

**ANOTHER FAILURE  
TO LAUNCH?**

After string of IT disasters, have state  
agencies learned any lessons?

# THINKING MINNESOTA

ISSUE 9  
FALL 2017  
\$4.95



## WHOSE VALUES?

Educational excellence threatened  
**by ideology**  
**in Edina schools**

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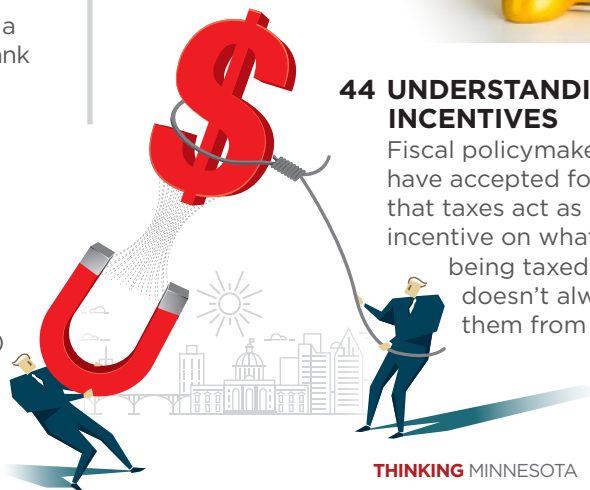
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**Thinking Minnesota** (ISSN 2573-6442) is published quarterly (January, April, July & October) by Center of the American Experiment, 8421 Wayzata Blvd., Ste. 110, Golden Valley, MN 55426, 612-338-3605. **Free trial subscription** currently available by sending name and address to [info@AmericanExperiment.org](mailto:info@AmericanExperiment.org). Send **address updates** to [info@AmericanExperiment.org](mailto:info@AmericanExperiment.org). Distributed in the United States by Ingram Periodicals, 1501 Corporate Place, La Vergne, TN 37086, 615-213-3510. **Letters to the editor** are encouraged and should be sent to [info@AmericanExperiment.org](mailto:info@AmericanExperiment.org) for publication consideration.

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## NOTE FROM THE CHAIRMAN

# E IS FOR ~~EQUITY~~ EDUCATION

Edina's public school curriculum systematically indoctrinates students with extreme left-wing ideologies.

**T**he cover story of this magazine chronicles another episode in *How America Slowly Lost its Soul*, our ongoing national saga, this one taking place in Edina.

In "Whose Values? Educational excellence threatened by ideology in Edina schools," Senior Policy Fellow Katherine Kersten describes how public school educators in Edina are jeopardizing their once-proud record of academic excellence in favor of institutionalizing a curriculum of leftist ideology.

The Center first exposed brazen partisanship among Edina's teachers in July when John Hinderaker, our president, posted an annotated version of a letter signed by 80 teachers following the election of Donald Trump as President. The letter was originally published on *Zephyrus*, Edina High School's news site.

Citing the "historically divisive" election, the teachers fed the hysteria of the left at the time by pledging to "protect and fight for" the many "vulnerable" students who "don't feel physically safe." They quoted Tom Rademacher, Minnesota's 2014 Teacher of the Year: "We will teach. We will teach to fix a world we cannot fix. We will teach rebellion against a broken world. We can do that,

starting today."

Hinderaker's post prompted Edina students, teachers, parents, and even a school bus driver to offer up their own anecdotes.

One student described how teachers did nothing to moderate an election day incident in which students chanted "F\*\*\* Trump" in the school commons. Another

student posted how one teacher told her class that Trump's victory was "worse than 9/11," and another told a class of 100 students that "the election was rigged."

Most choose anonymity to escape the potential intimidation and recriminations from the school's Orwellian Thought Police.

Here's an example, provided directly by an Edina teacher: The day after the election, a dis-

traught teacher entered a faculty lounge and declared her anger at a student who wore a Trump t-shirt, which she immediately forbid him from wearing again.

She went on to disparage his family, "asking all teachers in the lounge if they knew this family was Republican."

This anecdote begs two questions.

First, is it reasonable to question the emotional stability of a teacher who couldn't

*continued on page 4*



Ron Eibensteiner

continued from page 3

cope with a “political” statement made on a t-shirt worn by a third grader? Yes, a third grader!

Second—and this one comes from the teacher who initially related the anecdote to the Center—“Will that teacher, and all who voiced the shock about this third grader’s family ... treat him and his siblings differently through the years, because of his family’s political point of view?”

Hence, anonymity is understandable.

Kathy’s research uncovered something more dangerous than boorish political propagandizing or classroom intimidation. She describes how Edina has hatched a curriculum of systematic political indoctrination, based on “equity”—white privilege—but extending far beyond, beginning as early as kindergarten. You have to read it to believe it.

## Wait a minute.

**T is for Trans? Really?**  
**This elementary school principal suggests exposing “trans” politics to a child who still believes in the Easter Bunny.**

Here’s an example: Katie Mahoney, the recently-appointed principal of Edina’s Highlands Elementary School, uses social media for left-wing proselytizing. One of her recommendations is a learn-the-alphabet book called *A is for Activist*. The book ostensibly teaches young children the building blocks of reading and writing through connections such as “C is for... Creative Counter to Corporate vultures.” “F is for Feminist.” “T is for Trans.” And “X is for Malcolm, as in Malcolm X.”

Wait a minute. T is for Trans? Really? This elementary school principal suggests exposing “trans” politics to a child who still believes in the Easter Bunny.

Form No 1

# MEMO

**From:** Ron Eibensteiner  
**RE:** Give a gift!

**To:** Readers of Thinking Minnesota

## M E M O R A N D U M

It is the rare day that someone doesn’t tell me how much they enjoy Thinking Minnesota. Minnesota abounds with left-leaning media (just about all of them). Many readers say they welcome a publication that reflects the attitudes and prodigious work of the staff at Center of the American Experiment.

So it is only a mild surprise that Thinking Minnesota has become one of the hottest print publications to emerge in Minnesota in a long time. Over just seven issues our circulation has exploded from just 8,000 to more than 63,000.

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100-AB

All but the most radical among us will see this as the cynical manipulation of a trusting and innocent child. It’s intellectual abuse. (For the record, Amazon features the book with an admiring review from *Occupy Wall Street*.)

Kathy’s piece is a long one, running some 10 pages. Please read it. We hope it stimulates a serious and objective conversation among students, parents, educators, and elected officials about the appropriate social and cultural responsibilities of K-12 educators in Minnesota’s classrooms, and from who should supervise their activities.

For his part, Hinderaker concludes that, “For whatever reason, the Edina public schools are paying Democratic Party activists to indoctrinate their children. I wonder how many Edina residents understand this. My guess is, only a small minority. Most people believe that the public schools should be nonpartisan.”

I hope others will consider the potential consequences of Edina’s program of political indoctrination—and whether, once again, the children lose. I doubt we’ll get much objectivity from the authors of Edina’s policies, if they choose to respond at all to Kathy’s piece. If they do, it will be interesting if their reaction focuses on teaching or whether it devolves into more left-wing political zealotry.

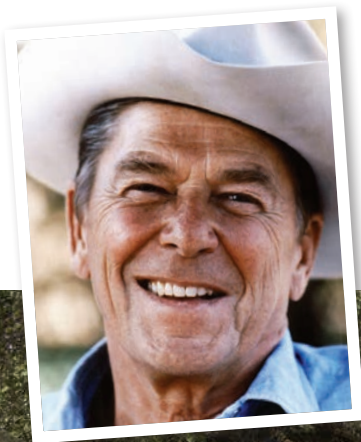
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The prolific Ms. Kersten contributed a second piece in these pages about a ground-breaking Center study that demolishes the hoary stereotype still promoted by parents, teachers and guidance counselors that a four-year college degree is the optimal path to a satisfying and financially-rewarding career. And it demolishes the stereotype that manufacturing careers are dirty, boring, repetitive tasks with no job satisfaction or opportunity for advancement.

In April, Kathy joined American Experiment’s founder Mitch Pearlstein to launch a project called “Great Jobs Without a Four-Year Degree.” The first research product from that multi-year program, a paper written by economist Dr. Amanda Griffin, analyzed four career clusters that don’t require a four-year degree. She discovered that median lifetime earnings for CNC machinists, dental hygienists, plumbers, electric line installers and similar occupations are 11 to 61 percent higher than those of four-year degree holders.

This might be valuable information—albeit a little late and a little painful—for those baristas who live in their parents’ basements regretting their decision to score that \$250,000 art history B.A. ★





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# UP FRONT

## Southwest Light Rail

### AN 'AIR OF INEVITABILITY?'

The Met Council admits it has not won the argument.

**G**overnor Dayton upped the ante over the summer to secure funding for Southwest Light Rail Transit (SWLRT). Met Council Chair Adam Duininck was replaced by a more serious hire: Alene Tchourumoff. The only thing they have in common are names that are hard to spell and pronounce.

Unlike her predecessor, Tchourumoff has some private and public sector experience in infrastructure. Presumably she understands what the Federal Transit Administration (FTA) needs before it will cut Minnesota a check for \$928 million. So where does the \$2 billion project stand?

I was a bit reluctant to make predictions in late August for the fall issue of this magazine. But having watched the Council for many years, I am hopeful that the FTA will keep SWLRT on hold.

Between the editorial board at the *Star Tribune*, and TV and radio reports that simply repeat Met Council talking points, the project has an air of inevitability. For example, last spring the news was that the project received \$10 million from Congress. In August, the news was that key freight agreements had been reached. Each time, the headlines blared triumphantly that the Council could now ask for "free" federal money.

In other words, it is useless to resist.

Admittedly, the relentless media campaign has been very successful. Ask the average metro resident and they think SWLRT will relieve congestion and reduce greenhouse gases. They also think someone else is going to take the LRT so they can get to work faster in their car.

The Center and a metro-wide coalition of elected officials and citizens have resisted SWLRT from the start because it is not just a colossal waste of money. It is Exhibit A for all that is wrong with the Council's undemocratic governance structure and broad scope of authority.

The Center has doubled-down with a new congestion project; we will not

*By Kim Crockett, Vice President and Senior Policy Fellow*

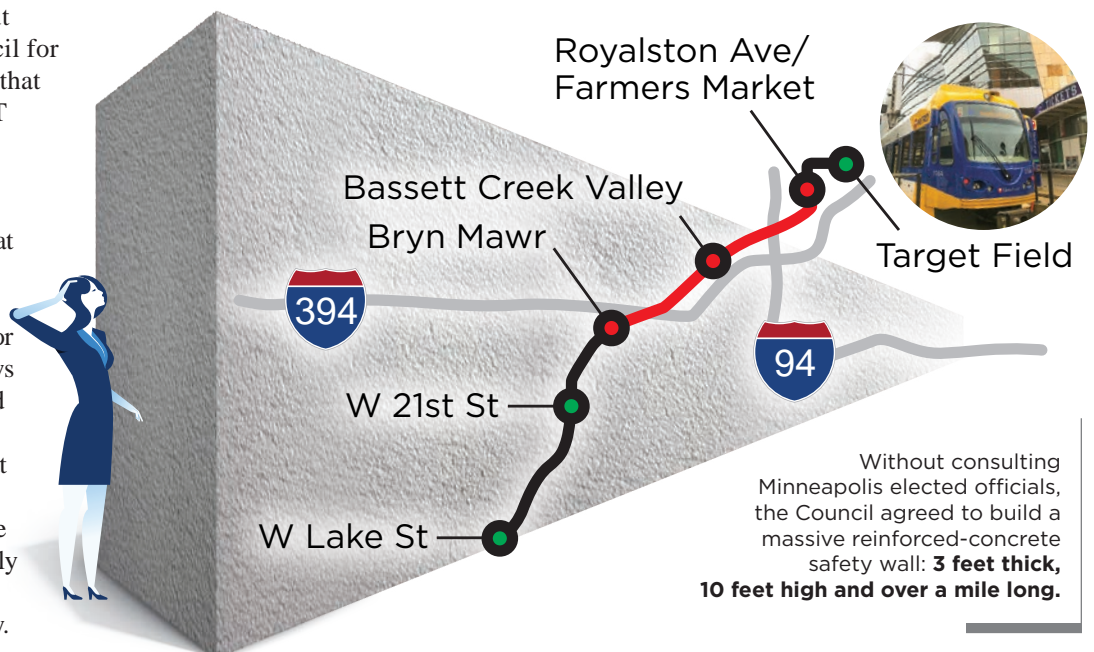
give up until we get good transportation policy focused on congestion relief.

And it is making a difference.

Even Hennepin County Commissioner Peter McLaughlin, the man who has done more to impose light rail on the metro area than anyone, admitted that, "It's going to be a pitched battle with the Center of the American Experiment... We have not won the argument."

This is why Tchourumoff told MPR, "I think part of what my role is really going to be is about how to develop relationships across the region, and collaborate better; enhance the dialogue."

Not only have McLaughlin and the Council not succeeded in convincing the Legislature to fund capital or operating costs, but SWLRT has been idling at the FTA in the engineering phase.



Moreover, there was an election in 2016, and it may as yet have consequences. By the time you read this, three big things are expected to move forward that should determine whether SWLRT is built or mothballed. What are they?

First, state legislators told U.S. Transportation Secretary Elaine Chao that SWLRT did not have their support and asked her to deny funding. The request was vigorously backed up by Congressman Jason Lewis (MN–2) who sits on the transportation committee. As of late August, the Republican congressional delegation from Minnesota has not weighed in as a group.

The FTA responded with a letter outlining several items to be completed before the project would be eligible for federal funding:

1. Obtain all local funding commitments to pay for the capital construction of the project;
2. Provide a complete 20-year financial plan that demonstrates the ability to continue to operate, maintain, and rehabilitate the existing transit system; and
3. Complete critical freight rail agreements (that then must be approved by the Federal Transportation Safety Board).

The Legislature did allow Hennepin and Ramsey Counties to raise taxes for transit. Instead of building the best bus transit in the country, the Council plans to pour the funds into several light rail projects, starting with SWLRT. The Met Council's 2040 plan calls for spending \$6.9 billion on "transitways," but only \$700 million on increasing road capacities.

The Center found that despite a massive capital investment in transit since 1996, ridership has remained flat; light rail does not attract new riders—it simply



replaces bus riders. What does drive ridership is an increase in the price of gas. The return on LRT investment is very poor indeed, yet even key members of the business community support light rail either because they are profiting from the projects or have bought the argument that LRT will deliver congestion relief despite all evidence to the contrary.

The Council updated its 20-year financial plan with the FTA in June to reflect its newly-won tax revenue. That may take care of the first two FTA requirements. But when I met with the FTA last June, officials made it clear that the *existing system* (The Green and Blue LRT) must be maintained in a "state of good repair" before the FTA will support extensions like SWLRT.

The Council's transit program is already running a structural deficit so large (\$89 million) that the Legislature only gave the Council one-time money pending the outcome of an audit. The report from the Office of Legislative Auditor was due in August but apparently the Council's accounting methods are so opaque that the auditor had to delay the report.

If the Council convinces the FTA that it meets eligibility requirements, it would explain why light rail projects are in fiscal trouble all over the country.

One freight agreement could slow this train down: The BNSF freight line is engineered to "co-locate" with SWLRT from the Bryn Mawr station to the Farmers Market. Without consulting Minneapolis elected officials, the Council agreed to build a massive reinforced-concrete safety wall: 3 feet thick, 10 feet high

and over a mile long. When officials, caught by surprise, objected, they were summarily dismissed by Chair Tchourumoff. Will Minneapolis defy the Council and attempt to block this wall? If co-location is unsafe, maybe the residents of Hopkins

or St. Louis Park should ask why the six miles of co-located track in their towns does not have the same protection.

I said there were three big things to watch. After the FTA requirements, the second is a federal lawsuit brought by the Lakes and Parks Alliance of Minneapolis. The Alliance has done what most citizens never do: spend their own funds to protect a peaceful, iconic park and recreation area. The City and governor were deaf to their pleas. Their case is scheduled to

---

**SWLRT is not just a colossal waste of money. It is Exhibit A for all that is wrong with the Council's undemocratic governance structure and broad scope of authority.**

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go to trial this fall; may they prevail in obtaining an injunction and legal fees. Unfortunately, the FTA told me the suit is irrelevant to their "eligibility" analysis but if the Council must go back to the drawing board on the route, that could kill the project.

