attention he received set the table nicely for two other major

#### **Redistributionists** largely take growth for granted.

projects the Center will release in the next few months.

Next up, the Center is just concluding a study that addresses the liberal notion that Minnesota's economy is performing well above the national average—all while knowing that Minnesota ranks

only 30<sup>th</sup> in percentage job growth nationally and 32<sup>nd</sup> in personal income growth. The analysis is being done by Dr. Joe Kennedy, a Washington, D.C. economist with deep Minnesota ties. Kennedy served as chief economist in the U.S. Department of Commerce under George W. Bush.

Similarly, the Center is in the process of beginning a multi-year program that evaluates how regulations affect economic growth, with a special emphasis on small businesses. It will begin with a paper by Dr. Steven F. Hayward, America's premier conservative scholar on environmental policy. Hayward will focus on how the Minnesota Pollution Control Agency and other government entities suppress natural resource development on the Iron Range, and in northern Minnesota. \*





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#### **UPFRONT**





#### **Equality of Opportunities, Not Outcomes**

WSJ contributor Jason Riley questions the success of the Great Society programs

Fifty years on, the lesson from landmark legislation designed to remove economic disparities based on race in America, according to Jason Riley, "is that simply transferring cash benefits and services to the poor does not make people more prosperous."

Riley, a longtime contributor the *Wall Street Journal* and a senior fellow at the Manhattan Institute was the inaugural speaker for a newly revived quarterly speakers' series sponsored by Center of the American Experiment, this year revolving around how liberal policies hurt the middle class, the poor and minorities.

"I think blacks ultimately have to help themselves," he told an overflow audience of more than 300 people at the downtown Minneapolis Hilton Hotel. "They must develop the same attitudes and habits and behaviors that other groups developed in order to rise in America. To the extent that a government policy, however well-intentioned, interferes with that essential self-development, it does more harm than good."

Riley, frequently seen on Fox News, is the author of the book, Please Stop Helping Us: How Liberals Make it Harder for Blacks to Succeed.

He argues that highly acclaimed programs like the Civil Rights Act and Affirmative Action are over-rated, receiv-



ing acclaim for improving trends that were already in ascent before the laws were enacted. In the mean time, openended welfare benefits suppressed the work ethic, while soft-on-crime laws and the disintegration of the two-parent family led to more violent neighborhoods, which in turn chased away job-creating businesses.

After \$20 trillion in inflation-adjusted government dollars spent on anti-poverty programs, the official poverty rate is higher than the mid-60s, Riley says. Incarceration rates are higher and black unemployment has been twice as high as white unemployment for five decades.

The fact is, according to Riley, black poverty in the U.S. fell by 40 percentage points between 1940 and 1960. "At best, the Great Society continued a trend already in place," he said. "No Great Society program has ever come close to matching what blacks were doing on their own before the government decided

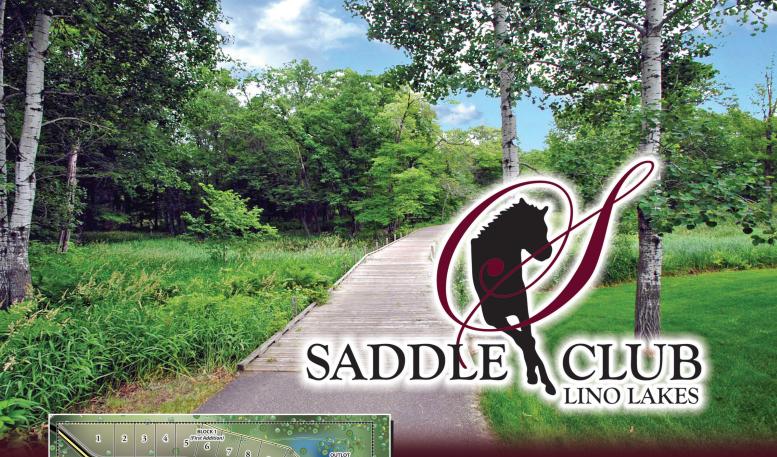
to step in and help."

The racial preferences within Affirmative Action also get credit for improvements that were already in the works, he said, citing that the percentage of black white collar workers had quadrupled between 1930-1970. "No affirmative Action policy has ever come close to matching what blacks were doing on their own, prior to the implementation of that program."

What's more, the black underclass has lost ground in the era of Affirmative Action. In the first three decades, according to Riley, the poorest 20 percent of blacks saw their incomes fall at almost double the rate of comparable whites.

Getting more pointed, Riley said, "We don't even talk about crime anymore. We talk about black incarceration rates as if the two are completely unrelated... We have mobs of people all over this country pretending that there is an epidemic of cops shooting blacks and the media has played right along. This is nonsense."

Police are involved in about two percent of black shooting deaths, Riley said, adding that police officers are six times as likely to be shot by someone black. Roughly 7,000 blacks are murdered each year, 90 percent of them by blacks. "There's your epidemic. There's your tragedy," he says.





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# QUESTIONS

#### WITH **RICK MORGAN**

Rick Morgan is a partner in the Minneapolis law office of Bowman and Brooke. He has worked as outside counsel for four Minnesota governors. He currently serves on the board of directors at the Center of the **American Experiment.** 



#### What drew you to public policy?

I've always been interested in public policy. I did a joint program in public policy at the Humphrey Institute when I was in law school. Then I was fortunate to get an internship with Governor Rudy Perpich. I was fascinated watching how that office operated, and how the governor conducted business. When I got out of the Army, I worked for Governor Carlson, doing outside counsel work with Tom Heffelfinger. Governor Ventura hired me to work on the "Jesse Doll" and a few other issues. After that I decided not to be involved in political work any longer—until a fellow named Tim Pawlenty called and said, "I'd like you to be my lawyer." I was his outside lawyer for several years. So I've worked with four different governors. I continue to be active in political and public affairs.

#### How would you describe the evolution of public policy during your experience?

For better or for worse, government policies infiltrate almost everything we do. I think that's generally a "worse" thing. We need to promote policies that encourage individual freedom, limited government, and the private sector. The American Experiment is about these core values. The Center's role is increasingly important because more people are demanding government solutions to every problem.

#### What lesson do you take from your experience in and around government?

The unrealistic expectations placed on our government and public officials. Money and good intentions are not enough. There

are many problems government can't solve, and government intervention can make many problems worse. Collectively, we have done a poor job educating the public on the inevitable disappointments, unintended negative consequences and risks we face in expecting government to solve every problem. It's remarkable how little education there is on the benefits of limited, localized government and free market economics. It's not done in the public schools any more, certainly not at most of our universities and not in most of the media

#### What most surprises you in vour experience?

What is most remarkable to me is how public discourse has so little to do with policy and how much of it is about polls and entertainment. I remember asking Tim Pawlenty what he learned when he ran for President. "It's not about policy any more," he said. "It's about entertainment." That's a problem. It's surprising to me that we continue to embrace politics that reward the outrageous and the unworkable.

#### Was there a least favorite moment?

Not so much a least favorite moment as a least favorite trend. I think the lowest point is the lack of seriousness in discourse on public policy right now. It's distressing. The American Experiment, to its core, remains the best hope for our country. We, at the Center, need to develop and present our policy proposals in a way that appeals to the best in human nature and in a way that shows we have the public's best interests at heart. \*



#### **Friedrichs** to headline Friedman event

Rebecca Friedrichs, the teacher who battled against mandatory union membership fees all the way to the U.S. Supreme Court, will speak at the Milton Friedman Legacy Day event, 5:30-8 p.m. on July 28th at the Crowne Plaza Minneapolis Northstar Hotel.

Friedrichs v. California Teachers Association challenged a previous ruling by the Supreme Court that teachers (who are not members of the teachers union)

can be forced to pay their "fair share" of the union's costs of collective bargaining. Friedrichs argued that collective bargaining is inherently political, and that by forcing her to fund it, she is being forced to fund the union's political speech and agenda.

Following the death of Justice Antonin Sca-

lia, who had signaled strong support for Friedrichs' theory, the court deadlocked 4-4 on the case in a March 29 ruling, handing organized labor a major victory.

Kim Crockett, vice president and senior policy fellow at Center of the American Experiment, said a 5-4 ruling



Rebecca Friedrichs

would have brought right-to-work, or what she calls "employee freedom" to all public employees, not just teachers. This would mean that public employees could no longer be forced to give a portion of their paycheck to a union, in order to get or keep a public sector job.

The Center filed an amicus brief in support of *Friedrichs* and Kim was in Washington, D.C. standing with Rebecca Friedrichs when her case was heard.

The Center's event is co-sponsored by the Friedman Foundation for Educational Choice, a group founded by Dr. Friedman and his wife, Rose. Ticket Price: \$25. Register online at americanexperiment.org or through Samantha Peterson at speterson@americanexperiment.org or 612-584-4559. \*



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#### NOTE FROM THE FOUNDER

#### **PC** BUSTERS

#### American Experiment has battled PC for more than a quarter century

On the morning of February 5, 1994, my friend and American Experiment colleague Kathy Kersten was having breakfast with her husband Mark Johnson when she read something in a *Star Tribune* editorial about the racial makeup of public schools in the Twin Cities area that didn't seem accurate. A complex so-called "desegregation" plan was on the table and the editorial argued that if the Legislature didn't approve and fund it, "courts would certainly intervene, and Minnesotans will rue the day legislators didn't pony up to close the education gap that so affects the future of the state."

