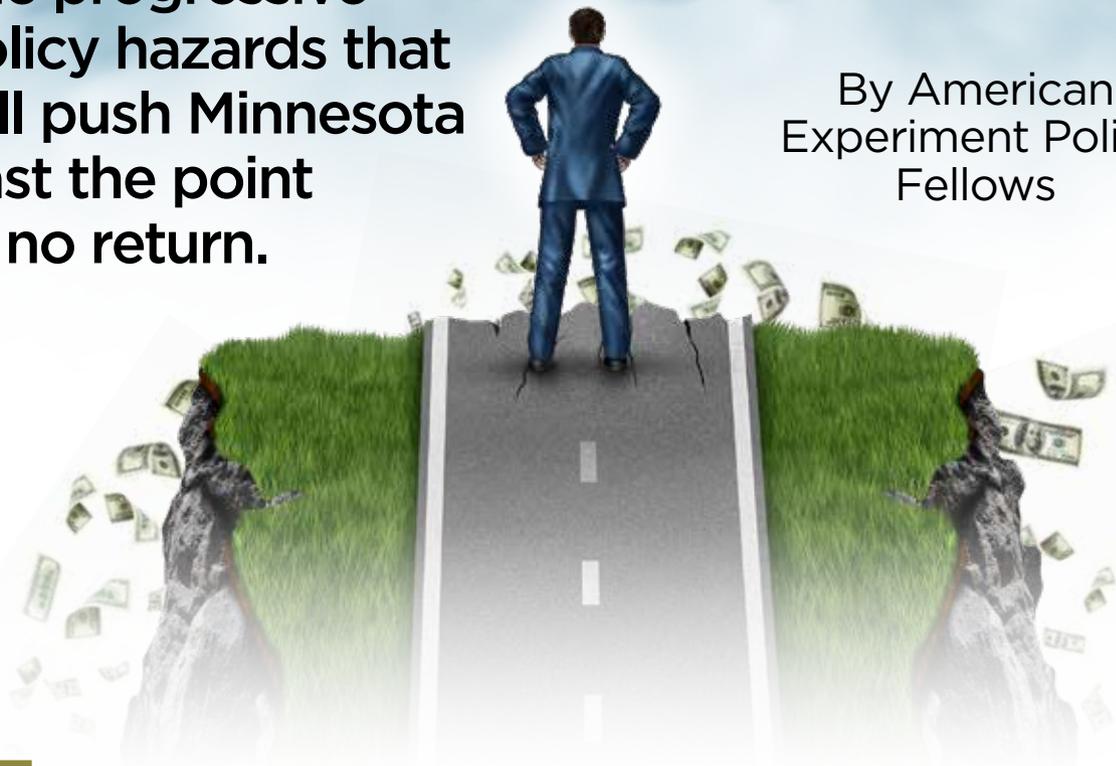


OFF THE CLIFF

The progressive policy hazards that will push Minnesota past the point of no return.

By American Experiment Policy Fellows



The November elections resulted in statewide losses for conservative lawmakers, giving liberal policymakers total control of the government from the Governor's mansion to the State House of Representatives and the State Senate. Believing they have a mandate, they will not waste their opportunity to push a progressive policy agenda, seeking to fundamentally transform many of the institutions in which Minnesotans used to take pride.

From an exponential increase in

violent crime fed by the revolving door of criminal justice, to the gutting of public school standards, distrust in public health, and an irresponsible tax structure that resulted in a record-setting state budget surplus, it is clear that our civic leaders have failed time and again to heed the concerns of the people. Through our scientific polling, American Experiment has illustrated the undercurrent of unease rising through communities in every corner of the state. Now, liberal politicians and an entrenched bureaucracy are in total

control of the government and are able to wield the levers of power with little political opposition.

But even where politicians have failed to address the serious problems persistently plaguing the state, American Experiment is digging in, ready and able to stand between those whose policies will sink Minnesota into deeper economic woes, public schools that continue to emphasize equity, race, and identity instead of academic excellence, resources wasted on energy policies that will drive up costs for Minnesota

families and increase the risks of rolling blackouts, and open the door to irresponsible spending on social issues that will have profoundly negative consequences for generations to come.