The third and most important thing to watch is Congress. Remember that letter from the FTA? It said the president would direct the FTA to only fund projects with *existing* full-funding grants—projects like SWLRT would have to rely



exclusively on local funding. No more “free” federal money.

But Congress appropriates money, not the president. By the time you read this, Congress may have passed an appropriations bill for 2018. It has not pulled this off in years, instead passing continuing resolutions. But there is hope. In July, the House appropriations committee followed the president’s lead: there was zero money for new LRT projects. The Senate version had a lot more money but not enough to cover all the projects teed up at the FTA.

But my conversations with staffers in D.C. are discouraging. Despite the promise of new fiscal discipline, I was told to expect the money to be appropriated for SWLRT in the Senate. Then it goes on to conference committee. Congress is not allowed to “earmark” anymore but everyone knows what projects members want when it appropriates a certain amount for transit.

Sen. Amy Klobuchar is leading the fight for SWLRT. Her party did not win in 2016 but unfortunately Sen. Susan Collins from Maine is the transit subcommittee appropriations chair. So, folks, it is up to the U.S. House, the holder of the nation’s purse strings, to hold the fiscal line.

If Congress ends up appropriating enough funds to cover SWLRT, it is still possible that Secretary Chao, who is considered one of the only fiscal conservatives in D.C., will deny SWLRT funding.

Southwest Light Rail Transit is an example of how “free” federal money inspires boondoggles and crony capitalism. It is an extreme example because the Met Council’s governance structure is so unaccountable that even DFL officials are not consulted on projects in their own backyard.

The irony is that if Chair Tchourumoff gets funding for SWLRT by continuing to run roughshod over DFL officials, the Center’s ideas for an orderly breakup of the Met Council will get a more bipartisan reception next session. ★



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## Budget Transparency

### A Tax by Any Other Name

A landmark legal victory, aided by American Experiment, forces St. Paul mayor to come clean about fees.

**S**t. Paul Mayor Chris Coleman proposed a budget that dramatically reduces road maintenance fees and raises property taxes by an equally dramatic 23.9 percent. The fee reduction and property tax increase are largely offsetting.

The city is making this big revenue shift because St. Paul recently lost a legal challenge by two downtown St. Paul churches. In that landmark case, the Minnesota Supreme Court ruled the road maintenance fee was in fact a tax and, as a tax, needed to follow constitutional requirements on taxation.

American Experiment helped win that case by filing an amicus brief on behalf of the churches. We got involved because St. Paul wasn't the only city resorting to fees to pay for public services traditionally funded through property taxes.

For us, the main problem with cities resorting to fees is that it undermines budget transparency and accountability to taxpayers. Fees divide revenue into multiple, harder-to-track sources, which makes it harder for resident taxpayers to compare what they actually pay for public services against what residents in other cities pay. Making it harder to compare budgets makes it harder for residents to hold city officials accountable.

In St. Paul, that was by design. A city report admitted that the changes in the road maintenance fee "were all a re-



**St. Paul is making a big revenue shift because it recently lost a legal challenge by two downtown St. Paul churches. The Minnesota Supreme Court ruled the road maintenance fee was in fact a tax and, as a tax, needed to follow constitutional requirements on taxation.**

sult of policy-maker wishes to control the growth of property taxes.”

Overall, St. Paul property owners won't be paying any more in combined taxes and fees in 2018. When property taxes go up by 23.9 percent, St. Paul will just be going back to funding traditional public services the same way as other cities. In doing so, St. Paul property owners will find it far easier to assess whether St. Paul taxes are reasonable compared to neighboring cities. That means future city officials will find it much harder to hide inefficient and expensive city programs from public view.

Though property owners as a whole won't be paying more, the shift from fees to taxes will impact every property owner differently. Some will pay more and some will pay less.

Mayor Coleman deserves taking a good amount of heat for this major disruption to the budget. For some reason, the city refused to negotiate with the churches and, instead, chose to defend the indefensible. How indefensible? Some churches were paying over \$15,000 for the fee when a 25-story office building was paying closer to \$5,000.

However, the decision to ramp up the road maintenance fee goes back to Mayor Randy Kelly who implemented this policy back in 2003 to make good on his campaign promises to not raise taxes. ★

—Peter Nelson

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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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TOM STEWARD

## BASELESS AND RELENTLESS

Rothman's lawsuits at Commerce paint a 'disturbing picture of dubious motivation and disregard for the law.'

Three legal smack-downs against the Minnesota Department of Commerce have led key legislators to demand Commissioner Mike Rothman be fired. Yet accountability continues to be elusive for the long-time DFL politico.

"Court opinions and other legal filings published in the past several months have afforded Minnesotans a stark look at the internal operations of the Minnesota Department of Commerce," Rep. Tony Albright (R-Prior Lake) and House Commerce and Regulatory Reform Committee Vice Chair Rep. Kelly Fenton (R-Woodbury) wrote in a February letter to Gov. Mark Dayton.

"They paint a disturbing picture of dubious motivation and disregard for the law, in which the good work of public servants is overshadowed by the inappropriate behavior of a few high-level officials. These conclusions come not just from adverse parties, but from state and federal judges of high regard."

Rothman has weathered criticism previously for brushing aside warnings over state grants to now-imprisoned Community Action of Minneapolis CEO Bill Davis and for allegedly politicizing the health insurance rate review process leading up to Dayton's re-election.

But now legal decisions issued by a federal judge and two administrative law judges have led to accusations at the State Capitol of abuse of authority, "rogue actions" by Commerce officials and First Amendment rights violations at the regulatory agency under Rothman.

A botched investigation into Safelite AutoGlass not only cost the state agency its reputation for impartiality, but also



Tom Steward

\$943,534 in federal court-ordered legal expenses to the auto glass replacement company victimized by the department's discredited tactics.

U.S. District Court Judge Susan Nelson ruled earlier this year that staff investigators under Rothman pursued a baseless, yet relentless investigation against Safelite, violating the company's First Amendment rights and harming Minnesota consumers.

The agency pursued the inquiry despite having received no consumer complaints against Safelite or evidence of harm to consumers, according to court documents. The federal court found not only was the investigation predicated on "financially-motivated complaints from competitors" but that Rothman's agency shared confidential investigative informa-

tion with those competitors.

"On Commissioner Rothman's watch, the Department of Commerce abused their power, bullied businesses and acted against the interest of Minnesota consumers," Rep. Fenton said in response to the legal fees the court judgment handed down in August. "Now, taxpayers are on the hook for nearly \$1 million because unelected bureaucrats believed they were above the law."

The federal court also overturned a state order that barred Safelite from doing business in Minnesota. But Rothman shrugged it off and doubled down in a statement to KSTP-TV.

"The Commerce Department stands by its insurance company investigation to help protect consumers and small, local businesses from anti-competitive practices, and will continue to do its job even when companies hire out-of-state attorneys with fees in excess of \$1,000 per hour," the Commerce Department statement said. "...Minnesotans can trust that the Commerce Department will be on their side and take action."

Legislators have also flagged a related administrative law case the Commerce Department brought against Safelite shortly after the company sought to defend itself against the agency in federal court.

Ultimately, Administrative Law Judge James LaFave recommended dismissal of all charges, finding "the Department's argument is not supported by the facts." Yet after nearly two years in court, the agency still fought to keep the case alive.

Another administrative law court slapped down an attempt by Rothman to

twist department regulations to coerce insurance companies “to collect and report data on the gender and sexual orientation of their governing boards and suppliers,” according to the legislators’ letter.

Rothman insisted the insurers’ personal data was within “the Commissioner’s powers to conduct investigations” for a wide-ranging diversity program in collaboration with California, New York, Oregon, Washington and the District of Columbia.

**A botched investigation into Safelite AutoGlass not only cost the state agency its reputation for impartiality, but also \$943,534 in federal court-ordered legal expenses.**

During oral arguments, commerce officials “could not identify any particular data that the Commissioner could not demand,” according to the December 2016 final decision rebuking the regulatory agency.

“The suggestion that an insurance company does not undertake any activity that is beyond the reach of the Commissioner to inquire upon, as much as the Commissioner wishes, and as often as he wishes, is very troubling,” Administrative Law Judge Eric Lipman wrote. “[T]he Department is unlawfully enforcing, or attempting to enforce a policy or similar pronouncement as though it were a duly adopted rule.”

Three strikes and you’re out? Not if you’re a political appointee in the Dayton administration. ★

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### WHERE

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## Border Battle

# The Hazard of Early Predictions

Employment data upend liberal narrative on Minnesota's economic supremacy over Wisconsin.

People love comparing the economic performance of Scott Walker's Wisconsin to Mark Dayton's Minnesota. Both governors were elected in 2010 and took their states in dramatically different policy directions. Walker lowered taxes, ended collective bargaining for public employees, and eventually made Wisconsin a right-to-work state. Dayton raised taxes on the rich, raised the minimum wage, and worked to expand public unions. Most of these policies were implemented between 2013 and 2015.

Public policy changes take a long time to begin showing economic impact, but that didn't stop University of Minnesota professor Larry Jacobs from opining on this border battle in a 2013 *New York Times* op-ed. Nor did it stop all sorts of liberals, including President Obama, from touting Minnesota's superior economic performance over Wisconsin ahead of the last presidential election as proof that blue state policies work.

As more time passes, however, it's getting harder for liberals to hold up Minnesota as a model. First off, American Experiment's 2016 report on Minnesota's economy shows the state's economic performance is, at best, average across a wide range of metrics.

But it's also becoming harder to argue Minnesota bests Wisconsin. While economic output and income remain higher in Minnesota,

Wisconsin employment numbers are now besting Minnesota. The accompanying chart shows Wisconsin total employment minus Minnesota total employment, which shows employment has been growing far faster in Wisconsin for over four years. Since February 2013, Wisconsin's employment lead over Minnesota nearly doubled, growing from 70,108 jobs to 138,383 jobs in June 2017.

To some degree, stronger growth should be expected in Wisconsin, considering the state experienced a much larger drop during the recession. A larger drop should mean a larger pop at some point. And, as the chart shows, Wisconsin hasn't fully regained the lead it held prior to the recession.

But we're now well past the recession

and Wisconsin employment growth just hit overdrive. Minnesota did too, but nothing like Wisconsin.

Since the beginning of the year, Wisconsin added 75,881 jobs, compared to Minnesota's 43,761 jobs. As a result, Wisconsin's unemployment rate dropped below Minnesota's rate in February for the first time since December 2008. Employment data released recently report Wisconsin's unemployment rate sat at 3.06 percent in June, over half a percentage point lower than Minnesota.

These new jobs also appear to be good jobs. Wisconsin's per capita personal income rose by 1.2 percent in the first quarter of 2017 compared to the 4th quarter of 2016. By comparison, per capita personal income grew by 0.3 percent in Minnesota.

Of course, no one should read too much into this data

when it comes to the success or failure of either states' policies.

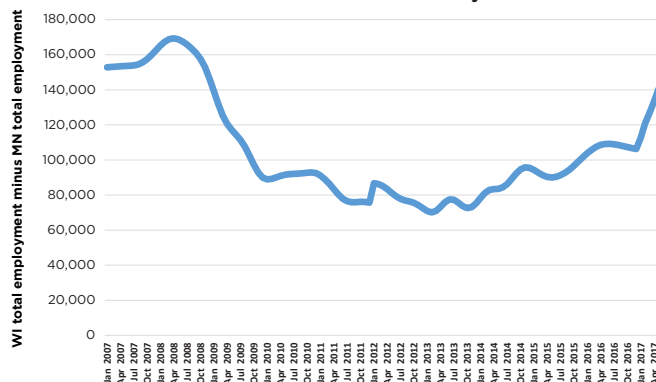
But the data do prove one thing. Liberals have

themselves been reading way too much into the data. When Obama spoke to students in La Crosse in July 2015, he highlighted Minnesota's lower unemployment rate as evidence Minnesota was winning the border battle. Well, today Wisconsin has the eighth lowest unemployment rate in the country, ten spots higher than Minnesota. Sorry Obama. Economics ain't so simple. ★

—Peter Nelson



Wisconsin experienced much stronger job growth than Minnesota since February 2013





Surprised?

## Do as I say, not as I do

A champion of the \$15 minimum wage,  
Keith Ellison pays his interns \$0.

Economists have a notion called “revealed preference.” Simply put, this says that you can deduce someone’s utility function (a measure of their preferences over a set of goods and services) by working backwards from what they spend their money on. Since its emergence in 1948, it has proved a

they receive tips or not, deserve one fair wage of \$15 an hour.” [Emphasis added]

So cock-a-hoop was Rep. Ellison when Minneapolis City Council voted to raise its minimum wage to \$15, that he was moved to song, which was posted on YouTube.



Ellison’s support for a \$15 minimum wage is so strong that it inspired him to write a song, which was posted on YouTube.

useful tool for economists.

Minnesota Representative Keith Ellison has been very vocal in his support for a \$15 per hour minimum wage.

He was one of the cosponsors of the “Raise the Wage Act” in Congress, which sought to increase the federal minimum to \$15 in seven years. In June, he took to the pages of the *Star Tribune* to declare that “At the end of the day raising wages is about basic human dignity. *No-body* working full time should live in poverty, struggling to put food on the table or worrying about not being able to pay the light bill.”

“All workers,” he added, “whether

But talk (and singing), is cheap. How do Rep. Ellison’s feelings about wages manifest themselves when he has to pay them?

According to a report from the Employment Policy Institute (EPI), Ellison pays his interns a wage of \$0. He is not alone in this rank hypocrisy.

According to the EPI, at least 95 percent of U.S. House and Senate cosponsors of recently introduced \$15 federal minimum wage legislation hire interns who earn no wage at all. In total, 174 of the 184 “Raise the Wage Act” cosponsors and primary sponsors hire unpaid interns.

It is very easy to stand in a legislature or go on TV and radio and demand that other people do this or that with their money. It is even easier to do so under the cloak of “fairness.” But people are never more honest than when they spend their own money. That tells us what people like Ellison really think about low pay. ★

—John Phelan



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## Cutting their Losses?

Education Minnesota obscures 'opt out' provisions in case the Court allows Minnesota teachers to quit their union.

**E**ducation Minnesota, the state's most powerful public employee union, is quietly preparing to prevent the potential loss of thousands of members and millions of dollars, depending on the outcome of a landmark labor rights case expected to go before the U.S. Supreme Court's fall term.

The pivotal case involves a public employee from Illinois named Mark Janus, who's asked the high court to restore his First Amendment rights by reversing a 1977 decision that established "fair share" union fees for public employees.

If the Court takes Janus' case and he

wins, unionized public employees in non-right-to-work states like Illinois and Minnesota will have the right to keep their jobs even if they do not join or financially support the union.

As a result, Education Minnesota recently asked its local union representatives to get all 86,000 teachers to sign a "Membership Renewal" form that automatically renews payment of union fees every year unless the teacher remembers to opt out in writing.

Education Minnesota also plans to raise teachers' annual dues—now roughly

\$615—by \$14 a year in anticipation of the fallout from the Janus case, according to a union representative who contacted American Experiment.

The State of Minnesota currently requires school districts to deduct union dues (or "fair share" fees) from teacher paychecks and deposit the funds with the union.

Upon their return to the classroom this fall, teachers will be asked to sign the renewal card. The union has already filled out cards for all 86,000 teachers to sign, according to the teacher in contact with the Center.

The fine print at the bottom of the form is hard to read, but it is the key "contractual" language that the union is anxious to renew before the Janus case is decided in 2018. ★

—Tom Steward



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A portrait of Asim Baig, a middle-aged man with graying hair, smiling at the camera. He is wearing a dark blue blazer over a light blue and white checkered button-down shirt. The background is a blurred office setting with a red and blue umbrella hanging in the upper right.

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**Name:** Asim Baig

**Occupation:** Business Executive

**Office:** Minneapolis

**Alma Mater:** University of Minnesota, B.S.  
Electrical Engineering

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## NOTE FROM THE FOUNDER

# COMMUNITY

Without it, aches can be even harder to bear.

Years before I met my wife, Diane, in 1990, she sang with her friend John in a contemporary Christian musical group at the church they attended. When Diane and I became engaged, a husband and wife from church hosted a dinner at which they and other parishioners, including John and his wife, had a chance to congratulate the two of us and, not incidentally, check me out. I evidently didn't do anything too terrible or embarrassing that evening and we all became good friends.