This analysis puzzled Kathy, a lawyer by training, who asked Mark, a practicing lawyer, if it jibed with what he recalled about federal desegregation law from their law school days together at the University of Minnesota. No, they both agreed, it didn't. As is her style and constitution, she immediately began researching the question, including how adoption of the rule likely would *increase* the possibility of litigation and eventual court oversight of local schools. This led, a month later, to her publishing an op-ed in the Star Tribune that fundamentally changed the course of all that followed. In shorthand, her argument was the beginning of the end of the plan.

I retell these rudiments because there has been a lot written and said about political correctness in the last year or so, much of it tied to everything Trump, but also to issues such as feckless university responses to radically illiberal campus protests as well as dirty fights over bathroom rights of way.



Mitch Pearlstein

Yet no matter how uncomfortable or problematic it might be in some quarters to disagree with the new orthodoxy regarding restrooms, imagine what it might be like to challenge a really big effort—a desegregation plan, for heaven's sakes—aimed at helping kids of color? Unless the critic is George Wallace circa the 1960s, how many people are willing to risk being called racist and other rancid names, even if the plan is clearly and simply bad public policy: unrealistic, unworkable, demeaning, exorbitantly expensive, and much more likely to hurt rather than help its intended beneficiaries?

Well, Kathy was one of the few back then willing to risk epithets. She also was the most probing researcher and learned voice in stopping a very large mistake.

I recall this event to reinforce my longheld belief that American Experiment has been Minnesota's most potent and important PC Buster for more than a quarter century. And that noting so is not a bad way of concisely describing this institution's core work ever since we opened up in 1990 with a full-day conference on "The New War on Poverty: Advancing Forward This Time." It featured the brilliantly contrarian likes of Linda Chavez, Bob Woodson, Checker Finn, and Charles Murray, with all four of them juxtaposed in different combinations on stage with some of Minnesota's most respected liberals, including the likes of George Latimer, the late Earl Craig, and the late Sandy Gardebring.

What other pertinent issues has Kathy taken on? Here's but a partial list.

- Exposing an ideologically narrow (read: all lefty) orientation reading list for new freshmen at a local university.
- Detailing how wrongheaded school discipline policies in St. Paul schools are hurting all students regardless of race. As with much of her work, she's elaborating on this *Star Tribune* op-ed in national publications such as the *Weekly Standard* and *Wall Street Journal*.
- A column of hers in the aftermath of 9/11 inspired passage of national legislation that legally protects airline passengers—meaning they can't be sued—if they report suspicious behavior by other passengers.

• And her path-breaking essay in the early 1990s, "What Do Women Want: A Conservative Feminist Manifesto." Yes, it both enlightened and irritated a lot of people, profit-

As for me, I've written and spoken over and over about how massive family fragmentation is causing major educational, economic, and social problems as well as threatening our future. In keeping, how we must somehow find ways of re-institutionalizing marriage in countless communities across Minnesota and the nation where it's barely alive. I've also focused on how opposition to private schools in school choice plans hurts low-income and minority children in particular. And how millions are hurt by our failure to take adequate—and perfectly constitutional—advantage of our religious institutions and traditions when it comes to helping people with serious needs of many kinds.

It needs to be emphasized, particularly during this presidential campaign and election year, that my American Experiment colleagues and I have never been of the mind that anything goes in countering politically correct

#### **Incivility** is intrinsically unattractive much more often than not.

nonsense, as refutations grounded in nastiness are almost always less persuasive than they otherwise might be, especially when it comes to convincing wider audiences. But beyond that not-small strategic and tactical point, it needs to be recognized that incivility is intrinsically unattractive much more often than not. And that successfully fighting PC doesn't mean being crude. It demands the exact opposite. Mitch Pearlstein is Founder and American Experiment Senior Fellow. \*

#### CAE amicus \_

#### More Than Road Maintenance

A outwardly small legal spat between two churches and St. Paul might change the way cities cities generate revenue

he increasing number of cities that use fees in lieu of taxes to fund municipal programs may get a serious surprise when Minnesota's Supreme Court rules later this year on a case in which two Lowertown churches challenged the way the City of St. Paul funds city-wide road maintenance.

The Minnesota Supreme Court recently heard oral arguments in the challenge to St. Paul's right of way maintenance (ROW) fee. "This could be big," said Peter Nelson, vice president and senior policy fellow at Center of the American Experiment. Nelson filed an amicus brief on behalf of the churches. "This isn't just about snowplowing. The case presents the Court with an opportunity to clearly define when a revenue measure is a tax versus a fee."

St. Paul underwrites road maintenance by assessing a linear-foot fee on all city properties. First Baptist church, which occupies three sides of a block, gets assessed \$15,706. In contrast, the 25-story UBS Plaza is charged \$5,458. First Baptist, the oldest church in St. Paul, primarily ministers to Burma refugees as well as providing substantial human services to the homeless. "The ROW fee is the third largest item in the church's budget," Nelson said. "It starts to look a little bit unfair."

More than that, Nelson said, the constitution requires taxes to fund public purposes. "If you call it a fee, you can charge everyone, including churches and other non-profits, that are exempt from taxes." Fees also evade requirements that require assessments to equal the benefit that the property owner received, usually defined as an increase in the property value, he said. "In this case there is no increase in the property value because the city is going to plow your road anyway," Nelson said.

"A clear distinction between a tax and fee is important in order to ensure state and local revenue measures follow constitutional and statutory limitations on taxation," Nelson said. "These



The Court could define when a revenue measure is a tax versus a fee.

limitations exist to help guarantee a fair, accountable and transparent tax system to the people of Minnesota. But more and more cities are 'diversifying' their revenue streams by imposing fees to fund core public services unrelated to the fee, and, thereby, avoiding taxpayer protections provided for in the state's constitution and statutes."

The case was initiated five years ago by Jack Hoeschler, a St. Paul attorney. Hoeschler says that CAE's involvement, alongside the Minnesota Council on Nonprofits, gave the case the gravitas it needed. Before that, the city always treated us like two little whiny churches in lower town who didn't want to pay their fair share." \*

#### **UPFRONT**

# Toward Reforming the Met Council

More than 60 local citizens who care about the increasingly unchecked and unaccountable power of the Metropolitan Council showed up in February at the Burnhaven Library in Burnsville to hear legislators and experts from Center of the American Experiment talk about their ideas for reform.

The meeting, hosted by Representative Roz Peterson, was one in a series of town meetings sponsored jointly between the Center and individual legislators on a variety of issues. Representative Linda Runbeck, a chief proponent of Met Council reform at the legislature, helped organize the series. She also hosted a meeting at Hugo's city hall in March.

CAE senior fellows Katherine Kersten and Kim Crockett were featured in both events.

Each have spoken and written extensively on behalf of Met Council reform. They coauthored a chapter on the Council in *The Minnesota Policy Blueprint*, a comprehensive book of policy proposals published in 2015 by the Center.

Their chapter, entitled Met Council Power Grab: How the Dayton Administration Intends to Transform the Twin City Region for Decade to



Come, argued that the Met Council has rejected the mission the legislature assigned it—to accommodate growth in the region by planning for and delivering regional services—and flipped the mission to directing growth by leveraging its power over planning,

transportation, and sewers.

Thrive MSP 2040 is the Dayton administration's 30-year plan for development in the Twin Cities seven-county region. Kersten and Crockett say the plan entrenches a model of regional administration that neuters the power of local elected officials and centralizes decision-making authority in the unelected, unaccountable bureaucrats of the Met Council.

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#### **TOM STEWARD**

#### **TURNABOUT**

#### Gaylord farmer joins school board that sued him



Nathan Kranz, shown here with son Isaac, easily won his bid for school board.

A Gaylord chicken farmer turned his campaign for school board into a teachable moment for the Sibley East Public Schools officials who asked a court to award \$2.9 million in damages against him, as a result of his fighting a controversial \$43 million bond referendum.

After a Sibley County District Court denied the multi-million dollar claim in January, Nathan Kranz could have retreated to his chicken coop. Instead, he announced a bid to run in an April special election to serve on the school board that he says threatened his very livelihood—and he won.

"I'm convicted in what I'm doing," said Kranz, an organic egg farmer. "They have to change, not the people. I look at myself as representing the taxpayers and

the people."

The race shaped up as a different sort of bond referendum—the bond between the community and school leadership.

"He's going to be the worst nightmare that school board ever saw," Sandi Rezner, a supporter from Arlington, predicted before the election. "He's going to hold their toes to the fire."

The fire started when Kranz, backed by a group of farmers concerned over property tax hikes, challenged a November 2014 bond referendum that passed by 96 votes.

A district court agreed that Sibley East officials had failed to comply with some election notification procedures, but declined to overturn the outcome.

After Kranz unsuccessfully appealed

all the way to the Minnesota Supreme Court, the school district asserted a claim against him for nearly \$3 million in increased interest rates that occurred during the legal challenge.

"Mr. Kranz had the opportunity to limit the potential losses, but steadfastly did everything he could to cause delay, which resulted in substantially increased cost to School District taxpayers," stated a September 2015 Sibley East news release announcing the lawsuit.