The following issues are almost certain to be on the liberal agenda in the upcoming legislative session. American Experiment has determined these policies must not proceed. If Minnesota is to save itself from falling off the cliff into an economic and societal morass, it is imperative to fight these proposed policies and protect Minnesota families from their inevitable negative consequences.

Energy

Build Back Blackouts:

The DFL Push for 100 percent Carbon Free Power by 2040.

Key DFL policymakers, such as Gov. Tim Walz, House Majority Leader Jamie Long, and Senator Nick Frentz have signaled that passing a 100 percent carbon-free electricity mandate by 2040 would be a top priority for the 2023 session. While this legislation may sound good in theory, in practice it will increase electric bills for Minnesota families and businesses and make the state more vulnerable to rolling blackouts.

In September 2022, American Experiment released a study calculating the cost of this mandate and concluded that requiring the vast majority of Minnesota’s electricity come from wind turbines, solar panels, and battery storage would cost the state an additional \$313 billion through 2050, or an average of \$9.2 billion each year. This sum equates to an average additional cost of \$3,888 for each Minnesota electricity customer — residential, commercial, and industrial — *every single year.*

Adding insult to injury, this proposal would also make the state more vulnerable to blackouts by outlawing the use of natural gas power plants, thereby making us too reliant upon weather-dependent wind turbines and solar panels, and battery “backup” power.

In fact, using real-world wind and solar generation data in our region from the

U.S. Energy Information Administration, American Experiment determined that this energy mix would cause a 55-hour blackout in January 2040 if wind and solar performed as poorly as they did in January of 2020.

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Thankfully, it appears this reality is beginning to dawn on even the most liberal lawmakers at the capitol. As of preliminary discussions in mid-December, it seems that the liberal energy non-governmental organizations (NGOs) who repeatedly lobby for only wind and solar are conceding that new nuclear power plants need to be part of

meeting this standard, as do the large hydroelectric dams in Canada that already generate about eight percent of Minnesota’s electricity.

This nod to sanity is much needed. Our report also estimated the cost of meeting the 100 percent carbon free mandate with a mix of new nuclear plants, large hydroelectric plants, and coal plants with technology attached to capture their carbon dioxide emissions and store them safely underground — known as carbon capture and sequestration, or CCS.

This scenario, which we called the Lower Cost Decarbonization (LCD) scenario would cost “only” \$89 billion through 2050, the equivalent of \$1,039 per electricity customer per year, and would not cause blackouts.

Compared to the original Walz proposal, this plan is a bargain, but Minnesota families are already struggling to pay their utility bills, meaning the average additional cost of \$86 each month per electric customer would still be incredibly difficult to stomach.

Most people think decarbonizing the electric grid will be good for the economy and bring electricity prices down, but states like California and nations like Germany have tried the wind and solar experiment and experienced nothing but rising prices and faltering reliability.

This is why American Experiment is working hard to educate Minnesotans about the enormous costs and immeasurably small benefits of these mandates.

Education

“Fully fund” education without fully understanding academic achievement.

Lobbying for multi-billions more in education spending without more accountability is expected this upcoming session, with Gov. Walz joining the teachers’ union in calling to “fully fund” education. But given that the state’s multi-year academic track record has very little to show for the influx of cash the education fund has received over the years, more spending accountability is a must before hefty price tags are even

considered.

Hailed as having one of the best public education systems in the nation, the reality of Minnesota's public schools is like the tip of the proverbial iceberg — hidden beneath our seemingly high rankings are educational disparities and shortcomings that have not disappeared despite decades of increased spending. And yet, unrelenting claims by spending advocates and the teachers' union that our education woes are caused by insufficient spending drive policymakers and state leaders to dedicate billions of dollars — and 40 percent of the state's budget — to education funding. But without more accountability, *how much* we spend won't matter if we can't ensure that *how* it's spent benefits students and their academic outcomes.