Not long after, John, who is an excellent financial advisor, became ours, not that we had many dollars about which to advise. He has continued in the dual role of friend and financial advisor, and when, a couple of years ago, we needed a lawyer, John recommended someone he knew from his energetic faith life. Unsurprisingly, this new person did great work at a reasonable price.

More recently, we needed a real estate agent and once again John recommended a friend with whom he had faith-related ties. And once again, his recommendation was terrific.

And the point I seek to make with all this religiously-flavored personal stuff is, what?

Of course, I could have found a first-rate financial advisor, a first-rate lawyer, and a first-rate real estate agent via other routes, having nothing whatsoever to do with my getting married, or with anyone's religious life. But the connections Diane and I have made thanks to both marriage and faith—the *networking* we've taken advantage of—sure has helped.



Mitch Pearlstein

For a blend of practical and loftier reasons, being part of a community can be enormously beneficial. Moreover, by being married to clergy—Diane was ordained in the Episcopal Church fifteen years ago—I'm naturally inclined to think quickly of religious communities when pondering the virtues of community more generally. And especially because I'm a religious minority, I hold all this to be true regardless of whether a house of worship is called a church, synagogue, temple, mosque, meeting house or something else.

Having spent a lot of time over the decades thinking and writing about the deep sadness and huge costs of the high rates of non-marital births and divorce, I also unsurprisingly think about the lack of marriage as constituting large,

sometimes mountainous obstacles to community. This is the case, for no other reason, when single parents often don't have much free time to devote regular Sabbath mornings or evenings to prayer and, especially in regard to the subject at hand, fellowship.

I'm thinking, for example, of two essential books about impoverished, single-parent families, the lead writer of each being Kathryn Edin, a superb sociologist as well as graduate of Staples High School: *Promises I Can Keep* and *Doing the Best I Can*. The former study focuses on single mothers and the latter on nonresident fathers.

The adjective "essential" above fits, though both books suffer from paying barely any attention to the role religion plays, or more precisely, the role it doesn't play, in the lives of the women and men studied intimately for several years, mostly in poor neighborhoods in Philadelphia. I assume the omissions are simply the product of the non-involvement on the part of Edin's subjects in any organized religious activities. Edin, being the distinguished sociologist she is (possible unfair jab to follow), may just not be as alert to religious matters as, say, a deacon's husband. If the first explanation is, in fact, most accurate, the low-income women and men she writes about respectfully, even lovingly, likely could have benefited, one way or another, by participating in a religiously animated community, as their circle of friends and others who might help them would have expanded sizably.

I'm thinking here of my own life and that of my wife, the Reverend McGowan.

As I am writing this, she is co-leading a discussion at her church, St. George's Episcopal in St. Louis Park, for parishioners grieving the loss of loved ones. Much more mundanely, any number of (mostly women) members have been helping us move from our city house in Minneapolis, where we have lived for 25 years, to our new country house in Eden Prairie. It's one thing when you're 22 to round up some pals to move your

I'm naturally inclined to think quickly of religious communities when pondering the virtues of community more generally. And especially because I'm a religious minority, **I hold all this to be true regardless of whether a house of worship is called a church, synagogue, temple, mosque, meeting house or something else.**

relatively limited possessions from one tiny place to another. It's an entirely different deal when you're on the cusp of 70, your stuff has multiplied by thousands, and just about everyone you know can spell Celebrex backwards in their sleep.

It may sound rude to cite healing from profound grief and healing from lugging boxes of books in the same paragraph. But without a community, each ache can be even harder to bear. ★



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## Speaker Series

### Star Power

Star Parker will conclude the Center's 2017 speaker series.



#### AUTHOR OF FOUR BOOKS:

**White Ghetto:** How Middle Class America Reflects Inner City Decay

**Pimps, Whores and Welfare Brats:** From Welfare Cheat to Conservative Messenger

**Uncle Sam's Plantation:** How Big Government Enslaves America's Poor and What We Can Do About It

**Blind Conceit:** Politics, Policy, and Racial Polarization: Moving Forward to Save America



Conservative writer and leader Star Parker will headline American Experiment's lunch forum from 12:00-1:15 p.m., November 7 at the Minneapolis Hilton.

Tickets cost \$30 and can be purchased by calling (612) 584-4557 or emailing [Pari.Cariaga@AmericanExperiment.org](mailto:Pari.Cariaga@AmericanExperiment.org).

Parker is the founder and president of the Center for Urban Renewal and Education (CURE), a public policy think tank based in Washington, D.C. CURE's mission is "to fight poverty and restore

dignity through the message of faith, freedom and personal responsibility."

Before involvement in social activism, Parker had seven years of first-hand experience in the grip of welfare dependency. After consulting on federal Welfare Reform in the mid-90s, she founded CURE to bring new ideas to policy discussions on how to transition America's poor from government dependency.

Parker regularly consults with both federal and state legislators on market-

based strategies to fight poverty; she has spoken on more than 190 colleges and universities about anti-poverty initiatives; has authored several books; and is a nationally syndicated columnist with Creators Syndicate.

CURE's advisory board includes folks of note such as Attorneys General John Ashcroft and Ed Meese; Doctors Ben Carson, Robert P. George, George Gilder, Marvin Olasky and Walter E. Williams. ★



## Not your parents' internship



Interns  
Josh Kavanagh,  
Lauren Hayward  
and Tori Roloff.  
Not pictured:  
Jared Miller

## Center hosts four summer interns



Responsibilities include 'bannering' on a highway overpass.

**J**osh Kavanagh, a native of Warroad, finishing a degree in American politics and policy at Patrick Henry College in Purcellville, Virginia (near Washington, D.C.) says he expected his internship at Center of the American Experiment to include a good deal of research and writing on "important issues."

"I expected to learn more about the intricacies of Minnesota's economy," he says. What he didn't expect was the opportunity to roll up his sleeves and help promote those policies. Kavanagh spent a portion of his internship bringing visibility to the Center's aggressive plan to correlate policies from the Met Council with increased traffic in the Twin Cities, a program that included billboards, bumper stickers and extensive radio advertising.

His responsibilities included waving banners on freeway overpasses during rush hour several days each week. (See video at [AmericanExperiment.org](http://AmericanExperiment.org).)

"John [Hinderaker, American Experiment's president] is such a fun-loving guy that I should have expected it. It was

a good way to get out of my chair and actually do something physical during the summer. It was great."

The Center hosted three other exceptional interns through the summer.

**Jared Miller** grew up in Waconia and is currently a junior at Washington University in St. Louis, majoring in history with minors in business strategy and Japanese. This summer he assisted the Center's development director.

**Lauren Hayward** graduated from Wayzata High School. She is studying elementary education and political science at Westmont College in California. She aspires to teach, work in education policy, and one day run for public office.

**Tori Roloff** grew up in Eden Prairie and graduated from Minnehaha Academy. She just finished her first year at the University of Virginia where she plans to study economics and philosophy. She is a member of the Alfred Marshall Society economics club and is an editor for the school newspaper, the *Cavalier Daily*. She plans to attend law school. ★

ON AIR



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## MISSING THE POINT

Policymakers talk about creating jobs, when they should focus on preparing people to fill the jobs that already exist.

**P**olicymakers and the media like to talk about the need to create jobs. It's a popular message that misses the point. For a significant portion of the country, there is an abundance of well-paying jobs that can't be filled due to a lack of candidates.

My company, Wells Concrete, is a Minnesota-based manufacturing company that constructs pre-stressed concrete panels for building structures. It's an exciting time for Wells in that we are a 60-year-old company that has almost tripled in size over the past six years. During this time, we have invested considerably in innovative equipment, processes and procedures and the result is that while we have almost tripled in volume, our employment has roughly doubled from approximately 450 employees to around 900. The troubling part of this story, however, is that our ability to continue growing has stalled, purely based on our inability to find employees at various levels of labor, such as trades, drafting, supervision, etc. Our investment in innovation can only go so far since there is a level of craftsmanship in what

we do that simply can't be automated.

Wells is currently trying to fill approximately 50 jobs in Minnesota alone. Many of these jobs require no specific education or experience and pay approximately \$35,000 - \$50,000 per year, plus a full benefit package that includes above average healthcare and

**There are an alarming number of well-paying jobs that employers are not able to fill because students are encouraged to pursue paths they're not suited for.**

retirement. The work can be strenuous, but it is inside and in a clean, climate controlled, well-lit environment. In addition, we constantly strive to engage everyone who works for Wells by doing our best to maintain a family atmosphere and keep people informed.

There are multiple reasons for this labor shortage, but I believe one of them is the way we measure public education. Over the years, the success of a school district is increasingly measured on the percentage of high school graduates who continue on to a four-year college or university. This may be an admirable goal in theory but the reality hasn't worked out. Let me tell you why.

Not all students are interested in or suited for four-year universities.

The public high school curricula have moved away from teaching basic industrial arts programs that were prevalent in the past.

Students who do not attend four-year universities are often viewed as "bringing down the average" and thus, a negative social stigma.

An alarmingly high number of students who do enroll in four-year universities do not complete a degree and can't monetize their college coursework to satisfy student loan obligations.

The impact of all this created an imbalance between the positions required to maintain a healthy economy and the number of people pursuing many of these positions. In effect, there are an alarming number of well-paying jobs that employers are not able to fill because students are encouraged to pursue paths they're not suited for.

Minnesota's manufacturers offer ample opportunities for young people to enter productive, meaningful careers. All we need to do is restore pride in the trades, which starts with restoring balance in the public education system. ★



**Dan Juntunen** was named President/CEO for Wells Concrete in January 2011. In this position, he is responsible for all phases of the organization, which include four production facilities, multiple in-house field crews and a strong market presence in five states as well as one Canadian province. Prior to being named President/CEO, Dan had served as the Chief Financial Officer since 2007.



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### Back Home

Kirsten Kukowski returns to Minnesota, after a decade on the frontlines of national GOP politics.

**A**s the GOP added the presidency to the House and Senate in 2016 for a rare political trifecta of control in Washington, D.C., Kirsten Kukowski—a young, 10-year veteran on the GOP frontlines—seemed particularly well-suited, through experience and connections, for a White House power job.

Kukowski, a member of American Experiment's Young Leadership Council, had worked at all levels of federal candidates: House, Senate, Presidential, and for the national party, where her boss had been Reince Priebus, no less.

Kukowski graduated from Elk River High School and double majored in political science and journalism at the University of Wisconsin-Madison. She interned in various departments at the State Republican Party in Wisconsin all through college. She spent a year working at the weekend assignment desk in the news department of Madison's NBC affiliate, but knew she was cut out for politics. She



Kirsten Kukowski

nabbed a job in the U.S. House of Representatives in 2005, working for Green Bay-area Congressman Mark Green, who in '06 ran for governor against Scott Walker. For the next election cycle she returned to the state party as communications director, eventually moving over to the Republican National Committee's (RNC) Victory program in Wisconsin, organizing on behalf of the McCain-Palin presidential ticket. From there she was named a regional press secretary for the RNC's Great Lakes/Midwest region. She acquired Senate-level experience on Mark Kirk's successful 2010 bid to represent Illinois in the U.S. Senate. Following that she returned to D.C. for four and a half years as national press secretary under

Priebus, her former boss at the Wisconsin state party.

With Priebus, she got experience in presidential politics, shuttling from D.C. to Boston to coordinate RNC activities with Mitt Romney's 2012 presidential campaign. With the presidential bug—"It's always kind of the goal when you're sitting there at the RNC, right?" she says—she hooked up with Wisconsin Governor Scott Walker's fledgling campaign, one of 17 Republicans vying for the GOP presidential nod that eventually went to Donald Trump. When Priebus became Trump's chief of staff, she admits to some sleepless nights as she pondered the possibilities of adding White House experience to her resume.

The attraction was personal as well as political. "I am very good friends with Reince and Sean Spicer," she says. She describes her decision as consisting of two components: "Do I believe in the principles and the policies and the person I would go and work for? Which, I think, for a lot of people that's how they would approach it." But then the other half is "Am I going to be able to accomplish what I want to accomplish as a communications and government official?"

She decided it was time to take an entrepreneurial leap and with Kristen Sheehan launched KK & Co, a Twin Cities-based public relations and public affairs company. "I was starting a process with Kristen of starting our business and it was a very exciting prospect for me, and I got to come back to the Midwest. So, overall it was a good decision for me." ★

**YLC**  
YOUNG  
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This represents a recurring series of profiles of members of Center of the American Experiment's Young Leadership Council.

New Staff

# The Theater of Think Tanks

Bay Area native and theater buff Pari Cariaga coordinates the Center's events and donor relations.



Pari Cariaga

**P**ari Cariaga had just finished a day-long tour of the Ronald Reagan Presidential Library in Ventura County, California, when she got an email arranging an interview with Center of the American Experiment to become Donor Relations and Events Coordinator.

"In a way, I think it was fate that brought me to work at Center of the American Experiment," she says. "I think Ronald and Nancy were looking out for me."

Saying she is "a California girl at heart," Cariaga grew up in the San Francisco Bay Area, but moved to Woodbury for high school, where she attended East Ridge. While there she pursued interests in music and theater that included a walk-on role with *Bye, Bye Birdie* at the Chanhassen Dinner Theater, as well as a lead role in the same play for Woodbury Community Theatre.

Although her title pertains to donors

and events, she finds herself doing a variety of things at the Center, the probable result of being "the newest and the youngest" in the office. "But I love when different projects fall on my desk. It keeps the days interesting and I like new challenges."

**"I think Ronald  
and Nancy were  
looking out for me."**

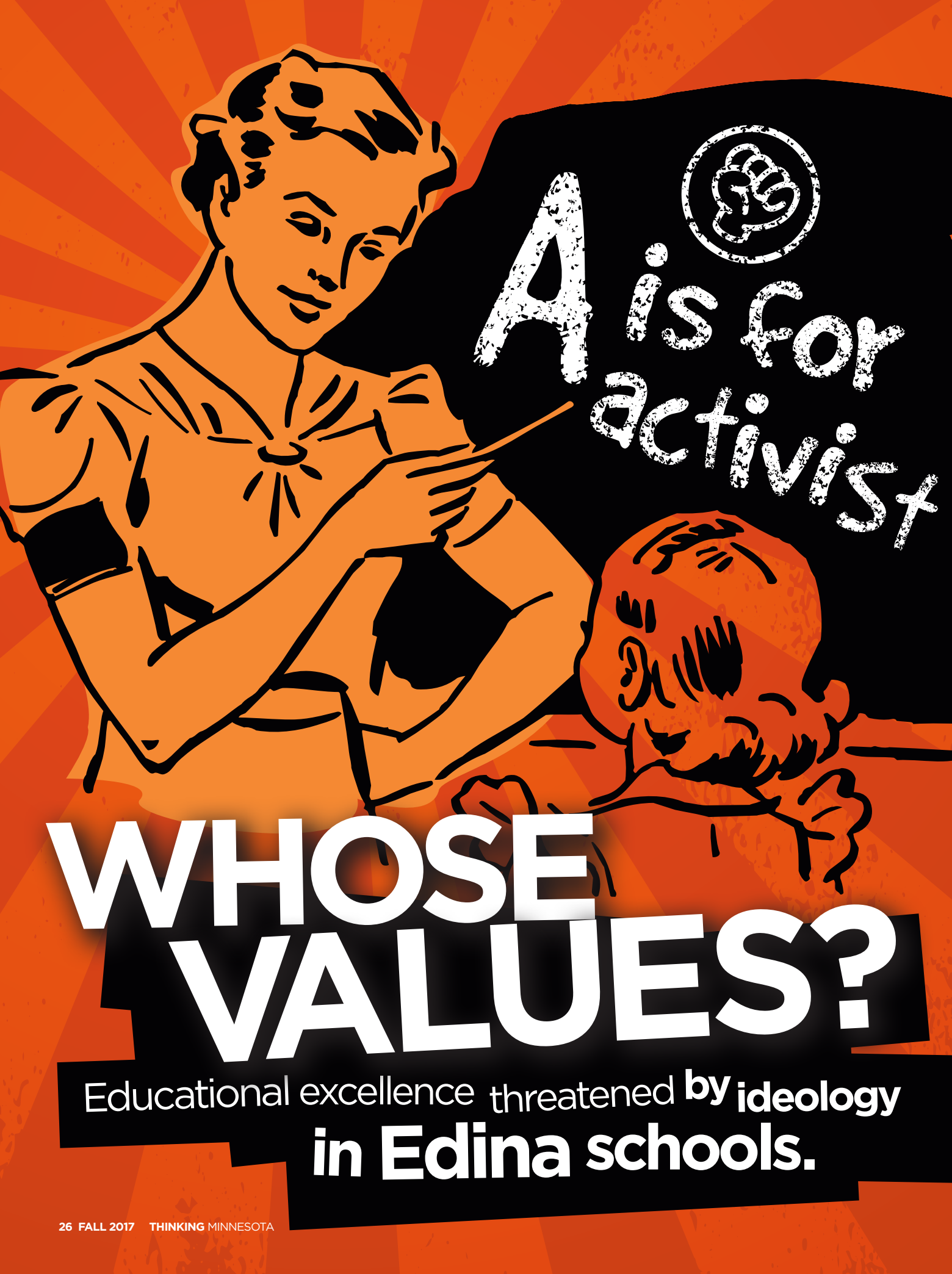
And the new challenges can be surprising. "I didn't know think tanks produce bumper stickers, billboards or radio ads—or have interns stand on bridges with banners," she says. "These tactics just show how passionate the Center is about making Minnesota a great place to live and work." ★



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A is for  
activist

# WHOSE VALUES?

Educational excellence threatened by ideology  
in Edina schools.