"For Nathan personally, this was devastating," said Erick Kaardal, a Twin Cities attorney representing Kranz. "They went after his assets, basically his family and farm, and put him under incredible emotional distress."

Sibley East Public Schools superintendent Jim Amsden did not respond to an inquiry. But the district's lawyer maintains school leaders acted to protect taxpayers, not to single out the organic farmer turned education activist.

"The sole purpose for the school district bringing the motions was to obtain relief for school district taxpayers and not for any nefarious reason as alleged by the contestant," Sibley East Schools' attorney Stephen Knutson said in a statement.

Yet the litigation raised a red flag with the court over the potentially chilling effect on citizen involvement in the political process, particularly given the government's deep pockets.

"The Court reiterates its concern that if contestants faced potential liability for all possible damages associated with a contest, they may be less likely to assert what may be a valid election contest for fear of the financial consequences of a loss," wrote District Court Judge Kevin Eide in denying Sibley East's case.

The ruling means citizens like Nathan Kranz can be held liable for routine costs associated with challenges, but not damages. Instead of \$2.9 million for increased municipal bond costs, Kranz was assessed \$806.50 for filing fees and similar expenses.

"I think it would have sent a message throughout the whole state of Minnesota, if they had prevailed," Kranz said. "It was to shut people up in the future, so they never questioned the government or school districts. They want what they want and the taxpayers are just supposed

> I look at myself as representing the taxpayers and the people.

to pay their bill and shut up, don't ever question them."

Still, school representatives warn the decision may lead to more costly litigation.

"It could have an unintended result of encouraging contestants to bring unwarranted election contests for the sole purpose of delay and ultimately causing additional costs to taxpayers," Knutson said.

Many residents may not agree with Kranz on the referendum that so divided their community, but he maintains the district's lawsuit rubs voters the wrong way.

"They sue me and try to get my farm and they don't have to apologize to anybody? I think this isn't going to go over with the community, especially now," Kranz said. \*

Tom Steward is communications director at Center of the American Experiment



PHOTOGRAPH BY MARK

#### THE CENTER INVESTIGATES

#### Tom Steward brings the skills of an investigative iournalist to CAE

Prominent investigative reporter Tom Steward recently joined Center of the American Experiment. As the Center's communications director, Steward will continue his work as a government watchdog, issuing reports weekly via the Center's website (www.americanexperiment.org).

"Tom gives us the ability to look at all levels of government and policy from the Center's perspective," said John Hinderaker, president of CAE. "Few journalists fill that role in this market, and certainly none with his credentials."

Steward has devoted most of his career as a broadcast journalist who specializes in public affairs special reports, investigations and documentaries. A Peabody Award winner, he has developed, written, directed, and produced documentaries and programming for some of the world's most familiar cable networks. Perhaps most notably, he helped conceive and implement the nationally-recognized public affairs Dimension Unit at WCCO-TV. In that capacity, he proposed, researched, produced and reported on-air special segments that attracted some of the station's highest ratings for its 10 p.m. newscast.

Prior to joining CAE, Steward served as a regional communications director for the McCain 2008 presidential campaign and as communications director for U.S. Senator Norm Coleman. While there, he directed communications for the Senate Permanent Subcommittee on Investigations.

"I've always wanted to work at the Center," he said. "The chance to work at Minnesota's think tank seriously was something I never thought I'd have. I've always admired the Center, what it stands for." He describes his new job as "a great mix of being able to do government oversight reporting, government spending and policy and at the same time be able to extend visibility for the Center."

Steward is married to Colleen Needles Steward, president of Tremendous! Entertainment.

#### **UPFRONT**

#### **Informed Decisions**

Sandvig got early exposure to policy by working with economist Brian Wesbury

Bryan Sandvig, a member of Center of American Experiment's Young Leadership Council, thinks too many young people disregard the need to understand public policy—even people who show an interest in it

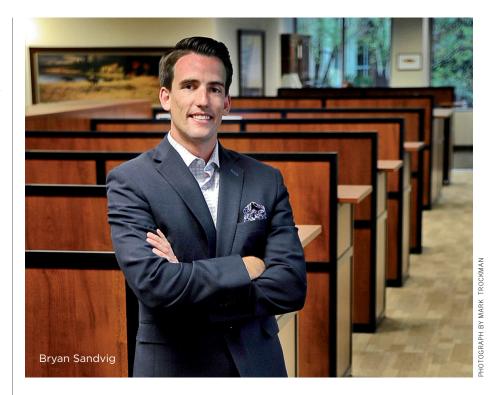
"There are individuals who naturally are drawn to things like this. I think it's important for us to develop our own thoughts (about issues and policy)," he said. "As my generation gets older, I think there's a tendency to potentially care less, or potentially do less of our own work."

I think it's important for us to develop our own thoughts (about issues and policy)

Sandvig, 28, is an institutional investment manager at Cornerstone Capital Management, a company that manages large-cap growth equity portfolios from offices in Minneapolis and New York City.

In his view, the YLC presents an opportunity to focus on important issues. "We need to really understand the fundamentals of what drives our economy, what drives our lives, what drives our quality of life—and pursue whatever we think that might be best. The American Experiment gives people a platform to enter into the conversation and be able to make their own educated decisions."

For his part, Sandvig got early exposure to issues. He went to Wheaton, Illinois to get his college education and



stayed another four years to get some experience. Sandvig was home-schooled with three younger brothers in Bloomington before attending Southwest Christian High School in Chaska. He attended Wheaton College, his mother's alma mater, where he studied business and was a three-year captain of the golf team.

YLC YOUNG LEADERSHIP COUNCIL He then stayed in Wheaton to work for First Trust Portfolios, where he sold exchange-traded funds to financial advisors in Tennessee, Alabama,

and the panhandle of Florida.

While at First Trust he worked with renowned economist Brian Wesbury, who is also economics editor for *The American Spectator* and a frequent guest on cable news programs.

"Brian Wesbury is one of the great economists," Sandvig. "He always says

he wants to be the antidote to conventional wisdom. That, to me, was something that I really gravitated towards." Wesbury is occasionally criticized for his optimistic outlook.

"Under all that scrutiny, he's made some unbelievable calls," Sandvig says. "The market has room to go. It's not perfect, no, but there's plenty of things happening."

Sandvig, has been an early and active member of Center of the American Experiment's Young Leadership Council. The YLC was established in 2015 as a way to engage Minnesota's next generation of conservative leaders.

"This is something that we're going to grow," Sandvig says. "And I want to grow with it. I think there are plenty of individuals, especially some younger people in their early 30s, late 20s, who can add a lot of value to it."



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#### **UPFRONT**

#### Credible Witnesses Needed

The gifts of family life are meant to be shared



#### **By Jason Adkins**

Changing the culture of family fragmentation is a tall order, particularly when it means rebuilding or repairing what is broken, as both family life and our culture are today. Politics can work only at the margins of these challenges, "nudging" people one way or another. And appeals to reason, whether through the educational system or in the public square, can work only inasmuch as people are willing to listen or even sense there is a problem. Like with the solution to many challenges in American life today, both policies and arguments are necessary, but neither is sufficient.

Furthermore, the dominant cultural narrative is often hostile to commitments, duties, and bonds other than to one's own pursuits, ideals, and dreams. A lifelong marriage and the expectation of children may be *your* truth, but don't try suggesting it should be the general norm for most

people. Such skepticism is especially salient because the ideal of permanence and stability in marriage and family life is seen more and more as "unrealistic."

Changing the culture will require offering a different narrative. We need to win the "story wars," as author Jonah

Sachs calls our public conversation. But building a better narrative won't be done with exhortations and moralizing, or even sophisticated communications efforts. Many people do not even know what a healthy and happy family looks like because they have not experienced it themselves. They need to have hope that the abundant life offered by the bonds of family and community is even possible.

Therefore, actual models of people forming families and creating stable, loving environments that focus on the well-being of children rather than the desires of adults need to be present in every place and community. We need witnesses to the happiness and fulfilment offered by the bonds of family and community, which do not inhibit our freedom, but instead are the very places in which we learn that we are made for each other

Christians have a special responsibility to rebuild a culture marred by family fragmentation because they are called to make their families a "domestic church." Like the church, the family is a communion of persons, literally, a sharing of gifts between people who are interdependent on one another and seek to support each other in the midst of life's

The essay, by Jason Adkins of the Minnesota Catholic Conference, is one of more than 30 to be released soon in the Center's newest symposium, SPE-CIFICALLY, What Can We Do to Change America's Culture of Massive Family Fragmentation?, edited and with an introduction by American Experiment Founder Mitch Pearlstein. As with now, previous symposia have tackled a wide range of tough questions, including the likes of What Does It Mean to Be an Urban Conservative? (2008); What Governmental Services and Benefits Are You Personally Willing to Give Up? (2011); and a 2009 anthology that sounds keenly current, How Can Conservatism Better Allay the Economic Fears of Working-Class and Middle-Class Americans? Also with previous collections, writers this time around take a variety of valuable tacks as well as come from Minnesota and across the nation.



joys and challenges. The family, then, is a school of virtues, and a place of peace, solidarity, and blessing.

But the blessings of family life are not meant to be kept hidden under a bushel. The gifts of family life are meant to be shared. And like the church, which is called to go forth and bring the life and love of Christ to others, so too the domestic church, the family, must be missionary disciples of this abundant life.

The missionary discipleship of the family can take many forms. Simply staying married and having children (and doing so with joy, not looking like sourpusses) is countercultural. (When my wife and I are told that we have our hands full with four kids, we always say, "Better than empty!")

Rooting one's family in a place, and

forgoing building a better career in order to build a better family, can be a beautiful gift that allows your children to know their relatives and grandparents

#### We need witnesses to the happiness and fulfillment offered by the bonds of family

and be tied more closely to the broader community. It highlights the importance of the permanent things over the transient nature of most jobs and a life viewed increasingly in transactional,

individualistic, and utilitarian terms.

Married couples can mentor the newly engaged, seek to help struggling couples in myriad ways, or simply make their homes a place of hospitality and friendship. We should support other families when they struggle, particularly with juggling work and children, and should also find opportunities to serve the broader community, especially the poor and vulnerable.

Undoubtedly, just keeping it all together these days is hard enough for most people, let alone making your home and family life a "domestic church." But if we wish to renew the culture of the family we must provide compelling examples, which will take great sacrifice. Perhaps that is why the Greek word for witness is martyr. \*

# **WEBERJOHNSON**

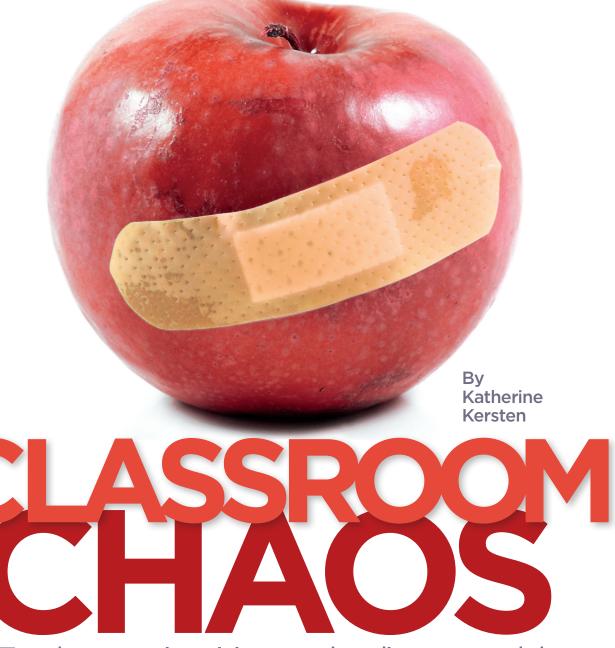
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# Teachers are in crisis over the disarray and the threats unleashed by policies of 'equity'

St. Paul Central High School teacher is choked and body-slammed by a student and hospitalized with a traumatic brain injury. A teacher caught between two fighting fifth-grade girls is knocked to the ground with a concussion. Police are compelled to use a chemical irritant to break up a riot at Como Park High School.

St. Paul schools are in anarchy, as

another act of violence seems to make the headlines every week. Ramsey County Attorney John Choi has branded the trend "a public health crisis." Teachers threatened to strike over the dangers they face, and their safety was a pivotal issue in recently concluded contract negotiations. "We are afraid," one told the *Pioneer Press*.

What's happening in St. Paul, and

increasingly throughout the nation, is the consequence of the powerful ideology of racial "equity" that has gripped the imagination of Twin Cities school officials—and far beyond. Equity in this context does not mean fairness, but racial statistical parity in school discipline rates,

Katherine Kersten is a Senior Policy Fellow at Center of the American Experiment

regardless of students' actual conduct.

In St. Paul, the transformation in school climate dates from 2011, when superintendent Valeria Silva launched her "Strong Schools, Strong Communities" initiative. The plan sought to engineer a dramatic reduction in the suspension rate for black students, who in St. Paul, as nationally, are far more likely to be suspended than white students.

But the strategy used—dropping meaningful consequences for student misconduct—led kids to believe they can wreak havoc with impunity. As one teacher put it: "We have a segment of kids who consider themselves untouchable."

#### Push comes from Washington

Racial "equity" in school discipline is a top priority of the Obama administration's Department of Education (DOE). Discipline rate disparities are "simply unacceptable" and a violation of "the principle of equity," according to Arne Duncan, who served as Secretary of Education until early 2016.

Duncan has claimed that students who are suspended are less likely to graduate on time and more likely to get involved in the juvenile justice system. He has repeatedly denounced what he calls the "school-to-prison pipeline."

Student behavior isn't the problem, according to Duncan. "It is adult behavior that must change," he has said. The DOE intends to make sure that happens. It is currently investigating school districts across the country on equity grounds, and threatens to sue or withhold federal funds if racial numbers don't match up.

#### "White privilege" training for teachers

In St. Paul, Valeria Silva shares Duncan's view that teachers, rather than students, are to blame for racial differentials. Most suspensions involve "largely subjective" student behaviors such as "defiance, disrespect and disruption," she told the *Star Tribune* in 2012. To prevent bias, teachers must learn "a true appreciation" of their

students' cultural "differences" and how these can "impact interactions in the classroom," she said.

Silva launched her "Strong Schools" campaign by retaining a California-based diversity consultant called the Pacific Educational Group (PEG). Using PEG's "Courageous Conversations" program, she compelled all St. Paul school personnel—from principals to lunch ladies—to



confront "white privilege" and to learn "cultural competence" in dealing with black students. To date, this initiative has cost taxpayers at least \$2 million.

#### Dropping consequences for bad behavior

At the same time, Silva began transforming the district's discipline policies. In an effort to reduce black discipline referrals, she lowered behavior expectations and dropped meaningful penalties for student misconduct. For example, in 2012, the district removed "continual willful disobedience" as a suspendable offense.

Silva replaced previous policies with an anti-suspension behavior modification program called "Positive Behavior Interventions and Supports" (PBIS). Under this approach, disruptive students meet for about 10 minutes with a "behavior specialist" before being returned to class or moved to another classroom or school where they are likely to misbehave again. The

price tag for PBIS, as for PEG, is in the millions of dollars.

#### The program's real-world consequences in schools

Violence and disorder in the St. Paul schools escalated dramatically in response to Silva's transformation of standards of behavior and consequences for misconduct.

The 2015-16 school year has seen riots or brawls at Como Park, Central, Humboldt and Harding High schools—including six fights in three days at Como Park. Teachers say fights often aren't one-on-one, but involve roving bands of kids ganging up to attack individuals.

News reports paint a grim picture at these and other district schools: students fighting in a stairwell as staff struggle to hold a door to prevent dozens more from joining the brawl; uncontrolled packs of kids—who come to school for free breakfasts, lunches and Wi-Fi—roaming the halls, and "classroom invasions" by students aiming to settle private scores.

New revelations of student-on-staff violence seem to come almost every week. On March 9, for example, a Como Park High School teacher was attacked during a classroom invasion by two students, suffered a concussion and needed staples to close a head wound. On March 22, 63-year-old substitute teacher Candice Egan was shoved repeatedly and pinned to a wall by a 13-year-old student. She went to urgent care with shoulder and neck pain.

At many elementary schools, anarchy reigns. Kids routinely spew obscenities, beat up classmates, and run screaming through the halls, former fourth-grade teacher Aaron Benner wrote in the *Pioneer Press* in 2015.

Teachers are in crisis over the chaos and the threats they face. "Many of us...often go home in tears," one told *Pioneer Press* columnist Ruben Rosario. "It's constant, and it's crushing," added the wife of a teacher who deals every day with students "who threaten him physically, who swear at him, who disrupt his classes so profoundly that nobody else can learn."

#### District leadership in denial

District leaders—in "see no evil" mode—adamantly deny the escalating violence and disorder are connected with disciplinary changes. The district is apparently taking steps to mask the extent of the mayhem, and to intimidate and silence teachers who criticize Silva's policies.

Teachers report, for example, that administrators often fail to follow up when teachers refer students for discipline. "This tactic is widely used throughout the district to keep the numbers of referrals and suspensions low," wrote Benner in the *Pioneer Press*.

The district has also penalized teachers who report assaults. This happened to Egan, who told police of her assault after school authorities failed to do so—despite the fact that the district's handbook required it. Egan also spoke to a reporter who called her after the attack.

Within days, she was informed that she could not work in the district again. Egan told the *Star Tribune* that Teachers on Call, which lines up her subbing engagements, had told her that district officials wanted "distance" from her "because of the way the incident was handled."

Egan views the district's position as retaliation for her decision to file a police report and to speak to the media. "I keep getting told...that I did something wrong, and I don't think that's true," she said.

In the past, a few courageous teachers have brought their concerns about chaotic school environments to the St. Paul School Board. But those who raise objections publicly know there may be a price to pay.

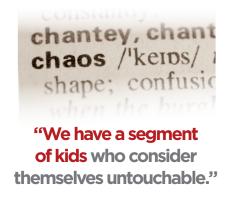
"There is an intense digging in of heels to say there is no mistake," Roy Magnuson, an outspoken social studies teacher at Como Park High School, told *City Pages*. "The practice deflection is that people like me have issues with racial equity and that is the reason we are challenging them. That makes for a very convenient way of barring the reality of the situation."