By  
**Katherine  
Kersten**

**T**en years ago the Edina Public Schools (EPS) were an academic showplace—a crown jewel among Minnesota school districts. Parents who moved to

Edina were happy to pay a premium for a house, knowing it bought their kids access to the district's renowned schools. Students from other districts might roll their eyes at the Edina "Hornets'" affluence—branding them "cake-eaters"—but they had to acknowledge their academic success.

Today, the Edina district's test scores are dropping. In 2014, 86 percent of Edina High School (EHS) students met state reading standards; today it's 79 percent. In 2014, 79 percent of high school students were doing grade-level work in math; today it's only 66 percent. In other words, one in five Edina High School students now can't read at grade level, and one-third can't do grade-level math.

These test results dropped EHS's ranking among Minnesota high schools from fifth to 29<sup>th</sup> in reading proficiency and from 10<sup>th</sup> to 40<sup>th</sup> in math proficiency, according to Minnesota Department of Education data. This reveals a more substantial decline than the high school rankings U.S. News & World Report publishes annually, which show EHS dropping from first place in 2014 to fourth place today.

In the district as a whole, about 30 percent of kids are not "on track for success" in reading, and the same goes for math.

Many parents are frustrated, and there are reports of families leaving the district. Some teachers say an increasing number of their colleagues are grimly trying to

stick it out until they can afford to retire.

Meanwhile, high school students in a number of other districts are performing significantly better. At Wayzata High School, for example, reading and math proficiency are 85 percent and 77 per-



**The Edina district's unrelenting focus on skin color is the leading edge of a larger ideological campaign to shape students' attitudes and beliefs on a range of controversial issues—most importantly, the familiar litany of "race, class, gender." Meanwhile, ordinary students are too often falling through the cracks and gifted education is languishing.**

cent, respectively. At Orono High School, the figures are 85 percent and 73 percent.

Most impressive may be Eastview Senior High School in Rosemount-Apple Valley-Eagan. At Eastview, 82 percent of students are reading at grade level and 83



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percent are doing grade-level math. Significantly, Eastview has a much larger percentage of minority and low-income students than Edina: 32 percent minority and 17 percent low-income, compared to Edina's 24 percent minority and 9 percent low-income.

What's happened to the Edina schools? A variety of factors may be at work, but one thing is clear: There's been a sea change in educational philosophy, and it comes from the top.

Instead of giving Edina students the intellectual tools necessary to thrive in the 21<sup>st</sup> century, Edina public school leaders are increasingly using limited school time to indoctrinate students in left-wing political orthodoxies.

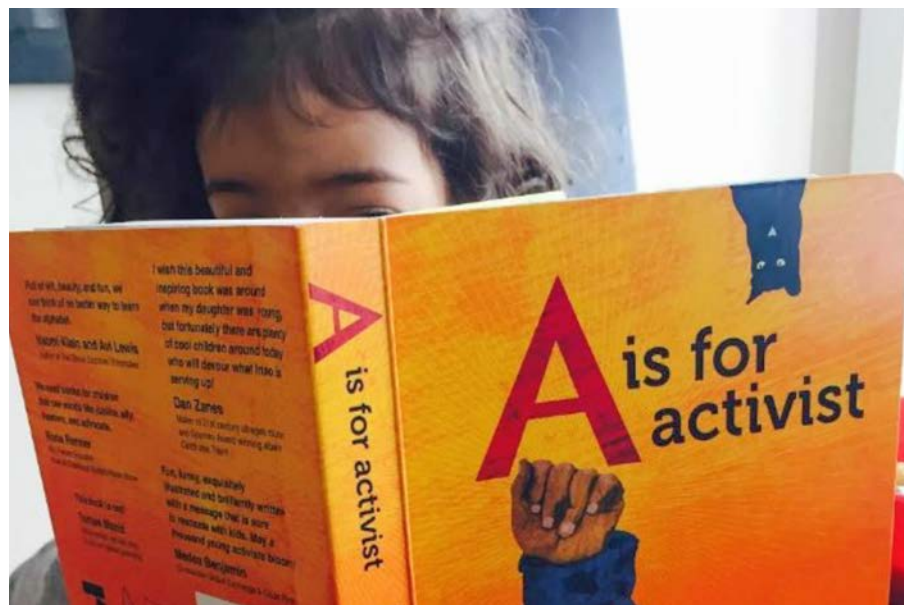
Today, for example, K-2 students at Edina Highlands Elementary School are learning—through the “Melanin Project”—to focus on skin color and to think of white skin as cause for guilt. “Equity” is listed as a primary criterion on the district's evaluation for K-5 math curricula. At Edina High School, teachers are haranguing students on “White Privilege,” and drilling into them that white males oppress and endanger women. In a U.S. Literature and Composition class, 11th-graders are being taught to “apply marxist [sic], feminist” and “post-colonial” “lenses to literature.”

In short, in Edina, reading, writing, math and critical thinking skills are taking a backseat to an ideological crusade.

A veteran teacher sums it up this way: In the last few years, the EPS administration has “shifted from a focus on *excellence for all students* to a focus on ‘equity’”—“racial equity,” that is.

In education-ese, “equity” doesn't have its common-sense meaning of equal treatment for all. On the contrary, it signals an obsession with “white privilege,” and an effort to blame any academic challenge that minority students may have on institutional racial bias. Equity, understood as equal treatment, is a standard with universal support. But as a mask for racial identity politics, it can undermine a school district's fundamental educational mission.

The Edina district's unrelenting focus



**[Principal Katie] Mahoney uses Highlands' social media—including her “equity corner” on the school's Wonder blog—to promote a range of left-wing ideological propaganda. One such resource, typical of the rest, is an A-B-C book for kids entitled *A is for Activist*. Its pages feature texts like the following: “A is for Activist... Are you An Activist?” “C is for... Creative Counter to Corporate vultures.” “F is for Feminist.” “T is for Trans.” “X is for Malcolm As in Malcolm X.”**

on skin color is the leading edge of a larger ideological campaign to shape students' attitudes and beliefs on a range of controversial issues—most importantly, the familiar litany of “race, class, gender.” Meanwhile, ordinary students are too often falling through the cracks and gifted education is languishing.

Edina district leaders, however, show little concern about falling scores or the increasing role of indoctrination in the classroom. In fact, the Edina School Board voted unanimously on August 14, 2017, to authorize an election on November 7 to seek a hefty increase in Edina's school levy. Residents can expect those funds to be used to double down on the status quo.

The district's new superintendent, John Schultz, appears oblivious to the real state of affairs. “I have always known Edina to be a high-quality, destination school district,” he told the Edina Sun Current in August. “This has become even more clear to me since taking over leadership in July [2017].”

Though a growing number of parents, students and teachers are angry and frustrated about recent developments, they hesitate to protest publicly. Students and parents fear bullying and retaliation in terms of grades and classroom humiliation. Teachers who don't toe the orthodox line fear ostracism and a tainted career. The climate of intimidation is so intense that not one of those

interviewed for this article would speak on the record.

### The dramatic shift

The dramatic shift in focus at EPS first came to the attention of Center of the American Experiment when we learned of the partisan circus at Edina High School that followed the November 2016 presidential election. After we exposed this on our web site, numerous Edina parents and students contacted us by email and Facebook and on our web site, eager to relate their own stories of indoctrination and persecution.

We quickly discovered that the crisis at EPS goes much deeper than we had suspected.

The Edina schools have embraced an ideologically-tinged focus on issues of racial identity for some time. However, in 2012, that emphasis ramped up big-time, when the district launched a Strategic Planning and Revision process to address the racial achievement gap. (In Edina, a large gap exists between white students' academic performance and that of black and Hispanic students, on average, while Asian students, on average, do better than white students in both reading and math.) The result was an initiative called the "All for All" plan, adopted in 2013.

The All for All plan's fundamental premise is that white racism—not socio-economic factors like family breakdown—is the primary cause of the achievement gap. If minority students' academic performance is to improve, "systems that perpetuate inequities" must be "interrupt[ed]" and "barriers rooted in racial constructs and cultural misunderstandings" must be "eliminate[d]," according to the district's position statement on "Racial Equity and Cultural Competence in Edina Public Schools."

In other words, EPS has committed itself to move beyond teaching reading,

math and science to transforming society.

To achieve this ambitious goal, the All for All plan mandated "a shift in how all district employees approach their work." Going forward, the Edina Public Schools must view "all teaching and learning experiences" through a "lens of racial equity," according to the district's position statement on equity.

In line with this new mission, the district has adopted the following policies, among others:

- A commitment to "recruit, hire and retain high-quality, *racially conscious* teachers and administrators" (emphasis added);
- A policy of ensuring that students "acquire an awareness of their own cultural identity and value racial, cultural and ethnic

diversities." (Translation: Schools must teach students that their personal "identity" is irrevocably linked to the color of their skin. What would Dr. Martin Luther King, Jr., say?);

- A "comprehensive program" of "co- and extracurricular activities" to promote district leaders' race-based vision; and
- A concerted "outreach to parents and families with a focus on race, lower socio-economic status and cultural diversity."

In sum, the All for All plan seeks to groom students, parents and teachers to be agents of social change.

Four years later, the results are in.

### Cornelia Elementary School

Cornelia Elementary School, K-5, has one of the district's largest populations of elementary-aged minority and low-income students. Its student body is 53 percent white, 24 percent Asian, 9 percent Hispanic, 9 percent black, 20 percent low-income and 18 percent English Language Learner (ELL). If a race-based approach to education benefits minority students—as its advocates maintain—

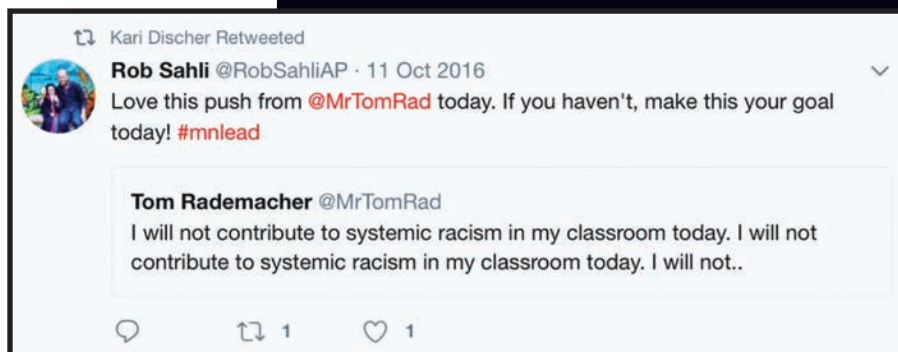
Cornelia should be among the schools seeing the greatest gains. Unfortunately, the opposite is true.

Cornelia's principal, Lisa Masica, was named principal in 2014, as part of the district's strategy of hiring "race-conscious" administrators. She began her tenure by obtaining a curriculum called "Perspectives for a Diverse America," part of the "Teaching Tolerance Anti-Bias Framework" of the far-left Southern Poverty Law Center. The activist-oriented curriculum focuses on four "social justice



Last year, Highlands students in grades K-2 participated in the "Melanin Project," learning to view themselves and their classmates in terms of skin color. Educators have no business prompting immature and impressionable children to think in terms of skin color at all.





Tom Rademacher, Minnesota's 2014 Teacher of the Year, is a frequently quoted liberal activist in the schools.

standards”—“Unpacking Identity,” “Unpacking Diversity,” “Understanding Justice” and “Unpacking Action.”

In August 2015, Masica wrote in Cornelia's “Week at a Glance”—a weekly agenda for teachers—that she would be “sharing something equity related” with them on a regular basis, “ideally every week.” At staff meetings, “equity was the only thing we talked about, not the nuts and bolts of teaching reading and math,” according to one teacher.

Generally, the resources Masica circulated had a political, not an academic slant. In one video, for example, black

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“slam poet” Clint Smith praises Black Lives Matter and denounces what he calls police racism and brutality. In another, “tri-tongued” poet Jamila Lyiscott delivers an impassioned presentation that Masica characterized as “micro-aggression, cultural adaptation, and equity all rolled into one four-minute spoken word!”

Yet another resource was an essay from “Raising Race Conscious Children,” an internet site whose goal is “to dismantle the color-blind framework and prepare young people to work toward racial justice.” The essay was entitled “Are You a Boy or a Girl? Helping Young Children Think Through Gender,” by Katie Schaffer. Schaffer describes herself as “a white cis queer woman dedicated to collectively envisioning and implementing liberatory educational practices.”

Masica bombarded teachers with equity-related resources like those just described all year, Cornelia teachers say.

In 2016, Masica changed the way reading and math instruction is delivered at Cornelia, according to educators and parents familiar with the situation. Apparently, the goal was to make instruction more racially equitable. The All for All plan states that “equity” will be achieved when academic performance is no longer “predictable” by race and income. Unfortunately, as yet, this state of affairs has been achieved at few, if any, schools in the nation. This means that at Cornelia—as elsewhere—students who need special help tend to be disproportionately black and Hispanic.

Masica instituted instructional changes that made it harder for struggling students to get the intensive, focused help they needed to improve their skills in reading and/or math, Cornelia teachers and parents say. Previously, the school had used a district-endorsed process of grouping students together (on a flexible

basis) during one period of the day, according to their current abilities. This allowed teachers to target instruction to a narrower range of students, so they could build on their strengths and work to correct their weaknesses.

Masica eliminated the practice of “flex groups,” according to those familiar with the situation. Instead, during flex time, each classroom was required to include students of a broad range of abilities—from those above the norm to those several grade levels below. A classroom like this might “look” more equitable, since skin colors were more evenly dis-

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tributed. But it impeded teachers' ability to give struggling kids the targeted help they needed, according to teachers and parents.

The change, though well-intentioned, seems to have backfired. Cornelia's scores on Minnesota's MCA-III tests from 2015 to 2017 appear to tell the tale. Rather than hoped-for improvement, there was a decline in reading proficiency—the key to success in all other disciplines.

From 2015 to 2017, reading proficiency for Cornelia students, all grades, fell from 78 percent to 70 percent. But minority students' (including black, Hispanic, Asian and two or more races) ability to read at grade level dropped from 70 percent to 58 percent. The reading proficiency rate of black, Hispanic, and students of two or more races dropped from 58 percent to 34 percent. For low-income students, the percentage reading

at grade level fell from 50 to 40 percent. The number of Hispanic students, all grades, who did not meet the reading standards at all (versus partially meeting them) increased from four to 14 between 2015 and 2017.

A similar pattern, though not as dramatic, also occurred in math performance. The ability of minority students, as a group, to do math at grade level declined from 71 percent in 2015 to 64 percent in 2017. The proficiency rate of black, Hispanic and students of two or more races dropped from 51.5 percent to 38 percent. Low-income students fell from 51 percent to 41 percent.

When questioned, the Edina School District's director of communications, Susan Brott, did not respond directly to a query about how reading and math instruction changed at Cornelia under Masica. She merely stated that "All elementary schools in Edina made some changes last year in how reading and math learning groups were identified."

The students at Cornelia will soon be high school students. Unless things change quickly, the trend underway there will soon be dragging down academic performance at Edina High School, and—far more importantly—blighting the lives of the students who don't appear to be getting the help they need.

## Highlands Elementary School

Highlands Elementary School is another institution that exemplifies the direction the All for All plan is taking the Edina school district. Highlands' student body is 73 percent white, 4 percent Hispanic, 6 percent black, 11 percent Asian, 6 percent low-income and 5 percent ELL.

Katie Mahoney, a former Highlands teacher, was named the school's principal in 2016, apparently because of her

credentials as a race-conscious "social justice warrior." In her first year on the job, Mahoney moved to implement the All for All strategy in a variety of respects, including teaching youngsters to define themselves by race and initiating race-based outreach to parents.

For example, last year, children in grades K-2 participated in the "Melanin Project," learning to view themselves and their classmates in terms of skin color. Among other things, they traced their

class time focusing on race. Many students were lectured on the topic and carried out a biographical research project in which they were encouraged to write about a black historical or contemporary figure.

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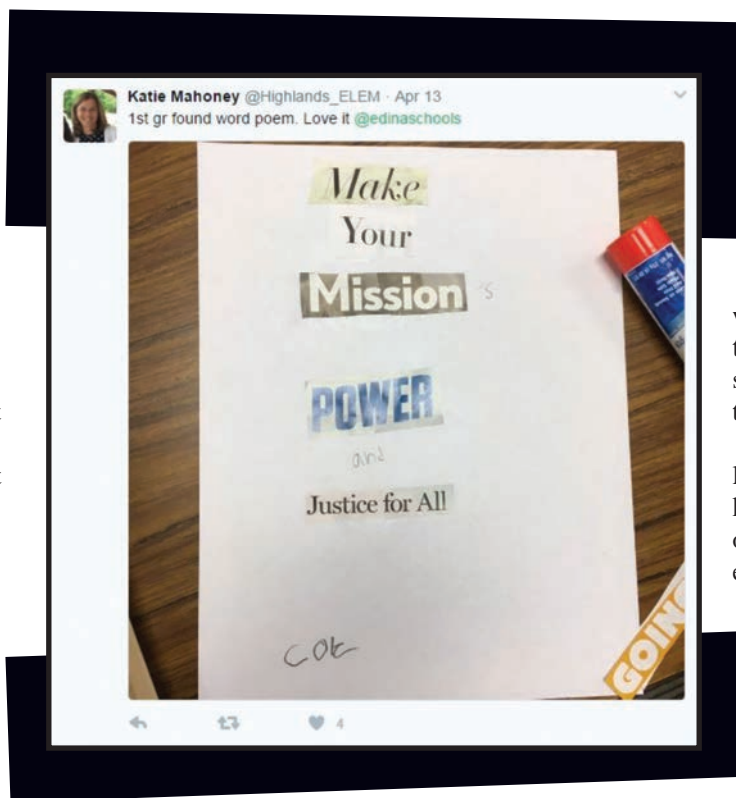
*A is for Activist*. Its pages feature texts like the following: "A is for Activist.. Are you An Activist?" "C is for... Creative Counter to Corporate vultures." "F is for Feminist." "T is for Trans." "X is for Malcolm As in Malcolm X."

What do Edina parents who work in business—and taxpayers who finance the school—think about being tarred as "corporate vultures?"

Mahoney also uses Highlands' "parent nights" as a vehicle for proselytizing families on racial identity ideology. For example, the 2016-17 school year opened in October with a dinner and discussion entitled "SPEAK UP AGAINST BIAS: Microaggressions and how to talk about difficult racial issues and current

events with kids." It closed in April, with another parent dinner and discussion focused on "talking to our kids about race."

Mahoney has held up the Berkeley School in Berkeley, California, to Highlands parents and students as a model of social activism going forward. She attended the Changemaker School Summit in New Mexico in February 2017, and posted photos on the Wonder blog of "research students did on activist groups." One featured project praised Black Lives Matter and denounced "police brutality." Another read, "Black Lives Matter is an amazing organization that is helping



Highlands' principal Katie Mahoney congratulates a first grader for creating a political poem.

hands and colored them to reflect their skin tone for a classroom poster. The poster reads, "Stop thinking your skin color is better than anyone else's [sic]! Everyone is Special!"

The poster's message is that five-to-seven-year olds naturally think of themselves and others in terms of skin color, and must be reprimanded for doing so. Ironically, the project conditions young children to do the very thing it condemns.

Older Highlands students also spent



people realize that black lives matter and our lives are all equal.... We hope you learn to love it just as much as we do after taking a look at our project!"

"I am excited to think with staff, students and families of how to continue this work at HL [Highlands]," Mahoney wrote.

## Edina High School

The ideological tidal wave that has hit the Edina schools reaches its crescendo at the high school.

Edina High School is consumed by a hyper-focus on left-wing identity politics. The epicenter may be the school's English/Language Arts department. The focus there goes beyond racial issues to an angry, male-bashing feminism and a smorgasbord of left-wing ideological hobby horses. Students hear repeated calls for social justice, activism and resistance from many of their English teachers.

In the high school's required 10th-grade English course, called Pre-Advanced Placement English, for example, students read works that "reflect diversity in race, gender, age, economics, and geography." The themes of the course are "Colonization," "Immigration," "Social Constructions of Race, Class and Gender," and "Humanity in the Face of Destruction." The course description for Mrs. Joelle Reiling's 11th-grade U.S. Literature and Composition class states a similar goal: "By the end of the year, you will have...learned how to apply marxist [sic], feminist, post-colonial [and] psychoanalytic...lenses to literature."

One disgusted student offered his own perspective on Pre-AP English on the "Rate My Professor" web site: "[This] class should be renamed...with course description as 'Why white males are bad, and how oppressive they are.'"

Many of the Edina students and parents who made comments to Center of the American Experiment complained of the climate of fear and intimidation at Edina High. One parent said this:

We're tired of them trying to indoctrinate our children to believe what they

believe rather than teaching critical thinking and actual course work. We're tired of our kids coming home feeling defeated because their beliefs are forbidden at school and they will be ostracized if they speak out. We're tired of our kids telling us that all they hear in [Language Arts] and other classes is that white people, especially white



**"[T]he teacher, while reading a poem aloud, came to a word, stopped, and said that the word she was about to say next made her feel physically ill—just by saying it. The word was Police."**

**—An Edina parent**

men, are bad, over and over. We're absolutely sickened when our son tells us that he is labeled a racist, sexist and rapist — yes, a RAPIST — because he is a white male. (This was all in a Venn diagram on the white board. We have a photo.)

Another parent echoed these concerns:

During Edina's 'May Term,' our child had no choice but to take a class called 'Race, Racism and Whiteness' as all other classes were full. The name alone says it all. It was in this class that the teacher, while reading a poem aloud, came to a word, stopped, and said that the word she was about to say next made her feel physically ill — just by saying it. The word was Police.

Having family members who have served in public safety, one of whom was killed in the line of duty, we immediately went to the administration and told them we were pulling our child out of that class, our child would not return and our child would receive full credit. We do give credit to the administrative staff we worked with, who was very responsive and agreed to our terms without question.

In a number of classrooms, students who dare to offer a dissenting perspective can expect to be bullied and humiliated. Many fear retaliation—in terms of grades or humiliation before peers—if they voice a contrary opinion.

Both students and parents describe the politicized expectations in class discussions and writing assignments. According to one mother,

My kids have written things they don't believe just to survive. They know exactly what the teacher wants. They almost don't see anything incorrect in doing that anymore, because it's so engrained. They have endured enough public shaming to say they will not put themselves in that position again.

Teachers' Twitter feeds have become a powerful platform for political indoctrination. For example, EHS English teacher Jackie Roehl, 2012 Minnesota Teacher of the Year, invites students to "follow me on Twitter or send a Face-

book friend request to Jac Roehl to keep up with the latest class news.” Her Twitter account is replete with political sentiments like the following:

**Great cover on the latest  
@NewYorker #WomensMarch  
#resist**

**Happy to cast votes today for  
@keithellison and Justice Natalie  
Hudson #vote #MNPrimary**

**@FossilFreeYale Love the sign  
‘Yale Football Divest’ on @espn  
@Yale #TheGame**

Roehl’s retweets for young people’s consumption lead students to Twitter feeds like #NoMoreWhiteLies, where they can find tweets like:

**CRAKKA JESUS GOTTA GO!  
MARY AZZ TOO!...  
#JESUSISTHE MASCOTFOR  
WHITESUPREMACY**

Other English teachers also use their Twitter accounts to broadcast their politics, most likely reflecting what kids hear in their classrooms. Here’s teacher Kristin Benson, for example:

**Sophs, good discussion today about  
The Color Purple and individual v  
systemic forms of power. Remember  
prejudice + power = oppression.**

Or

**It’s banned book week. Read some-  
thing that speaks truth to power.**

From teacher Kari Discher (retweet):

**Rob Sahli @RobSahliAP: Love this  
push from @MrTomRad today. If  
you haven’t, make this your goal  
today! #mnlead**

**Tom Rademacher @MrTomRad:  
I will not contribute to systemic  
racism in my classroom today.  
I will not contribute to systemic  
racism in my classroom today. I  
will not...**

From teacher Rachel Hatten (who is teaching elsewhere as of Fall 2017):

**Black girls and women in our  
society are always ‘ready’ for  
whatever abuse is visited upon  
them. (nytimes.com)**

**Dismantling Obamacare & slash-  
ing Medicaid would be a blow  
against signature victories for  
racial equality in US. (retweet)**

### The multicultural show

Edina High leaders’ willingness to use their power to indoctrinate a captive student body was on display at the school’s “Multicultural Show” in April 2017. Student performers used the show to call “students, faculty, staff and administrators to act en masse to address racial injustice,” according to Zephyrus, the high school’s student newspaper and official news site.

The show’s organizers sought to “ignite a conversation pertaining to white privilege and the Black Lives Matter movement,” the paper reports. For example, juniors Guled Said and Suleqa Wasyo read a poem titled “White Privilege,” which “reflected the complexities of the Black Lives Matter movement,” according to Zephyrus. An adapted poem called “To be Black, a Woman and Alive,” “emphasized the hypocrisy of gender and racial standards.”

In another performance, a female student delivered an explicit address about her sexual fantasies regarding a classmate. (A sample: “I spent seventh-grade music classes imagining her legs intertwining with mine, her body constantly reminding me of a violin, and I was begging to be allowed to pluck one string.”) If a male student had spoken words like this in a school assembly, he would probably have been hustled off the stage, accused of sexual harassment.

“The audience appeared restless” during the multicultural show, according to Zephyrus, and no wonder. The event seemed calculated to offend both whites and males.

The show is “an opportunity to give a voice to the minorities in spite of the ma-

jority’s discomfort,” the paper maintained. Nicki Tait, Youth Serving Youth coordinator and Multicultural Show advisor, confirmed that organizers interpreted the discomfort as a sign of success. “We learn our biggest lessons when we shut up and we’re uncomfortable,” she told Zephyrus. Had a performance by white or male students offended Tait, however, one suspects she would have denounced them to school authorities for bigotry and harassment.

### Post-election furor

The ideological brew at EHS boiled over on November 9, 2016, the day after the presidential election.

“I felt like the school was descending into mass hysteria,” one student commented to the Center. Trump’s victory, others stated, was portrayed as “the end of the world as we know it.”

Students and parents flooded the Center with stories of post-election partisan bullying. One student wrote:

The day after the election I was texting my mom to pick me up from school and she almost had to!! Every teacher was crying in class, one even told the whole class ‘Trump winning is worse than 9/11 and the Columbine shooting.’ The amount of liberal propaganda that was pushed every single day in class this year was worse than it’s ever been—and you’re bullied by the teachers and every student if you dare speak against it.

Another student confirmed this:

Yeah its horrible, the teachers can absolutely do whatever they want. The administration will do nothing about it!! The day of the election every single student was in the commons chanting ‘F\*\*\* TRUMP’ and the teachers never did anything. A LOT of people are starting to complain and my mom has some friends who are leaving the school district.

The next day, the day after Trump won, was even harder. Teachers were crying alongside students in the class-



room. Speeches by teachers included the phrase ‘we will make it through this together.’ One teacher said in front of a class of 100, through tears that ‘the election was rigged.’ Teachers bashed President Trump in front of their students, and people continued to bully me for my views. ...I had to have my mom come pick me up after third hour that day. I couldn’t stand to walk around a school filled with both teachers and students crying and looking to me through their tears with hurtful eyes.

In an email to a school administrator (and then forwarded to the Center), one mother wrote, “In my 10<sup>th</sup>-grader’s AP World [History] class, [the teacher] called out any Trump supporters and asked them to assure the class that they weren’t racist.”

The hysteria was hardly confined to the high school. A teacher wrote the Center that at one elementary school, a third-grade student wore a Trump t-shirt following the election. This is what followed, the teacher said:

The teacher went into the staff lounge, announcing she was so upset...she asked the student not to wear it into her classroom again, and went on to disparage his family...asking all teachers in the lounge if they knew this family was Republican, and stating that she was so disappointed, etc.

Will that teacher, and all who voiced the shock about this third-grader’s family...treat him and his siblings differently through the years, because of his family’s political point of view?

## Partisan editorializing

Edina School District Policies clearly prohibit the lack of balance and ideological strong-arming that appear to be the norm at the high school.

Policy 606, for example, addresses “controversial issues,” among other topics. The policy requires that “all sides of [an] issue be given proper hearing” in the classroom and that students learn about “alternative points of view.” It also pro-

hibits a teacher from using “his/her position to forward his/her own...political...or social bias.” Teachers may express a personal opinion if they identify it as such, but are barred from doing so “for the purpose of persuading students to his/her point of view.”

A striking violation of this policy occurred on November 22, 2016, when Edina High’s student newspaper ran an editorial by English teacher Tim Klobuchar about the presidential election. It was co-signed by 80 teachers.

Klobuchar’s hyper-partisan editorial suggested that America’s President-elect was a racist, and that “some people feel the election result has validated them to unleash their worst impulses.”

“Over the course of the long campaign,” the editorial intoned,

multiple groups of students might have felt targeted in some way: black, Hispanic, Muslim, Jewish, LGBTQ+, and female students—particularly sexual assault survivors—among them.

Right now, many of you in these groups feel more vulnerable than usual because of the racist image spread on social media, as well as the results of the election.

In a display of moral posturing, Klobuchar and his co-signers urged allegedly trembling students to turn to their teachers for protection:

Many of you have made clear through conversations with us that right now, you don’t feel physically safe. This is unacceptable, and we will do everything in our power to fight against forces that could harm you.

For our part, we’ll do everything we can to abide by these words from Tom Rademacher, Minnesota’s 2014 Teacher of the Year, which he wrote two days after the election:

‘We will fail, but will not accept failure. We will teach. We will teach to fix a world we cannot fix. We

will teach rebellion against a broken world. We can do that, starting today.’

Klobuchar is a fervent Democrat, and a relative of Minnesota’s Senator Amy Klobuchar, also a Democrat. He and the teachers who signed this editorial were aligning themselves with Hillary Clinton and the Democratic Party, and proposing that students who disagreed with them were endangering others.

This editorial had no place in a student newspaper. EPS District Policy 512 states that expression in an official school publication is subject to editorial control, and that control should be used to ensure that “the school is not associated with any position other than neutrality on matters of political controversy.” Yet the 80 teachers who signed the editorial apparently paid no penalty. Ironically, teacher Sally Larkins, who is charged with identifying and preventing bias as the paper’s faculty advisor, signed the editorial herself.

After the editorial sparked criticism, Intellectual Takeout—a Minnesota public policy institution—asked Tim Klobuchar for a comment. “I stand behind every word...,” Klobuchar wrote in response. It is not political, he added, “to take a stand in the classroom against racism, sexism, and other statements that are intended to harass, bully or marginalize other students.”

## Parents’ and teachers’ reaction

Edina parents are increasingly up in arms about EPS’s heavy-handed indoctrination of students and intolerance of diverse viewpoints. “What we are saying is that the district must follow its own rules,” one father says.

To ease parents’ concerns about the district’s falling test scores, EPS leaders are reportedly suggesting that lower scores are the result of student “opt-outs” from MCA-III tests. In fact, in 2017, only 20 students in an 11<sup>th</sup>-grade class of 676 were opted out of the math test by their parents, and only seven out of a 10<sup>th</sup>-grade class of 687 were opted out of the reading test, according to the Minnesota Department of Education.