The penalty for criticism can go well beyond race-shaming. Benner—a leader of teachers seeking change—wrote in the *Pioneer Press* that district leaders pushed

him out of his school and fired his aide. Benner now works at a charter school.

Another district tactic is to attempt to shift blame to teachers for any harms they suffer in student attacks. John Ekblad, the Central High teacher who sustained a traumatic brain injury, discovered this when he sued the district for failing to protect him in a "dangerous environment"

In response, the district claimed that Ekblad's injuries "were due to, caused by and solely the result of [his] own



carelessness, negligence, fault and other unlawful conduct." His injuries, it alleged, were caused by "third persons over whom the defendants had no control."

In reality, Ekblad—as a member of Central High's "safety team"—was responsible for dealing with disruptive student behavior. The district's human resources director told the *Pioneer Press*, around the time of the attack, that teachers "can intervene in the fastest and safest way possible" when student conduct puts someone "in harm's way."

Social media comments can also put teachers' jobs at risk. On March 9, special education teacher Theo Olson was put on paid administrative leave after he expressed frustration with the administration's lack of support for teachers in two Facebook posts. Olson did not mention race. Nevertheless, Silva placed him on leave after Black Lives Matter St. Paul threatened to "shut down" Como Park High School unless Olson was fired.

#### What causes the racial discipline gap?

"Equity" ideology claims that teacher bias is self-evidently the cause of racial discipline differentials. But the Obama administration's data reveal that, across the country, white boys are suspended at more than twice the rate of Asian and Pacific Islander boys. The same is true in St. Paul.

If you follow "equity" logic, this must be because teachers are prejudiced against white boys. But isn't it more likely that white boys' rate is higher because they misbehave more often than their Asian peers?

Certainly, black youth, on average, are far more violent than their peers. Nationally, for example, black males between 14 and 17—high-school aged—commit homicide at ten times the rate of white and Hispanic males of the same age combined.

In 2014, a ground-breaking study in the *Journal of Criminal Justice* concluded that teacher bias in fact plays *no* role in the racial suspension gap. The study—"Prior problem behavior accounts for the racial gap in school suspensions"—analyzed the largest sample of school-aged children in the nation. Unlike "virtually all" previous studies, it controlled for individual differences in student behavior over time.

Using this rigorous methodology, the authors found that the racial discipline gap is "completely accounted for by a measure of the prior problem behavior of the student." Racial differentials in suspension rates, they said, appear to be "a function of differences in problem behaviors that emerge early in life, that remain relatively stable over time, and that materialize in the classroom."

What accounts for the differences in school behavior of black and white students, as groups? Black students, on average, enter school less prepared academically and with deficits in many social skills, which their parents can't control, according to the authors. These deficits can result in problem behavior as early as kindergarten and first grade.

Why have many previous studies failed to reveal the link between school

discipline rates and students' prior history of misconduct? The authors note the "clear motivations of some scholars and activists" to frame this sensitive and politically charged problem as a civil rights issue.

"Great liberties have been taken in linking racial differences in suspensions to racial discrimination," they write. Nowhere is this truer than in the "rhetoric surrounding the 'school-to-prison pipeline.' Under these circumstances," they conclude, "where careers are advanced, where reputations are earned, and where the 'working ideology' of scholars is confirmed, the usual critical and cautionary sway of scholarly investigation, critique, and insight becomes marginalized or usurped."

Schools should work to correct the problem behaviors of very young students, the authors suggest. If this doesn't happen, early bad habits can become entrenched, which can greatly increase children's chances of academic failure and dropping out.

But equity ideology makes constructive correction impossible in the St. Paul schools. Elementary teachers say they are powerless to require students to apologize to classmates they have harmed, or to clean up after trashing a classroom. As a result, kids don't learn from their mistakes or gain practice in controlling their anger or impulses.

#### Problems with breakdown of the family

At bottom, the black-white discipline gap appears to be rooted in dramatic racial differences in family structure. Research reveals that children from fatherless families are far more likely than others to engage in many kinds of anti-social behavior. Chaotic family life often gives rise to the lack of impulse control and socialization that can produce school misconduct.

The City of St. Paul will not release out-of-wedlock data by race. But Intellectual Takeout—a Minnesotabased public policy organization—has learned through a FOIA request to the Minnesota Department of Health that a jaw-dropping 87 percent of births to

black, U.S.-born mothers in St. Paul are out-of-wedlock, compared to 30 percent of white births.

The "school-to-prison" pipeline? The problem we confront is better characterized as the "home-to-prison" pipeline.

#### The fruits of racial "equity"

What does Valeria Silva have to show for five years of racial equity policy?

Reality can't be kept at bay forever. Violence and classroom anarchy are now

common law eq.ui.ty (ek/wə.tē) n 2. Something that is hased on the concepts jurisprudence administ primarily to mitigate

Violence and disorder in the St. Paul schools escalated dramatically in

response to Silva's transformation of standards of behavior and consequences for misconduct.

so extreme that suspensions—though a last resort—are finally on the rise. In December 2015, Silva announced that first-quarter suspensions were the highest in five years.

Seventy-seven percent of those suspensions involved black students, who make up about 30 percent of the district's student population. Even pricey "cultural competency" training for teachers, it seems, can't alter the facts on the ground.

In addition, families who value education are increasingly choosing to leave the St. Paul district. St. Paul has a large Hmong population, and many are leaving—or thinking of leaving—for suburbs like Roseville and Woodbury, according to City Pages. Harding High

School teacher Koua Yang says that he has lost about 20 Hmong students in the exodus over the last few years.

"This racial equity policy, it's not equitable to all races," he told City Pages. "It isn't."

On March 22, 2016, the St. Paul School Board averted a threatened strike by approving a new teacher contract. The contract gives teachers what might be characterized as hazard pay—the highest in the state, according to the Star Tribune.

The contract includes funds for new counselors, social workers and nurses, and for pilot sites for new school climate approaches. But safety and order across the district are unlikely to improve significantly as a result.

That's because union leaders have bought into the rhetoric of equity, and are placing their hopes on "restorative justice"—an approach to discipline that focuses on mediation as opposed to penalties for disruptive behavior. Unfortunately, so long as students' defiance and misconduct are excused as "cultural differences," St. Paul schools are likely to remain difficult places both to teach and to learn.

#### Conclusion: Who are the real victims here?

Proponents of "equity" say they seek justice for poor and minority children. But it is poor and minority children—struggling to learn in anarchic classrooms—who suffer disproportionately from misguided equity policies. If disorder is allowed to flourish in the name of statistical parity, our yawning racial learning gap will continue to widen.

At the same time, equity policies teach trouble-making students that bad behavior and disrespect for authority carry no adverse consequences. How can they ever hold a job or become productive citizens with such a distorted view of reality?

Equity supporters routinely—and baselessly—denounce our schools as bastions of institutional racism. By doing so, they lead minority students to distrust the one institution that can offer them a sure route out of poverty. \*





# MINNESOTANS ON THE MOVE

# Minnesota is losing taxpayers and their income to lower-tax states

onnecticut's dismal economic performance and present budget crisis offer a harsh lesson on the limits and consequences of a state raising taxes too high. Data from the IRS that tracks the stateto-state movement of taxpayers and their income shows Minnesota is headed down the same taxing path as Connecticut. Like many states, Connecticut immediately turned to tax increases to balance the severe budget shortfalls nearly every state experienced in the midst of the Great Recession. The state raised taxes by \$900 million in 2009, then by \$2.6 billion in 2011 and, most recently, by

nearly \$2 billion in 2015.

Even after all those tax increases Connecticut's budget faces a deficit. In facing their current budget crisis, Connecticut lawmakers now accept another tax increase is not only out of the question, but that prior tax increases are part of the problem.

Connecticut Governor Malloy discussed the problem with the state's reliance on tax increases at a town hall last March. He explained, "We have raised taxes previously in my administration twice, in the prior

By PETER NELSON

administration once before she left office as well. We know it's having an impact on our ability to attract business and jobs, which after all ultimately pay taxes and allow us to pay for the services that we want to acquire for our citizens."

Later during the town hall, Malloy put the problem more bluntly: "I've raised taxes multiple times. You know, it's not working and it's come up a cropper. And you know you can't go back to the well. We're already losing jobs. So, you

Peter Nelson is vice president and a Senior Policy Fellow at Center of the American Experiment know, what's the right balance?"

The wake-up call for Connecticut lawmakers was likely the January announcement that GE will move its headquarters along with 800 jobs from Fairfield, Connecticut to Boston, Massachusetts.

GE executives made their frustration with Connecticut's tax increases very clear. Reuters reports how in the same

The IRS has been tracking the state-to-state movement of tax filers and their income since 1992. For the 2013 to 2014 period, Minnesota, on net, lost nearly \$1 billion in adjusted gross income (AGI). The net loss amounted to exactly \$948 million, which represents a dramatic rise from just three years ago when the state lost \$490 million.

A nearly \$1 billion net loss in income

filing households headed by young and lower-income Minnesotans represent a smaller portion of the net change in both population and income movement. Their larger migration flows in and out of Minnesota tend to balance out more.

When talking about the migration of young people, it's important to note here that the IRS data only tracks tax filers and their dependents. Many young adults in college do not file taxes. Census surveys tracking the movement of students show Minnesota does, on net, lose substantial numbers of students—around 8,000 each year.

Among tax filers, the largest migration impact on Minnesota's population comes from a net loss of people in households headed by taxpayers in their prime earning years and making higher incomes.

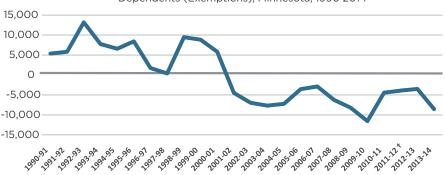
Between 2011 and 2014, as shown in Figure 2, people from households headed by 45 to 54 year olds represent the largest net loss. Minnesota lost 5,827 people from these households and lost another 4,920 people from households headed by 35 to 44 year olds. These two age categories account for nearly 58 percent of the net loss for the 2011-14 period.

Looking at Minnesota's population change by income, Figure 3 shows the largest net change for the 2011 to 2014 period results from losses of people in higher income households. On net, higher-income Minnesotans earning more than \$100,000 account for the largest share of the population loss. This shows quite clearly that Minnesota is less attractive to higher income people.

Figure 3 also shows that we are attractive to low-income earners who make less than \$25,000. Thus, Minnesota is losing the people who pay taxes and gaining the people who place demands on public welfare programs.

As already noted, this net loss of people resulted in a net loss of income approaching \$1 billion between 2013 and 2014. Not surprisingly, Figure 4 shows income losses from high-income tax filers account for most of this net loss in income. 68 percent (\$667 million) of Minnesota's net loss of

Figure 1: Annual Net Domestic Migration of Taxpayers and Dependents (Exemptions), Minnesota, 1990-2014



month Connecticut raised taxes in 2015, GE CEO Jeffrey Immelt "said in an email to employees that he asked a team to examine the company's options to relocate the headquarters to a state with a 'more pro-business environment."

#### Minnesota is on Connecticut's downward path

Is the same shrill wake-up call on Minnesota's horizon?

Like Connecticut, a DFL-controlled legislature worked with Gov. Dayton in 2013 to raise taxes by over \$2 billion. Much of this 2013 tax increase falls on high-income earners. After raising the income tax rate on top earners from 7.85 to 9.85 percent, Minnesota now has the fourth highest rate in the country.

Internal Revenue Service (IRS) data analyzed in the American Experiment report, *Minnesotans on the Move 2016*, may offer Minnesota the wake-up call it needs to avoid hitting the economic lows Connecticut is experiencing today. The data shows Minnesota is not competing well on one very important metric: the willingness of people to move into, and out of, the state.

might be the most eye-popping data point, but there's much more in the IRS data that should wake people up to the importance of a more balanced, progrowth tax policy.

After a decade of attracting people to Minnesota in the 1990s, Figure 1 shows the net domestic migration of people (taxpayers and their dependents) into Minnesota turned negative in 2002 and has remained negative ever since. Comparing the decade of the 1990s with the 2000s, IRS data shows Minnesota experienced a net gain of 67,504 people in the 1990s and a net loss of 52,944 in the 2000s.

#### Data show movement by age and income

The IRS released new data in 2015 that now provides information on who is moving by their age and income. These data deliver important new insights into migration patterns that dispel some misperceptions, possibly the insights necessary to wake people up.

The new data shows the most active movers are young and low-income. Despite being more active movers, tax-

income is from tax filers with incomes larger than \$200,000 and another 17 percent (\$168 million) of the loss comes from people earning between \$100,000 and \$200,000. The remaining income categories account for 15 percent of the loss. Though just 15 percent, this still amounts to a substantial loss of \$149 million in AGI.

Before the IRS released the new data tracking the age and income-level of movers, some people dismissed Minnesota's substantial yearly loss of AGI as a product of retirement patterns. But retirement is by no means the only or even the principal factor behind the state's net loss of AGI. A majority of the loss comes from working-age people. Altogether, as shown in Figure 5, working-age people under 65 account for 75 percent of the net loss in AGI for 2011-12, 86 percent for 2012-13 and 71 percent for 2013-14.

#### Minnesota is among the least attractive states for top earners

How do Minnesota's migration patterns compare to other states?

The new IRS migration data can be used to compare a state's attractiveness to taxpayers by age and income by calculating the net migration rate for returns, exemptions and income. The net migration rate shows how much

A nearly \$1 billion net loss in income might be the most eye-popping data point, but there's much more in the IRS data that should wake people up to the importance of a more balanced. pro-growth tax policy.

population or income a state gains or loses relative to the state's population or income that existed at the start of the period.

For the 2013-14 period, Minnesota's net migration rate performs below the median state across nearly every age and income range. Overall, the state's net migration rate for tax filers ranks 31st and the rate for income ranks 43rd.

Comparing Minnesota's net income migration rate for top earners—people making more than \$200,000—reveals another eye opening data point. Between 2013 and 2014, Minnesota's net migration rate for these high earners was a negative 1.42 percent, ranking behind 46 states and ahead of only New Jersey, Illinois, Vermont and the District of Columbia.

All of these numbers demonstrate one thing very clearly: Minnesota is overall a less attractive place for Americans to move. Minnesotans need to wake up to this reality.

#### Making Minnesota more attactive is key to growth

In light of this reality, a 2015 report by Minnesota's State Demographer offered this advice:

> Minnesota leaders should work to stem and reverse domestic losses. redouble efforts to attract and integrate new residents, especially young adults, and seek to retain its current resident population. Positive migration is key to fueling our economy and maintaining a high quality of living in Minnesota in the years to come.

Making Minnesota a more attractive place for people to live and work is more important than ever before due to, as the state demographer explains, the "new demographic era" Minnesota is entering "where migration's relative influence on our total population will rise." Baby boomers are already leaving the workforce and deaths are projected

Figure 2: Net Flow of Taxpayers and Dependents to Minnesota by Age of Primary Taxpayer, 2011 to 2014

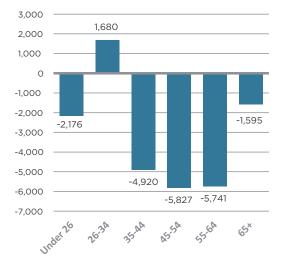
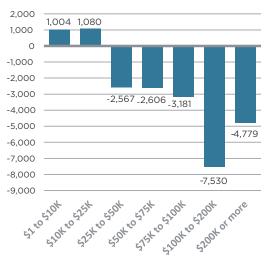


Figure 3: Net Flow of Taxpayers and Dependents to Minnesota by Income of Primary Taxpayer, 2011 to 2014



to outpace births in coming decades. Without more births, migration is key to the state's growth.

How can Minnesota's leaders make the state more attractive?

Of the policy levers available to Minnesota's leaders, lower taxes offer the most promise.

#### Evidence shows taxes influence where people move

While many on the left continue to deny it, at least outside the state of Connecticut, the weight of the evidence shows taxes do influence migration.

The evidence starts with academic studies. Economist Mark Gius's review of the academic literature concludes "most of the prior research found that taxes had a negative effect on migration; in other words, the lower the taxes in a person's home state, the less likely they will migrate."

Recent research investigates the movement of highly paid athletes. These studies find star NBA basketball players and European footballers move to lower tax locations. A similar study on star scientists likewise "uncover[s] large, stable, and precisely estimated effects of personal and corporate taxes on star scientists' migration patterns." Another study on inventors finds that "superstar top 1% inventors are significantly affected by top tax rates when deciding where to locate."

Adding to this academic evidence, the migration patterns revealed in the IRS data show people tend to move to lower tax states. Of the ten states to which Minnesota loses the most income, eight are lower tax states in the bottom half of tax burden rankings, as ranked by the Tax Foundation. Seven of ten states from which Minnesota gains income are higher tax states in the top half of the rankings. Notably, five of the top ten states to which Minnesota loses income impose no income tax.

High tax states nationwide show similar migration patterns. Taxpayers with the highest incomes, of course, have the largest incentive to move to low tax states to avoid taxes. Analysis of income migration for top earners

**Figure 4:** Net Loss in AGI by Income (\$Millions 2014)

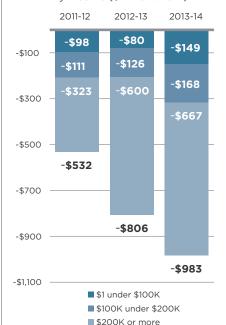


Figure 5: Net Loss in AGI by Age (\$Millions 2014)



across the nation shows a clear national pattern of movement out of higher tax states and into lower tax states. The map in Figure 6 shows net income migration rates of taxpayers earning more than \$200,000 for the 2013-14 period. It shows which states are proportionally gaining and losing the most income in proportion to their size. The red states reflect the net gaining states and the blue states reflect the net losing states.

One fact immediately stands out in the map. The low tax states in each region tend to attract top earner income, including New Hampshire in the Northeast, South Dakota in the Midwest, Nevada in the West, and Tennessee and South Carolina in the South. Except for South Carolina, these are all states with no income tax.