One veteran teacher laments that, in an academic environment where race and ethnicity get so much attention, many kids are “simply getting lost in the shuffle.” “Gifted parents are screaming,” another teacher reports. The teacher points out that the district’s “Young Scholars” program gives minority students’ preference on gifted services. “Minnetonka is eating us for lunch on gifted education,” she says.

And district administrators? A long-time teacher makes this observation: “They are scared about the declining scores. But they chose to go down this path and now they are stuck with it.”

What’s it like to be an Edina teacher

who refuses to conform to EPS’s rigid ideological orthodoxy? One teacher wrote on the Center’s web site that “one of the reasons I’m leaving the teaching field” is that “I’m tired of being a secret agent libertarian minded teacher.”

Another EPS faculty member responded this way:

Wait. There’s another one out there? Although I’m not a ‘secret’ agent because I’m out with my opinions (not in my classroom) and am very unpopular with our union president. I’ve been told on multiple occasions to quit my job and work at a private school or for the Koch brothers. I had a curriculum trainer ask me this summer why I lived in the Twin Cities rather than in greater MN with more of my kind.

### Why this is wrong

The ideological bias that saturates the Edina Public Schools is seriously harming students, parents and the larger Edina community.

The All for All plan’s ostensible goal is to improve minority students’ academic achievement.

Yet overall, scores continue to disappoint. At Cornelia—an elementary school where the foundation for students’ future success or failure is laid—black and Hispanic students’ performance in reading, on average, appears to have declined substantially. There is only so much time in the school day. In Edina, it seems, too much of that time is devoted to racial identity politics rather than instruction.

Edina minority students are being harmed in another way. They are being conditioned at an early age to view themselves reflexively as victims—and to succumb to the temptation, common to all people, to blame others for their problems. Unfortunately, no attitude interferes more with success, happiness, productivity and a sense of control in one’s life. No attitude raises a greater barrier to mature adulthood.

White students are also being harmed. The notion that racial identity is tied to personal identity at the deepest level is

being drilled into them (and their minority classmates) as young as kindergarten. This is a pernicious doctrine, which our nation should have abandoned decades ago.

The Edina schools’ new race-based ideology undermines all students’ ability to think creatively and critically—that is, to think freely. Students are learning to parrot orthodoxy back to teachers, and to look nervously over their shoulders in case the authorities catch them in a forbidden thought or a “micro-aggression.” They are learning that, at school, a top priority must be to please those in power. Disturbingly, some parents say that their children appear increasingly to see nothing out of the ordinary in this.

The Edina School District’s new approach to education is dressed up as concern for “equity.” In fact, it is an oppressive ideology with authoritarian undercurrents that steamrolls students and intimidates parents.

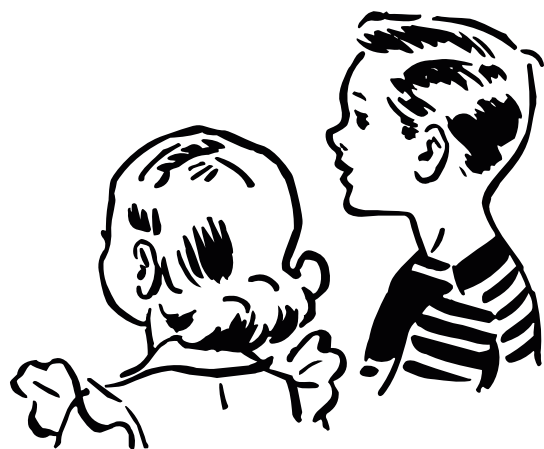
At the heart of the Edina schools’ new ideology is an unspoken assumption that the district’s leadership must confront and reject. It is the premise that underlies the entire All for All project.

This assumption is that people who object to categorizing others in terms of race, or who don’t see white males as oppressors, or who voted for Donald Trump are—by definition—“racists” or “sexists,” benighted and bigoted. Put another way, it is the idea that such people are not just wrong, but evil.

It is the conviction that “well-intentioned” leaders like Edina school policy makers and teachers—simply by virtue of the “enlightened” attitudes they claim to hold—are entitled to dominate discussion, denouncing and silencing others.

Students who absorb this attitude from their teachers will not be able to develop true tolerance or to strive, in good faith, to understand diverse points of view. In the future, if too many citizens adopt such a position, neither civility nor democratic governance will be possible.

If EPS continues to embrace this ideology, the Edina public schools will continue a precipitous downward slide from their former high repute on Minnesota’s educational stage. ★



**“My kids have written things they don’t believe just to survive. They know exactly what the teacher wants. They almost don’t see anything incorrect in doing that anymore, because it’s so engrained. They have endured enough public shaming to say they will not put themselves in that position again.”**

—An Edina parent



## IT NIGHTMARES

# ANOTHER FAILURE to LAUNCH?

## After string of IT disasters, have state agencies learned any lessons?

**S**ix years ago, at the direction of the Minnesota legislature, the Minnesota Department of Human Services (DHS) began planning to modernize its aging IT infrastructure. As the planning phase for the four major IT system modernizations comes to a close, the price tag for the project is coming into view. In FY2018, DHS plans to spend about \$225 million on four major modernization efforts. Full funding for this multi-year project could top \$500 million.

Can the state successfully pull off a project of this scale? The state faces long odds, considering its record of botching nearly every major IT project. Further lowering the odds of success, DHS plans to continue using the same vendor responsible for the failed launch of MNsure—the state's Obamacare insurance exchange.

State taxpayers deserve to know what will be different this time. When the legislature reconvenes in 2018 there are things they can do to help improve the chances of success. Oversight will be key. The legislature can also simplify elements of public programs to simplify the design requirements of the new software. Shifting to the federal insurance exchange IT infrastructure would also remove an ongoing IT headache.

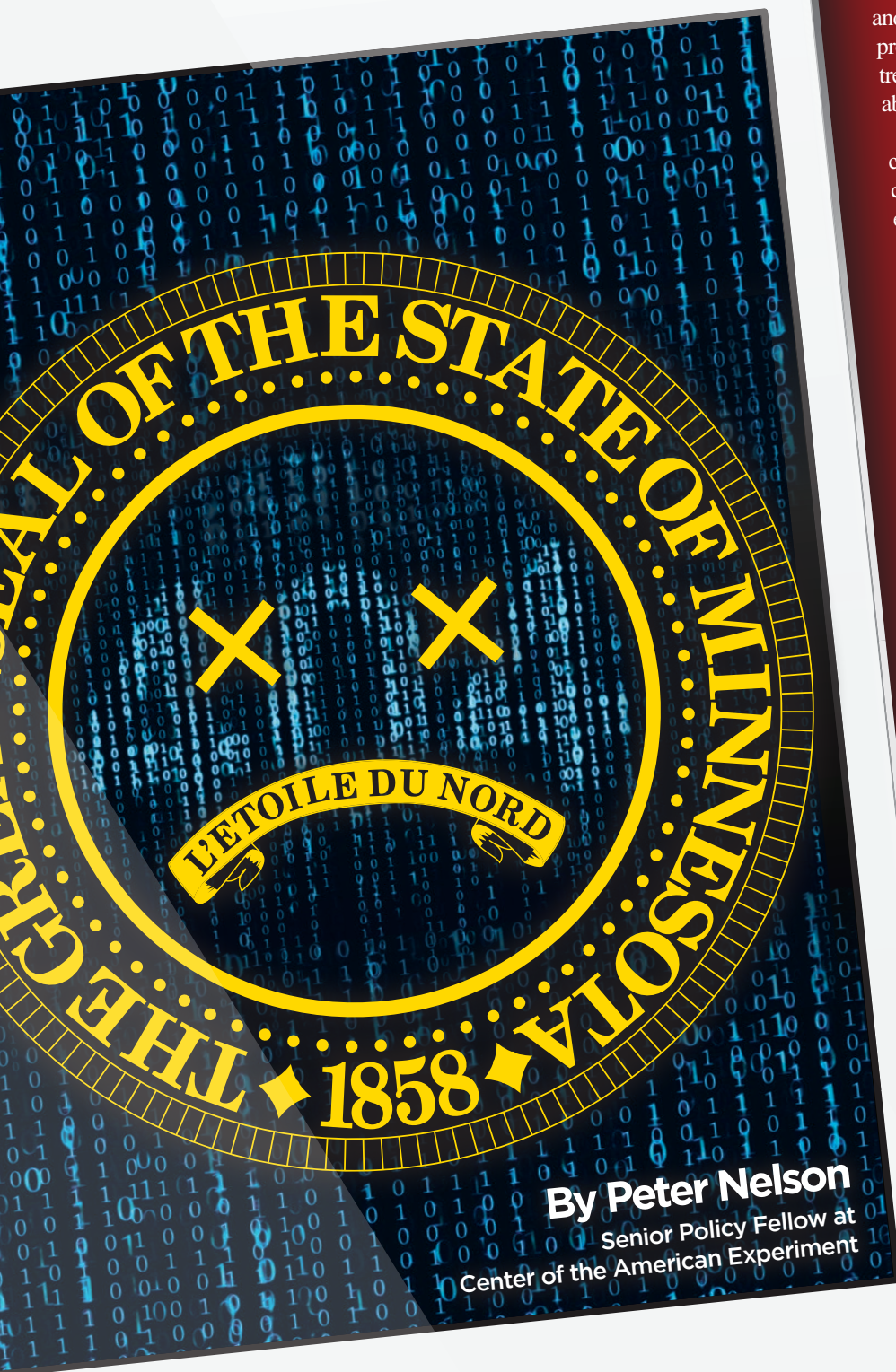
### DHS modernization plans

DHS makes a strong case for the need to modernize. Many of the IT systems supporting state human services programs are over 25 years old. The staff with the expertise to maintain these antiquated systems are themselves aging and retiring. The multiplicity of systems built up over the years use different platforms making it hard to share information. All of this creates technical challenges any time the legislature makes a programmatic change.

Another compelling reason to modernize now is the availability of enhanced federal funding. Major portions of the modernization plan qualify for a 90 percent federal funding match.

The plan focuses on four major modernization efforts. The first and most ambitious effort is the development of a new Integrated Service Delivery System (ISDS). The ISDS will provide one integrated platform to provide access to multiple services, including cash assistance, food stamps, health coverage, and other social service programs.

DHS also plans to modernize the troubled system MNsure uses for enrollment and eligibility determinations,



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the Medicaid Management Information System, and the Direct Care and Treatment system that provides direct care to over 10,000 people being treated for mental illness, developmental disabilities and chemical dependency.

Ultimately, these four IT modernization efforts aim to create “a streamlined, person centered delivery system by integrating several existing systems and re-thinking and improving social service delivery in Minnesota.”

The multiplicity of systems makes this task difficult from the start. But the numbers of people interacting with the system underscore the size and complexity of the task. Over 31,000 county, tribal and state workers use these systems to serve over 2.8 million people. More than 200,000 providers also work within these systems.

Whether or not MN.IT—the state’s IT agency—and DHS can successfully implement a project of this scale will depend on whether these agencies have learned from past mistakes.

### **History of failure**

In recent years, the state of Minnesota botched nearly every major IT project it tried to implement. These projects include HealthMatch, MNsure, and, most recently, the Minnesota Licensing and Registration System (MNLARS).

### **HealthMatch**

HealthMatch proposed to automate eligibility determinations for Minnesota’s health care programs through a new web-based system. Like the planned ISDS, HealthMatch aimed to combine functions of existing IT systems. DHS documents explain how consumers were supposed to be able to easily apply for health care programs over the Internet and the processes for workers were to be streamlined. The project was the basis for advancing “a sound long-term vision for Minnesota’s publicly funded health care programs.”

But this vision never materialized. Instead, HealthMatch



became a “perfect storm of IT failure,” according to the headline from Michael Krigsman’s article describing the project at ZDNet, a popular IT website.

HealthMatch started with a budget of \$13 million in 2002 and a delivery date set for mid-2004. By 2007, the Office of the Legislative Auditor released a detailed report explaining how HealthMatch faced serious risks due to changes in project scope, underestimates of the projects complexity, delays in completing the design, unexpected staffing problems, short-comings by the contractor, and overly optimistic timeline estimates. At that time DHS staff admitted they underestimated the project’s scope—in particular, the 16,000 eligibility rules the project needed to apply—but they remained committed to HealthMatch.

However, these problems could not be overcome and DHS ended up scrapping the entire project. The final bill for this failure amounted to \$41.25 million after the state settled to pay an IT vendor \$7.25 million in 2011 to finally close out the project.

## MNsure

Around the time Minnesota closed out HealthMatch, President Obama signed the Affordable Care Act (ACA) into law, which initiated the next big IT project. The ACA asked each state to create a health insurance exchange to help enroll people in public health care programs and private insurance coverage with federal tax credits. Minnesota agreed and, in 2011, began planning to launch MNsure on October 1, 2013.

The day MNsure launched, the stories began piling in from people who could not create accounts. What followed was a parade of IT failures, some of which have yet to be resolved today. In addition to those who could not create accounts, people were stuck in the system after they created accounts. Account records went missing. Insurance cards took months to deliver. Deadlines for sending out tax forms that people need to file taxes were repeatedly missed. Insurers received multiple applications from the same customer. Enrollment data needed to be manually inputted.

Government audits of MNsure continue uncovering serious problems. Recent federal audits identified “significant” security vulnerabilities and revealed

Minnesota was one of only two states in 2016 that failed to submit data the IRS requires to verify tax credit claims. An audit by Minnesota’s legislative auditor found that 38 percent of the people they sampled were not eligible for the program MNsure enrolled them in and estimated these errors resulted in the state overpaying between \$115 and \$271 million over a five-month period. A more recent audit commissioned by DHS continued to find a 16.7 percent eligibility error rate.

These eligibility errors are made by the Minnesota Eligibility Technology System (METS), one of the four IT programs slated for modernization. Up until No-



**According to DHS documents, the tab for developing MNsure totaled \$262 million through FY 2017. If DHS is indeed starting over from scratch, that’s a complete loss to taxpayers.**

vember 2015, METS had been referred to as MNsure by state officials. Apparently, state officials grew tired of talking about the ongoing failures with MNsure—a highly visible public program—and opted to pin the failure on a less politically charged acronym.

In May 2017, MNsure issued a Request for Proposal (RFP) that shows it’s ready to scrap key IT components. The RFP asks for proposals “that can replace the plan shopping and system of record technologies that currently support the individual market exchange.” The RFP also seeks to “identify solutions to replace

the technology that currently supports the small business market.”

Couple this RFP to replace key MNsure components with the modernization plan to pump another \$55 million into “addressing system defects and providing additional functionality” for MNsure and DHS appears to have completely given up on MNsure’s IT infrastructure. According to DHS documents, the tab for developing MNsure totaled \$262 million through FY 2017. If DHS is indeed starting over from scratch, that’s yet another complete loss to state and federal taxpayers.

## MNLARS

While MN.IT and DHS have been struggling to make MNsure work, the Minnesota Department of Public Safety’s Driver and Vehicle Services (DVS) has been struggling for an even longer time to launch MNLARS, a new web-based replacement for DVS’s 40-year-old system that manages driver and vehicle transactions.

DVS’s original plans projected MNLARS would be completed and the old system retired between 2009 and 2012, at a cost of \$48 million.

Like HealthMatch and MNsure, MNLARS was quickly beset by delays and problems with its vendor. It took two years from getting the go ahead from the legislature for DVS to publish a request for proposal from vendors. After initial negotiations with one vendor failed, it wasn’t until April 2012 when DVS finally signed a contract with Hewlett-Packard (HP) to start working on the project. Thus, it took nearly the entire time that DVS originally planned to complete the project to just sign a contract.

Then, in July 2014, DVS decided to terminate HP’s contract, citing a failure to meet deadlines and poor quality work. As the *Star Tribune* reported, an April 2014 audit “found a disconnect between the HP team and state employees working on the project, fueled by lack of communications and ‘incompatible goals and visions.’”

With HP fired, DVS then partnered with MN.IT to develop MNLARS in-house. Since then, they have been quietly working, maybe too quietly. A June 2017 review by the Minnesota Office of the Legislative Auditor concluded “project delays and vague communications,

particularly about timelines, have eroded confidence in MNLARS and its development process.”

In July, DVS began the process of launching MNLARS to the public, which will soon confirm whether or not MNLARS provides a usable service.

The early news reports a much bumpier launch than expected. A week into using the new system, Minnesota Public Radio interviewed Suzanne Jensen, the president of the Minnesota Deputy Registrar’s Association. According to Jensen, “We definitely knew that this would be a difficult transition and it would be very challenging, but I never imagined it would be the way it is.”

Time will tell whether MN.IT and DVS can eventually fix MNLARS’s defects. Time, however, has already proven that DVS severely botched the MNLARS project. A project that was supposed to be completed in four years is now in its ninth year and still not complete. As of July 1, DVS had spent \$79 million—about 65 percent more than originally budgeted.

### Projects fail for similar reasons

The many audits and reviews of the HealthMatch, MNsure, and MNLARS projects all reveal similar mistakes that, to varying degrees, caused severe delays, ballooning budgets, headaches for users, and, in the case of HealthMatch—and possibly MNsure—absolute failure. These mistakes include:

- Unclear communication, especially between state IT staff and vendors;
- Inexperienced program management;
- Little transparency in acknowledging challenges;
- Choosing a vendor that lacks adequate or compatible technology solutions;
- Poorly tested technology;
- Shifting project requirements; and
- A failure to appreciate the complexity of the project.

The fact that the state continues to make the same mistakes on major IT projects calls into question whether MN.IT and DHS are prepared for the largest IT project ever undertaken in Minnesota. Though learning from past mistakes and avoiding those same mistakes will be critical to DHS’s modernization efforts, planning documents reveal the agency may be once again picking the wrong vendor.

### DHS plan relies on vendor that botched MNsure

Choosing the right vendor with the right expertise and the right technology is critical to the success of any large IT project. MN.IT and DHS have chosen to continue working with IBM Cúram, the same vendor responsible for creating MNsure’s dysfunctional IT backbone.

Why would DHS opt to stick with the vendor that failed to deliver on MNsure? That’s a question MN.IT and DHS need to be well prepared to answer.

There’s no question Cúram’s technology played a big role in MNsure’s failed launch. The proof lies in how Maryland’s exchange—using the same Cúram technology—failed in similar fashion.

It may be that Cúram’s insurance exchange failures do not reflect on their track record providing IT solutions to support other human services programs. In 2014, the *Vancouver Sun* reported on how “British Columbia is alone in wrestling with crashes, confusion and backlogs by its troubled social services computer system.” British Columbia chose Oracle Siebel software for its child welfare IT system when most other provinces chose Cúram.

However, shortly after the *Vancouver Sun* reported favorably on Cúram’s software, news outlets in Ontario began reporting how Cúram “bungled” the launch of the province’s new software for managing social assistance claims. A report prepared by the City of Toronto documented how the time spent on a new application grew from 15 minutes to 45 minutes under the new system. What once took four mouse clicks to enter client monthly income took 22 clicks under the new system.

It’s important to note that these sorts of failures are not uncommon. One study of IT projects by the Standish Group finds that only 10 percent of IT projects over \$10 million are successfully delivered on time, within budget, and with required features and functions. Thirty-eight percent fail, either because they are canceled or never used. The high failure rate, however, also suggests a large IT project may not be the best IT solution.

Ultimately, there are only a few companies capable of supporting these large so-

cial services IT projects. Considering large IT projects have such a high failure rate, Cúram may be the best among this limited number of bad choices. MN.IT and DHS must, however, understand that picking the same vendor that botched MNsure will raise eyebrows and demand a full accounting of how they made that choice.

### Legislative steps to help

When it comes to questioning MN.IT and DHS on their choices and their progress, that job largely rests with the state legislature. Stronger legislative oversight will be critical to the success of the DHS IT modernization plan. For prior IT projects, strict oversight came only after state agencies could no longer hide their failure. At that point, it was too late. When the legislature reconvenes in 2018, they should establish a new oversight committee focused on this IT initiative.

There are two more things the legislature can include in their 2018 agenda to help the modernization process along. First, the legislature can reduce the complexity of the IT project by reducing the complexity of the eligibility system for public programs. Recall how one of the major missteps leading to the downfall of HealthMatch was that both the vendor and DHS failed to appreciate the project’s complexity. At the time, Minnesota’s health care programs had 16,000 eligibility rules the project needed to apply. This complexity is the result of decades of legislative tweaks. Next year the legislature should work with DHS to identify eligibility rules and other elements of human services programs that can be simplified.

Second, the legislature should shift to using the federal insurance exchange’s eligibility system for commercial insurance. States have the option to choose a state partnership exchange, in which the state uses the federal government’s enrollment and eligibility technology. A smart partnership could allow Minnesota to offload MNsure’s role in qualifying people for tax credits and relieve a major IT headache.

DHS might not welcome all of this legislative “help,” but, in light of past failures with large IT projects, the agency needs to approach these IT projects differently. A more open and transparent process would be a good place to start. ★



**GREAT JOBS**

# **GOLD IN A TWO-YEAR DEGREE**

**A new American Experiment study reveals that a tech school education can yield startling future earnings.**



**BY  
KATHERINE  
KERSTEN**

If there's one thing most Americans think they know, it's this: To get ahead, you've got to have a four-year college degree. Young people today grow up believing that without a college diploma, they are doomed to a life that's second-best.

This cultural stereotype is based, in part, on the widespread assumption that four-year college graduates can expect to make a lot more money over a lifetime than their peers. To buy a decent house and car and support a family, you've got to have a BA or BS degree, the thinking goes—even if you're not so inclined and you worry about the time investment and student debt this entails.

But a recent study from Center of the American Experiment reveals that the common wisdom here is wrong. The study—entitled *No Four-Year Degree Required: A Look at a Selection of In-Demand Careers in Minnesota*—reaches a surprising and dramatic conclusion:

Young people who choose non-four-year pathways, like a two-year degree, apprenticeship or occupational certificate, can often do better financially than their college-educated peers. For example, median lifetime earnings for CNC machinists, dental hygienists, plumbers, electric line installers and some similar occupations are actually higher—as much as 61 percent higher—than those of four-year degree holders.

The new study is the first of several research papers the Center plans as part of its “Great Jobs Without a Four-Year Degree” project, launched in April 2017. The project focuses on a troubling dilemma: Today, when so many young people are dropping out of college—often without skills and living in their parents’ basement—thousands of high-skill jobs are going begging in our state.

This “skills gap” threatens both the next generation’s future and Minnesota’s economic prosperity. How can we address it most effectively?

A four-year college degree is an excellent option for many young people, of course. But today, there’s a striking mis-

match between the educational requirements of the jobs in demand and students’ educational pursuits. Only 22 percent of jobs in Minnesota require a four-year degree or more, yet about 50 percent of our state’s young people start a four-year degree after high school. Too often, they never learn about other career paths that would allow them to get in-demand, well-paying jobs fast, avoid crippling debt, and build a strong future.

The Center’s new study identifies a range of such opportunities, and evaluates



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the financial returns that each one offers an 18-year-old Minnesotan looking to plan his or her future.

The study’s author is Dr. Amanda Griffith, a labor economist at Wake Forest University in North Carolina. Griffith examined occupations in four broad career clusters: skilled manufacturing; health care; construction-related trades; and jobs that require only a one-year certificate, such as HVAC technician and electric line installer. Some of these occupations require a two-year associate’s degree, some an apprenticeship, and others—as noted—an occupational certificate.

For each occupation in these four

clusters, Griffith determined the costs of education or training, as well as median hourly wages for workers in that field in the Twin Cities and in Minnesota as a whole. (Wage data is from the Minnesota Department of Employment and Economic Development (DEED).) Then she calculated an estimated median lifetime earnings profile for each and compared it to the median lifetime earnings of four-year degree holders in Minnesota.

### Skilled manufacturing

In the skilled manufacturing cluster, Griffith examined three occupations: CNC machinist, millwright and welder. CNC machinists program and operate high-tech “computer numerical control” (CNC) machines; millwrights install or repair complex manufacturing machinery; and welders join materials using heat and/or pressure in manufacturing, construction and other industries.

The costs of the education and training required to enter these three occupations are relatively low. To become a CNC machinist or millwright, a person generally needs a two-year associate’s degree from a technical college. On average, such a degree for a student living off-campus apart from his or her family costs about \$20,000 a year at a public educational institution in Minnesota.

This total cost can be substantially lower for students who continue living with family. For instance, the federal government estimates that Anoka Technical College costs \$21,000 for students who don’t live with family versus \$13,500 for students who live with family. These total costs, however, don’t account for grant or scholarship aid. For students who receive this aid—a majority of students—the actual cost after aid is only about \$11,500 per year. Thus, on average, a two-year associate’s degree costs just \$23,000 for students who receive aid. A career in welding generally only requires a one-year occupational certificate, with attendant lower costs.

Students in skilled manufacturing generally pay for their education by taking

out loans and working part-time. Loans average about \$5,800 a year. (Employers sometimes pick up the bill, further lowering students' costs, Griffith notes.) Most students also work part-time—"earning as they learn"—at manufacturing companies that are eager to hire them as they train.

Costs are much higher for students pursuing a four-year college degree. For those who live off-campus apart from family, the total cost comes to about \$23,000 per year at a public institution in Minnesota, or \$92,000 over four years. For students at a public institution who receive grant or scholarship aid, the cost after aid is about \$15,000 per year, or \$60,000 over four years.

Griffith assumed a best-case scenario of graduation in four years, though only about one-third of students at the state's public four-year institutions graduate in four years from the school where they started. After six years, less than two-thirds have completed their degree. Many students drop out.

This high education cost necessitates significant borrowing on the part of most bachelor's degree students—about \$7,500 per year, on average, or \$30,000 over four years.

What can students in skilled manufacturing—compared to those with four-year college degrees—expect to be paid after they complete their education or training? The results are likely to surprise many.

The median wage for four-year college graduates in Minnesota is \$25 per hour, according to the U.S. Census Bureau. Both CNC machinists and millwrights in the Twin Cities actually have a higher median wage: \$27 and \$28 per hour, respectively, according to DEED. In Minnesota, as a whole, these figures are \$26 and \$24, respectively. Welders earn less, at \$21 per hour in the Twin Cities and \$20 in the state as a whole.

Now for the big picture: How do the educational costs and earnings just described add up over a lifetime? To answer this, Griffith calculated an estimated median lifetime earnings profile for the three skilled manufacturing occupations in question, as well as for four-year college degree holders. To do this, she used the median wage for each across the state of Minnesota and then subtracted

educational costs.

These calculations reveal that, over a lifetime, CNC machinists in Minnesota will have estimated median earnings that are 11 percent higher than college graduates', while millwrights' will be 4 percent higher. Only welders can expect to net less—by 15 percent.

### Health care

In the health care cluster, Griffith examined four occupations: registered nurse, dental hygienist, radiologic technician and LPN (licensed or limited practical nurse). All require a two-year associate's degree except LPN, which generally requires a two- or three-semester diploma. RNs with a two-year degree are likely to work in private practices, nursing homes, and schools, rather than hospitals.

The educational costs for these health care occupations are comparable to those of the skilled manufacturing occupations just described. (LPNs' costs are roughly comparable to those of welders.) But median wages for workers in these fields are even higher than for CNC machinists and millwrights, again, with the exception of LPNs.

The median wage for an RN with an associate's degree is \$38 an hour in the Twin Cities. For dental hygienists and radiologic technicians, median wages are \$36 and \$31, respectively. LPNs are lower, at \$22 per hour. For the state as a whole, median wages are \$35 for RNs and dental hygienists, \$30 for radiologic technicians and \$21 for LPNs. Again, this compares to a median wage for four-year degree holders in Minnesota of \$25.

In terms of median lifetime earnings, in Minnesota, RNs' expected earnings are 50 percent higher than four-year degree holders'. Dental hygienists and radiologic techs earn 49 percent and 31 percent higher, respectively.

LPNs are the only group whose median lifetime earnings are lower than four-year graduates', but only by 5 percent. This startling similarity between LPNs' and four-year college graduates' median lifetime earnings is due to the fact that LPNs only have one year of schooling and much lower student loans as a result.

### Construction-related trades

Next, Griffith examined the construction trades, including carpenters, electricians and plumbers. Preparation for these occupations can take a variety of forms. Generally, it involves an apprenticeship, either formal or informal, and may also involve study at a technical college. Either way, the goal is to achieve certification as a highly skilled journey worker.

Griffith focused on the formal apprenticeship program at the North Central States Regional Council of Carpenters. In this four-year program, apprentices train at the union's facility in St. Paul for one week, four times a year. They complete the rest of their training on the job. They begin at an entry-level wage, and wages increase as the skills required for certification as a journey worker are completed. There is no out-of-pocket cost for the apprenticeship, as all training costs are negotiated with the many employers who participate. Workers do join the union and pay union dues.

The median hourly wages for carpenters, electricians and plumbers with journey-worker certification in the Twin Cities are \$27, \$32 and \$37, respectively. They are \$23, \$29 and \$33, respectively, in the state as a whole.

To estimate median lifetime earnings for these occupations, Griffith assumed that workers completed a formal apprenticeship program without schooling at a technical college. Thus, she assumed no direct costs of schooling and no loans to repay. Under these assumptions, carpenters in Minnesota can expect median lifetime earnings that are 2 percent higher than four-year degree holders' earnings. Median earnings are 31 percent and 49 percent higher for electricians and plumbers, respectively.

The North Central States Regional Council of Carpenters would prefer that apprentices enter its program right out of high school, at age 19. However, the average starting age is 28, according to Kyle Makarios, until recently the union's director of government affairs. The situation is similar in other skilled trades, he adds. This likely reflects many young people's tendency to drift from one low-wage, unskilled job to another for several years after high school before getting serious



about a career.

Unfortunately, this course of action sets them up for a substantial financial loss. Griffith found that carpenters who begin their apprenticeship at age 28 rather than age 19 forego more than \$246,000 in earnings over a lifetime. If young people understood the price of delaying career preparation, they might make well-thought-out plans—and act on them—much earlier.

### One-year certificate careers

The final career cluster included occupations that require a certificate that can be earned in only two or three semesters. Griffith chose two examples: heating and air conditioning (HVAC) installation and maintenance and electric power line installation.

The cost of earning these certificates at a two-year public institution is about \$11,000, after grant aid is subtracted. The average student loan is about \$6,000.

Median wages for HVAC technicians and power line installers in the Twin Cities are \$28 and \$36 an hour, respectively. In Minnesota, they are \$25 and \$37, respectively. Median lifetime earnings in both occupations are higher than those of four-year degree holders', with HVAC workers' 11 percent higher and power line installers' a whopping 61 percent higher.

### Conclusions

A four-year college degree is an excellent option for many Minnesotans. But too often today, young people enroll at a four-year institution because they feel pressured to do so, and then drop out without useful skills but saddled with burdensome debt.

At the same time, employers are scrambling to fill a host of skilled, well-paying positions. Minnesota manufacturers, for example, say they struggle to find workers for two-thirds of available jobs, according to DEED. (See Juntunen, p.22.) The agency projects demand for CNC machinists to grow by 19 percent and for millwrights by 16 percent over the next 10 years.

The situation is similar in the construction industry. "Today, 79 percent of construction companies can't find enough qualified workers," according

to Dennis Medo, who heads Project Build Minnesota. "Unless that changes soon, building costs may skyrocket and many construction projects simply won't get built."

"More than 40 percent of technical workers in the utility industry are eligible to retire in the next five years," says Bruce Peterson, executive director of the Minnesota State Energy Center of Excellence. "But if you take 40 percent of the people out of the power plants, how do you keep them running?" All of the skilled trades are "in the same position," he adds.

The need for health care workers is booming as well. DEED projects that by 2024, demand for RNs and dental hygienists will grow by 12 percent, and for radiologic techs and LPNs by 11 percent.

This means that young people who enter the occupations profiled in the Center's new study can be confident of strong demand going forward. Already, students preparing for these jobs often have multiple job offers before they complete training—in many cases from employers they have worked for during their education.

The non-four-year career tracks examined here offer many other advantages. Rapid, low-cost entry and good earnings potential give young workers relative freedom from school debt, and thus a substantial head start in saving for a house, family needs, and retirement.