The IRS data also show a substantial increase in Minnesota's net loss of income immediately after the legislature and Governor Mark Dayton enacted a large income tax increase in 2013. The following year, Minnesota's net loss of adjusted gross income leaped from \$697 million (2012-2013) to \$948 million (2013-2014). The nearly \$1 billion

loss sustained in 2014 is well above anything previously recorded. While a number of factors likely contribute to the larger loss, the timing suggests an immediate migration response to Minnesota's 2013 tax increase.

Tax changes usually elicit a lagged response that can be hard to identify and it's not likely the 2013 tax change spurred many people to immediately leave Minnesota. However, many Americans were already in the position of making an immediate decision to move for a job or other reasons in 2013 and 2014. The IRS data confirm Minnesota's much larger net loss in income for the 2013 to 2014 period was, in fact, due to the state attracting fewer taxpayers and less income. Thus, it's very plausible Minnesota's 2013 tax change spurred many Americans, who were already considering a move, to opt for a lower tax state.

Possibly the most important Minnesota-specific evidence comes from surveys of accountants and attorneys who advise wealthy clients. These people see firsthand how taxes influence decisions to move assets or residency to another state.

The Minnesota Society of Certified Public Accountants surveyed its members after the 2013 tax increase and found that "more than 86 percent of respondents said clients had asked for advice regarding residency options and moving from Minnesota." Ninetyone percent said the number of clients asking about moving increased from previous years.

More recently, Twin Cities Business surveyed wealth managers, accountants, attorneys and other professionals who advise high-income Minnesotans. These advisers report an average of 10 percent of their clients changed or began changing their residency in the past two years. Of these movers, "72 percent, or 2,231 of these clients, moved or are moving due to taxes or [tax] policies."

#### **Key indicators show Minnesota** is underperforming

Despite all this evidence, many on the left continue to deny state taxes have any meaningful influence over where people choose to live. In a *Star Tribune* commentary responding to the Center's report, the commissioner of the Minnesota Department of Revenue wrote "few people make a decision as important as moving their family based on taxes alone." She then went on to argue Minnesota "is an attractive state to move to," citing various quality of life rankings.

Minnesota certainly boasts many attractive qualities. But facts are facts. And there can be no denying the fact that Minnesota consistently fails to attract more people and income than it loses to domestic migration. Considering Governor Dayton ran on a policy to tax the rich, it's not surprising that his revenue commissioner denies the mounting evidence on how Minnesota taxes are now driving those people away. But will Minnesota need to hit bottom like Connecticut before realizing some balance must be maintained in how the state taxes residents and businesses?

When Connecticut increased taxes. they did not have the benefit of the new and improved IRS data set that shows



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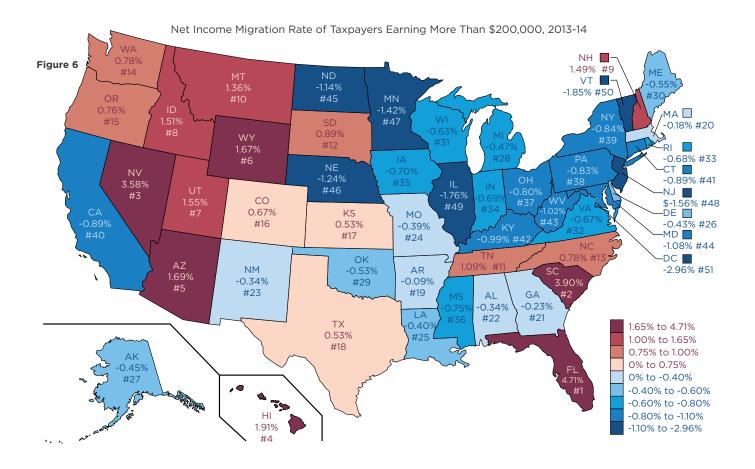
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who is moving and provides a full measure of the income loss.

Minnesota now has that data and it shows the state is headed down Connecticut's path. Both Connecticut and Minnesota rely heavily on income taxes on high earners for revenue. And both Connecticut and Minnesota rank among the worst states for attracting high earners making more than \$200,000 per year. The Minnesota rate was actually worse than Connecticut for the 2013 to 2014 period.

Many people believe Minnesota's economy remains strong and steady, but key economic indicators show otherwise. Over the past ten years, growth in the state's gross domestic product and jobs lagged the national average. Looking forward, state economic forecasts predict Minnesota will continue to lag the nation on these indicators. While Minnesota is not performing as poorly as Connecticut, it is underperforming.

Recent revenue data suggest

Minnesota income tax collections are also underperforming. Growth in state revenue from the personal income tax lagged the nation between FY2014 and FY2015. And income tax revenue reported in the latest Revenue & Economic Update shows actual collections for February and March 2016 were down nearly \$70 million (6.5 percent) from projected collections.

#### Opportunities to align taxes with growth

Though the immediate chances of reducing Gov. Dayton's signature income tax hike are zero, there are other opportunities to make Minnesota's tax system more attractive. Reducing the estate tax would be the best place to start. The estate tax makes the least sense of all the taxes imposed on wealthy Minnesotans. The tax collected \$145 million in FY2015—only 0.7 percent of state revenue—yet it imposes a substantial burden on those

who pay it. This burden creates strong incentives for taxpayers to distort their behavior to avoid or reduce the tax. These distortions tend to reduce or remove economic activity in the state and this lost economic activity then translates to lost state and local revenue tied to the activity. It's entirely possible these revenue losses are greater than the gains from the estate tax.

By the time this magazine is published, state lawmakers may already have reduced the estate tax. The current omnibus tax bill in the House would increase the estate tax exemption amount to the federal level and the Senate gave the policy serious consideration in a committee hearing.

While a good first step, much work will remain to align Minnesota's taxes with economic growth. The Center's broad recommendations to redesign Minnesota's tax system released with the Minnesota Policy Blueprint in January 2015 will remain just as relevant and sound in January 2017.

# MINNESOTA'S LEADING CONSERVATIVE VOICE



For 26 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.

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# "WHERE THE BOYS ARE"

The Unacknowledged Worlds of Nonmarital Fathers

RHONDA KRUSE NORDIN

> AMERICAN EXPERIMENT SENIOR FELLOW

The following excerpts are from a superb new essay by Rhonda Kruse Nordin, Where the Boys Are: The Unacknowledged Worlds of Nonmarital Fathers. It's the latest installment in an ongoing series of American Experiment studies and other publications on massive family fragmentation, a domestic problem which I've long viewed as our nation's largest and most dangerous.

Mitch Pearlstein Founder & American Experiment Senior Fellow



espite the seemingly staggering number of single fathers, identifying men to interview was not easy. It was awkward approaching men casually at the mall or at the park (as I had for my article on single mothers) and asking their views on the intimate subjects that had been so freely discussed by women. Fathers pushing swings or strollers were also less plentiful. Several focus groups arranged through nonprofits or at churches were cancelled due to no-shows.

Disheartened, I picked up the phone and called Jennifer, one of the single mothers I had interviewed for my previous MTV article. She had shared vividly about the difficulties of single motherhood and had stepped me through the process of securing public assistance. I explained that I was now hoping to visit with men about their views on single fatherhood. She paused. "Single fathers?" she asked, as though puzzled by this term. "Gee, I don't know any single fathers," she responded flatly, then added, "I know a ton of single moms, but I don't know any single dads."

Now I was puzzled. "How about Jake?" I asked hungrily. Jake was the father of her baby; I knew they were on good terms. "Or all the fathers associated with the single moms you mention?"

"Oh!" she laughed heartily, as though a light bulb had gone off, "I never think of Jake as a single father. He isn't around much. But I guess he is a single father and the others too!" And with that, I gained access to a host, or as Jennifer would say, a ton of single fathers, willing to tell their stories.

I next learned that my quandary finding single fathers to interview had as much to do with my definition as it did a perceived accounting problem: Just *who* are "single fathers?"

Like Jennifer, who did not readily consider the father of her baby a "single father," the U.S. Census does not count

him either—nor does it count most of the men who become fathers each year outside marriage—unless the unmarried father is over 18 years of age, is the head of his household and lives with and provides primary care for his own biological, adoptive or step-children. These qualifiers, used for the majority of social science research on single fathers, narrow the pool of so-called "single fathers" to roughly 2.6 million men.

In other words, the "single fathers" millions of viewers know via MTV – Rvan, Garv, Tyler and Derek (now deceased)—much like Jake—who were unintentionally cast into fatherhood at a young age and who participate in their children's care in various but limited capacities, are largely excluded from the documented mix, as are approximately another 500,000 fathers who are the unmarried and non-cohabitating biological counterparts to the 1.6 million women who give birth outside marriage each year and, according to the Census, count as "single mothers."

#### Larry

The first father I interviewed was Larry. "I am a big guy, semibald," he explained in his email. I found him easily at the coffee shop where he had arrived earlier to secure a table removed from ears that might limit our conversation. I estimated Larry at 60 years old. Initially, I was uncertain his story fit into the message I hoped to convey about single fathers and unplanned fatherhood, but a friend familiar with my efforts suggested I meet with Larry who was, I'll admit, the first father out of many I had asked, to say, "Yes" to a meeting! I wasn't about to turn him down.

Still, Larry fit my description of a "single father:" He was not married at the time his girlfriend gave birth,

did not live with his children and would not have been counted by Census or any other organization, even 30 years earlier when his twins were born.

"My girlfriend and I moved in together within a year of dating. I suspected that she wanted to marry me, but I was 29 years old and slow to make a marriage decision—which was good, because within a year I saw red flags in our relationship and determined we had too many differences to marry.

Nevertheless we lived together for another year. I went away for a weekend and was going to break up with her when I returned, but when I got home she told me she was pregnant. And guess what? Twins! Although she knew I did not want children, she had secretly gone to a fertility clinic and had taken fertility drugs. She was 32 and wanted a baby; so in my mind, I got snookered into being a father.

"We split during her pregnancy. I did go with her to the clinic a few times. I had not wanted to be a father under those circumstances, but once a father, I 'bucked up' and took responsibility for my sons. Their mother remained the primary care provider and had physical custody of the boys. I was adjudicated as the father in a court filing, which wasn't a big deal to me, as I knew I was the father and planned to be involved. I got an apartment five minutes from their house, went there most mornings to take them to daycare and some days picked them up after work and stayed there to put the boys to bed."

Larry went on to explain that he "always had a relationship with his kids;" he couldn't hide his pride in that—and that his "good relationship with them" continues to this day, 29 years later.

Larry had fit neither the

stereotypical portrait of the single father I expected to interview nor the image that media today paint of the oft-times one-dimensional single father who is either black or Hispanic, struggling to make ends meet, employed in a low-wage deadend job, if working at all, and who knocked up some girl who may or may not be his girlfriend and who will probably not be in his life—nor the baby, either—within a short period of time. . . .

Larry stepped me through a lifetime of what it meant to him to be a single father. "Welcome to my world!" he bellowed goodnaturedly reflecting on nearly thirty years fathering his sons from mostly outside their mother's home.

#### **Jake**

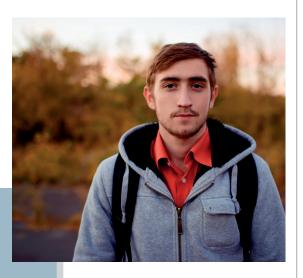
Jennifer delivered on her word, and, within days of my phone call, I sat face to face with a handsome, bearded young man, 40 years my junior, the father of Jennifer's baby. Clearly, meeting me was not on his "top ten" list, but out of respect (or I think, love) for Jennifer, he agreed to visit with me. Not specifically a chatty fellow, after some prodding, Jake told his story that, while separate from Larry's by a generation, seemed strikingly similar.

"Jennifer and I lived together; then we broke up. I didn't want anything to do with her and was off leading my life when she told me she was pregnant. I flipped out. I wanted her to get an abortion, and I think she was considering it, so I tried to be nice to her and went with her to a doctor's appointment, and there we saw the ultrasound. It was a real baby, so we just couldn't do it. I didn't pressure her to end the pregnancy; she had made it clear that I didn't have a say in that decision."

Jennifer gave birth to a son. "I was an involved father for the

first two weeks after our baby was born." (He seemed pretty proud of this contribution; I didn't tell him I thought it meager.) "I went to her apartment every day and helped out. I loved my son right away. And then I did something that I'm not proud of: I dropped out of their lives. I had signed the ROP (Recognition of Paternity), so had taken some ownership of the baby, but being a dad at that time wasn't what I wanted or expected—nor was I ready to be a father I was 23"

"I didn't have an education [beyond high school], and I didn't have much of a job, but I did pay



I went away for a weekend and was going to break up with her when I returned, but when I got home she told me she was pregnant. And guess what? Twins!

child support when it was courtordered. I didn't see much of my son for more than a year, but Jennifer didn't fuss because my mother stepped in and took the baby to her house, which gave Jennifer a break. My mother was a committed grandmother; she did not want to ieopardize her relationship with her grandchild. I give my mother credit that today Jennifer and I are on good terms and that I am involved regularly with my son."

#### Rico

Rico was the youngest of my interviewees when he became a father and was probably the closest demographically to the fathers on MTV's Teen Mom franchise. . . . [He] also needed prodding before warming to the idea of talking about his fatherhood experience, and we also had to overcome a slight language barrier. Rico had been an average student and, typical of high school sophomores, was involved in a few activities but mostly hung out after school at his girlfriend's house. "Her mom wasn't married and didn't get home from work until six, so we'd go over there and watch TV, have a bite to eat, and then we'd end up messing around. ("Sex," he explained to me.)

"Holly was younger than me, about 14. I didn't expect her to get pregnant, that's for sure. She said she was on birth control, but she wasn't. We used a condom, too, most of the time. So I guess two things: One, she wasn't on birth control, taking the pill like I thought, and, two, we must not have timed it right, or we didn't use a condom that time. I don't know. I was mad that she would get pregnant. I wanted her to have an abortion, and my dad even offered to pay for it, but she told me that I didn't have an opinion. Her mom would not let her have an abortion and had agreed to

take care of the baby. That was pretty much it for making the decision.

"I haven't seen the baby much since it was born. Holly moved to a different school, and I moved away to live with my birth dad. I haven't been a good dad. It has been almost 15 years now, and I rarely see or hear anything about my daughter."

Rico explained that Holly went on to give birth to another four babies. which he thought were fathered by four different men. "This made me think that most of this wasn't my fault—none of the dads are around just Holly and her babies."

"Why wouldn't our kids be confused?" questioned Larry. "What type of legacy are we passing along?" he pondered before recounting the following story that had haunted him for years.

"I was giving my twins a bath," he reflected. "They were probably four years old at the time. They lived with their mother down the street, but they were at my house taking a bath, splashing in the tub. I said, 'Don't splash.' They laughed and kept splashing, so I told them again, 'Don't splash.' They said, 'Mom lets us splash.' To which I responded, 'Mom may let you splash at her house, but there's no splashing at my house. If I would have splashed like that growing up, my mom would have spanked me!' Well, that did it; they stopped splashing.

"Then a few minutes later, like he'd been sitting there thinking quietly about this, one of the boys asked, 'But could you splash at your dad's house?' Geez, it hit me then; my sons thought I'd had two houses, too! They had a mom's house and a dad's house. They thought this was the norm! Made me sad, because this isn't what I would have wanted for my kids and certainly wasn't how I'd grown up." \*



#### **FINAL WORD**

#### **IN FULL SPRINT**

As Ronald Reagan would say, 'You ain't seen nothing yet.'



John Hinderaker

Is there a more effective organization in Minnesota than Center of the American Experiment? I don't know of one. If you haven't already joined our team, please do!

After four months at the helm of American Experiment, what has impressed me most is the impact that the Center has on Minnesota. Consider some of the Center's achievements since the beginning of 2016:

- The Center played the lead role, along with our longtime collaborator, Doug Seaton in stopping AFSCME's stealth attempt to organize home child care providers.
- Peter Nelson's blockbuster report on how high taxes have prompted migration of Minnesota families to lower tax states, resulting in a net loss of nearly \$1 billion in income, ignited an ongoing debate that promises to alter the landscape of future discussions of tax policy.
- Jason Riley of the Wall Street Journal
   addressed a packed house of 300 at a Center
   lunch forum, explaining how liberal policies
   have hurt African-Americans. Riley's speech
   was re-broadcast on Minnesota Public Radio
   and given wide publicity in local African American news media.
- Kim Crockett and Kathy Kersten used town meetings, op-eds, and legislative testimony to oppose the Met Council's efforts to use its modest legal authority to push a left-wing agenda on such far-flung matters as race and climate.
- In May, Peter Wallison addressed another Center lunch forum on how the Dodd-Frank Act has hurt community banks and small businesses. The event was covered in local news and Congressman Tom Emmer, author of legislation that would rein in Dodd-Frank's excesses, participated.
- Peter Nelson leads legislative efforts to dramatically improve Minnesota's health insurance landscape by authorizing small employers to offer defined contribution plans.
- Acting as an amicus before the Minnesota

- Supreme Court, the Center helped clarify how the misuse of "fees" having nothing to do with their ostensible purpose has impaired transparency in local government. The case could have far-reaching national implications.
- Mitch Pearlstein has organized a soon-to-be published symposium on specific actions that can change the culture that leads to family fragmentation.
- Kathy Kersten's local and national columns on violence in the St. Paul public schools have triggered a national conversation on school security.

And that's just four months' worth! In 2016, we have also ramped up our effort to communicate conservative and free-market ideas to far more Minnesotans. As of April 19, our staff had placed 34 op-eds in 20 newspapers around the state. We estimate that they were read by 348,000 Minnesotans.

We have also begun advertising data from our reports on the radio—listen for us on the Joe Soucheray show on ESPN 1500!—and the Internet. We are completely ravamping our web site and stepping up our presence on Facebook.

And, as Ronald Reagan would say, "You ain't seen nothing yet!" Before long, we will release a comprehensive report on problems in Minnesota's economy, authored by a PhD economist in collaboration with the Center's staff, which will re-frame legislative and public policy debates by highlighting weaknesses in our economy that are too often swept under the rug.

Later, we will publish a series of reports on how environmental regulation needlessly drags down Minnesota's economy, especially in Greater Minnesota.

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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.

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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.