In addition, most of these fields offer clear paths for advancement. Entrepreneurial carpenters, plumbers, electricians and HVAC technicians can start their own businesses. In some cases, well-paid overtime work can boost earnings into six figures.

As high school students and their parents investigate post-secondary options, they need to know about a broad spectrum of career choices like these. An excellent online resource is a paper from DEED entitled, "What To Know Before You Owe," which includes a wealth of information about careers that don't require a bachelor's degree.

Families should also know that after earning a two-year associate's degree, young people can eventually go on to



**Only 22 percent of jobs in Minnesota require a four-year degree or more, yet about 50 percent of our state's young people start a four-year degree after high school.**

get a four-year degree in a "2 plus 2" arrangement. Some employers offer tuition reimbursement to employees, which is tax-free for the employee up to \$5,250.

There are many exciting, fulfilling paths to a successful and productive career—and life—in Minnesota in 2017. Going forward, our society needs to re-emphasize the importance of honoring and respecting those who choose non-four-year routes for the valuable contributions they make to our communities. Our state's future prosperity—and the well-being of many of our young people—depend on it. ★

# Understanding INCENTIVES

Fiscal policymakers have accepted for centuries that taxes act as a negative incentive on whatever is being taxed. That doesn't always keep them from taxing.

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BY

JOHN PHELAN

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**“Incentives do make a difference.”** So said Minnesota Governor Mark Dayton, recently. They do, and much public policy depends on that. Governments tax things like cigarettes and alcohol because they want people to smoke and drink less. If they want people to do more of something, like building solar power plants, they subsidize it (taxation in reverse). Indeed, the governor is currently protesting a freeze on cigarette tax rates because he thinks higher rates will discourage smoking.

The study of incentives and people's reactions to them is a key part of modern economics. As catalogued in the bestselling book *Freakonomics*, people respond to incentives whether they are schoolteachers, realtors, crack dealers, sumo wrestlers, or bagel sellers.

There is nothing new in the economics of this or its application to public policy. In 1698, Tsar Peter the Great wanted to bring Russia into line with western European mores, which he deemed more progressive. This included facial hair. Beards were in style in Russia, while the British and French preferred to be clean shaven. So, Peter introduced a tax on beards to incentivize people to shave. The tax levied depended upon the status of the bearded man. Those associated with the Imperial Court, military, or government were charged 60 rubles annually. Wealthy merchants were charged 100 rubles annually, while other merchants and townsfolk were charged 60 rubles. Muscovites were charged 30 rubles annually. Even peasants were charged two half-kopeks every time they entered a city. To enforce the tax, the police were authorized to forcibly and publicly shave those who didn't pay.

In 1696, to fund its wars with Louis XIV, the British Parliament passed the Window Tax. As a proxy for wealth, the tax was levied based on the number of a property's windows. Besides a flat-rate house tax of 2 shillings per house (equivalent to \$19.25 in 2015), there was a variable tax for the number of windows above ten. Properties with between ten and twenty windows paid an extra four shillings (equivalent to \$38.52 in 2015), and those above





As wedded as (left-wing economists) might be to putting an end to the rich, they are also wedded to large amounts of government spending.

**And this can only be financed by the taxes generated by the rich. They might do well to remember the wise words of Governor Dayton: “Incentives do make a difference.”**



twenty windows paid an extra eight shillings (equivalent to \$77.04 in 2015). As a result, windows were bricked up in properties around Britain. Look up when walking past a Georgian house in London today and you can still see the effects of Window Tax avoidance in brick and mortar. “Incentives do make a difference.”

### Changing incentives, changing behavior

The effect of a tax on behavior will vary depending on the rate of the tax. It will change as these rates change.

A small tax on tobacco will have little effect on your consumption. But as the tax rises you will alter your consumption accordingly. You may cut back (which is what policymakers want). You might bring your purchases forward to avoid the tax. You might buy illegally. You may buy from a jurisdiction with lower tax rates.

As MPR reported recently, with lower cigar prices online and in neighboring states, tobacco retailers in Minnesota are excited about the upcoming tax cut. One vendor, Chuck Peterson of Maplewood Tobacco and E-Cig Center, told MPR that “People wouldn’t be more inclined to go to, say, Wisconsin or North Dakota or another state to buy their cigars... They can just come up the street here, a five or 10-minute drive, and get a nice stick for a fair price.”

With a high tax rate on tobacco, Minnesotans buy their smokes out of state, paying tobacco tax there. Minnesota gets no tobacco tax revenue. But, by reducing the tax rate, Chuck Peterson argues, Minnesotans will be more likely to buy their smokes in-state and pay tobacco tax here.

By reducing the disincentive effect, a cut in the rate of tax might lead to an increase in the revenue it generates.

### Tobacco taxes and the Laffer Curve

This insight was modeled as the Laf-

fer Curve (see graph), named after the economist Arthur Laffer.

You can see Chuck Peterson’s point illustrated. Minnesota’s tobacco tax rates were to the right of the Revenue Maximizing Point. By lowering rates and reducing the disincentive effect, Minnesota’s state government might encourage those smokers buying illegally or out of state, where they pay no tobacco tax, to buy their smokes legally in Minnesota and pay tax here. This would increase the tax revenue while reducing the tax rate.

### Income taxes and the Laffer Curve

So it is widely accepted among fiscal policymakers, and has been for centuries, that taxes act as a negative incentive on whatever it is that is being taxed. Policymakers have used this insight to pursue given policy ends and they continue to do so. Yet, in other situations, they discard this logic and assume that there is no

military spending. As the economist Thomas Sowell explains in his book *“Trickle Down” Theory and “Tax Cuts For the Rich,”* the number of people reporting taxable incomes of more than \$300,000 fell from well over a thousand in 1916 to less than three hundred in 1921. The total amount of taxable income earned by people making over \$300,000 declined by more than four fifths. The number of people reporting incomes of over \$1 million fell from 206 in 1916 to just 21 in 1921.

And this was during a period of rising prosperity. It was not that their incomes collapsed but that they were incentivized to put their money into tax-exempt securities that did not have to be reported under the laws of the time.

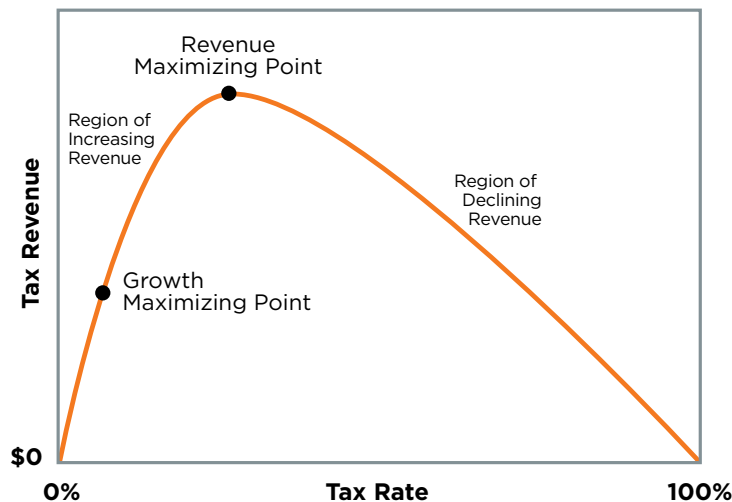
The Treasury Department estimated that the money invested in tax-exempt securities had nearly tripled in a decade. The total estimated value of these securi-

ties was almost three times the size of the federal government’s annual budget, and more than half the size of the national debt.

Treasury Secretary Andrew Mellon noticed that the amount of tax top earners paid had fallen as their tax rates had risen. He drew a causal link from one to the other. As he put it, “Just as labor cannot be forced to work against its will, so it can be taken for granted that capital will not work unless the return is worthwhile. It will continue to retire into the shelter of tax-exempt bonds, which offer

both security and immunity from the tax collector.” He claimed that “the man of large income has tended more and more to invest his capital in such a way that the tax collector cannot reach it.” The value of tax-exempt securities, he said, “will be greatest in the case of the wealthiest taxpayer” and “relatively worthless” to a small investor. As a result, the cost of making up such tax revenue losses must fall on other, non-wealthy taxpayers “who do not or cannot take refuge in

**The Laffer Curve**



negative incentive attached to taxation. They suddenly claim that they can raise tax rates with no adverse effect on the thing being taxed.

The most notable example is income tax. If rates are to the right of the Revenue Maximizing Point of the Laffer Curve, reducing those rates should increase revenues.

This happened in the U.S. in the 1920s. During the First World War, the Wilson administration raised tax rates to fund

tax-exempt securities.” Mellon called this an “almost grotesque” result with “higher taxes on all the rest in order to make up the resulting deficiency in the revenues.”

Mellon attempted to persuade Congress to end tax exemptions for municipal bonds and other securities. Congress refused. They continued what Mellon called the “gesture of taxing the rich,” while in fact, he claimed, high tax rates were “producing less and less revenue each year and at the same time dis-

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**But the explicit application by the left of (dis)incentive theory to reduce economic activity is something newer. This is a penal approach to taxation which contrasts with an approach designed to maximize revenues.**

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couraging industry and threatening the country’s future prosperity.”

His solution was to reduce the incentives for investors to divert their money from productive investments in the economy to putting it into safe havens in these tax shelters. So, Mellon cut the top rate of income tax.

He was proved right. In 1921, the tax rate on people making over \$100,000 a year was 73% and the federal government collected just over \$700 million in income taxes, 30 percent of which was paid by those making over \$100,000. By 1929, after a series of tax rate reductions, the rate was down to 24% on those making over \$100,000 and the federal government collected more than a billion dollars in income taxes, with 65 percent coming from those making over \$100,000. *The number of individuals reporting taxable incomes of over \$1 million dollars rose to 207 by 1925.* Even so, Mellon’s policies were denounced as “a device to relieve

multimillionaires at the expense of other tax payers,” and “a master effort of the special privilege mind,” to “tax the poor and relieve the rich.”

The same thing happened again in the 1980s. In the U.S. in 1980, the top income tax rate went up to 70 percent and the share of income taxes paid by the top 1 percent of taxpayers was 19.3 percent. The following year Ronald Reagan’s tax cut reduced the top rate to 50 percent. By 1986, the top 1 percent of earners were paying 25.7 percent of all federal income taxes. That year saw the top statutory tax rate cut further, to 28 percent. By 1992, the top 1 percent of earners were paying 27.5 percent of all federal income taxes.

In the U.K. in 1979, the top rate of income tax was 83 percent and the top 1 percent of earners paid 11 percent of income tax revenues. Margaret Thatcher cut this rate to 60 percent and, by 1987, the share of income taxes paid by the top 1 percent of earners had risen to 14 percent. That year the top rate was lowered again, to 40 percent, and the share of income taxes paid by the top 1 percent was up to 21 percent by 2005. It happened again in Britain after the last Labour government left office in 2010. The coalition reduced Corporation Tax rates and the top rate of income tax and saw revenues from both rise subsequently.

### **‘Progressives’ learn to love the Laffer Curve**

Despite embracing the logic of incentives for things such as cigarettes and alcohol, so-called “progressives,” for a long time, cried “snake oil” when the same logic was applied to incomes.

That is increasingly not the case. Nowadays, some on the political left seem not only to accept the logic of incentives, as applied to incomes by Laffer, but to embrace it. Indeed, the fact that high tax rates might reduce economic activity, as Laffer predicted, is now seen by some as an argument in their favor.

In his much bought, seldom read book *Capital in the Twenty-First Century*, economist Thomas Piketty explicitly acknowledges that high tax rates do not translate into high tax revenues. “A rate of 80 percent applied to incomes above \$500,000 or \$1 million a year would not

bring government much in the way of revenue, because it would quickly fulfill its objective: to drastically reduce remuneration at this level,” he writes. “[T]hese high brackets never yield much,” he continues, the point is “to put an end to such incomes and large estates.”

This is an explicit embrace by Piketty of Laffer’s logic. He acknowledges that there is a downward slope; that the curve, in fact, curves. Piketty and Laffer agree that higher tax rates depress taxable activity. But Piketty is equally explicit about such disincentives being the whole point of introducing such high rates of taxation. Indeed, the only real difference between Laffer and Piketty is that Laffer sees the suppression of taxable activity as a negative outcome while Piketty views it as a positive.

### **Why do we tax?**

There are several reasons given for taxation. One is to redistribute income and wealth. Another is to pay for things such as public goods or public services. The idea here was generally to maximize revenues. A third is to discourage certain activities through the disincentive effects of taxation. By contrast, success here would show itself in low revenues.

All three of these rationales have a long history, as we’ve seen. But the explicit application by the left of (dis)incentive theory to reduce economic activity is something newer. This is a penal approach to taxation which contrasts with an approach designed to maximize revenues. Louis XIV’s finance minister, Jean Baptiste-Colbert, is supposed to have said that “The art of taxation consists in so plucking the goose as to procure the largest quantity of feathers with the least possible amount of hissing.” Not so for penal taxers such as Piketty. The art is now to procure the largest quantity of hissing regardless of how many feathers you get.

But these left-wing economists ought to be careful what they wish for. They may be wedded to eliminating the rich. But they are also wedded to big government spending. And this can only be financed by tax revenues generated by the rich. Remember the wise words of Governor Dayton: “Incentives do make a difference.” ★

FINAL WORD

# COMING **ATTRACTIONS**

American Experiment plans an aggressive fall of new and worthwhile efforts.



John Hinderaker

**What distinguishes American Experiment is not so much that we publish papers, but rather, what we do with them afterward. You can expect to see more campaigns to educate the public in the months to come, much like our traffic congestion project.**

**A**t the beginning of the summer, we kicked off our traffic congestion project by releasing a report by Randal O'Toole on the Twin Cities' congestion problem. We held a press conference with Mr. O'Toole, simultaneously unveiling MNCongestion.com, where readers can learn the facts about congestion. On the same day, we had an op-ed about congestion in the *Star Tribune* and were guests on three local radio shows.

Over the summer, the Center placed 486 radio spots about congestion on nine local stations. We wrote op-eds in nine newspapers, and were guests on 10 radio programs and two television shows. Our congestion project was the subject of five television news shows and 13 newspaper stories and editorials.

We promoted the project online, through our web site (AmericanExperiment.org), our Facebook page and MNCongestion.com, which has been visited by thousands of Minnesotans. We rented a physical billboard at one of the most congested intersections in the country, Interstates 494 and 35W, as well as seven electronic billboards around the Twin Cities. We passed out thousands of bumper stickers.

All of this effort was focused on informing Minnesotans that the Twin Cities' extraordinary traffic congestion is the result of political decisions that can be changed, not an inescapable fact of life.

American Experiment hasn't been working only on transportation issues. On the contrary, we have launched a major education project, the purpose of which is to promote alternatives to four-year college degrees. You can read about that project in this issue. We have pursued employee freedom on behalf of personal care attendants and others. Peter Nelson has continued his national leadership on health care. We have fought for lower taxes and spending restraint in Minnesota's legislature. And much more.

In September, we published an update to

last year's blockbuster report on Minnesota's economy by Dr. Joseph Kennedy, which was titled "Minnesota's Economy: Mediocre Performance Threatens State's Future." The update, by the Center's economist John Phelan, shows that one year later, Minnesota's economy continues to underperform. The economy will be a major focus for the Center during the coming year.

In September, we also released the first paper associated with our Great Jobs project. Authored by Amanda Griffith, a Ph.D. labor economist from Wake Forest, it uses Minnesota data to show that many occupational paths that do not require a four-year degree—welders, millwrights, CNC programmers, radiologic technicians and others—are expected to yield significantly more income over a career than is earned by the median graduate of a four-year Minnesota college or university.

Later this month (October), we will publish a paper on energy by Steven Hayward that will document the enormous amount of money that Minnesota has spent on "green" wind and solar energy, and will explain why those investments have had virtually no impact on the state's emissions of carbon dioxide.

November will see the release of yet another paper, on the estate tax. Minnesota is one of the relatively few states that levy an estate tax, and the tax produces little revenue. The paper will assess the economic consequences of repealing the estate tax, and will undertake to answer the question, how much revenue—if any at all—would the state actually lose if the estate tax were repealed?

As you can see, the remainder of 2017 will be busy! What distinguishes American Experiment is not so much that we publish papers, but rather, what we do with them afterward. You can expect to see more campaigns to educate the public in the months to come, much like our traffic congestion project. However, the next few campaigns might not include billboards and bumper stickers. ★



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