Take, for example, what was discovered two years ago from the Office of the Legislative Auditor's evaluation of the nearly \$600 million that was sent directly to public schools to help low-performing students. The statewide impacts of the spending were unknown due to accountability and transparency issues. And that's only one of the multiple streams of spending coming out of the education budget.

According to our latest report on COVID learning loss, fewer than half of Minnesota students are proficient in math (44.6 percent), and just under 50 percent of students can't read at grade level. Continuing to pour more money into a broken system and hoping for different results is bad policy. A broken, top-down system won't suddenly become student-centered no matter the dollar amount funneled into it.

Ethnic studies is the next manifestation of CRT in schools.

The push to add ethnic studies as a fifth strand of social studies, mandate it across all K-12 academic subject areas — even in private and home schools — and make it a course requirement for high school graduation is expected to be an education priority for Democrats this upcoming session. But ethnic studies is not an innocent study of cultures, their histories, and artistic, literary, economic and social achievements; it is a highly politicized course founded

on themes of systems of power and oppression, white supremacy, patriarchy, colonialism, and implicit bias, to name a few. It goes beyond the standard “anti-racist” Critical Race Theory (CRT) focus, importing the whole ideological thought world from which CRT sprang, and serves as a vector for the activist network that is driving it nationally.

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The goal with ethnic studies is not to improve academic standards in core subject areas in our state's K-12 public schools. On the contrary, Minnesota's public education system is deemed a “white supremacist puzzle that must be taken apart and exposed for the lie it is,” according to Jonathan Hamilton of Education for Liberation Minnesota and a member of the Minnesota Department of Education's social studies standards revision committee. Ethnic studies is the weapon of choice in taking our schools apart.

The marching orders to solidify ethnic studies throughout Minnesota K-12 education can be traced back to California, where a national movement to enlist our children as foot soldiers in an extremist political crusade first began. Ethnic studies activists here in the state have taken a step-by-step approach, from pressuring the Minneapolis and St. Paul school districts to adopt ethnic studies first as a high school elective and then as a graduation requirement to stacking the social studies standards committee.

This version of ethnic studies is not

about teaching students to come together and appreciate and understand our differences. It is a political manifesto that will reshape our children's identity and worldviews, and its saturation into K-12 education must be stopped.

Spending the surplus

According to Minnesota Management and Budget (MMB), the Minnesota legislature will have a \$17.6 billion surplus to work with during this legislative session. Most of that money is already in the bank but \$6 billion is expected to be part of the new base of revenue available for future budgets. Walz and the legislature should resist the urge to make new spending commitments on programs that will add to base spending. Revenue may be high today, but as soon as the COVID hangover is finished, the state could find itself in deficit once again. With the rainy-day fund already full, Minnesota should permanently cut tax rates before agreeing to new ongoing spending on things like paid family leave or childcare.

More funding can make the childcare system worse.

In his Budget to Move Minnesota Forward, announced early this year when the state surplus was pegged at \$9.3 billion, Walz proposed spending three quarters of a billion dollars to expand funding on early learning scholarships and provide public Pre-K for underserved 4-year-olds. For Walz, the state's “multibillion-dollar budget surplus presents a rare opportunity to expand childcare availability and increase affordability,” reports the *Star Tribune*. In fact, Walz has already pledged that among other spending areas, childcare will be a “fundamental priority” in the upcoming legislative session.

Certainly, Minnesota has a childcare crisis, and the lack of affordable childcare in the state is detrimental to both parents and the economy. But this crisis exists because of government overregulation, not a lack of state funding.

Compared to other states, day care centers in Minnesota follow more stringent rules, which raise the cost of providing care leading to high tuition.

For example, to be a teacher at a licensed day care center, someone with a bachelor's degree must have over one thousand hours of work experience as an assistant teacher. But in other states, teachers are merely required to be over 18 years old and take some training before looking after children.

Minnesota also requires that someone with a high school diploma must have over 2000 hours of experience as an aide as well as college credits before they can be an assistant teacher. But even with such qualifications, assistant teachers can only look after children under the supervision of a teacher. Combined with the state's low child-staff ratios and strict group size limits — especially for younger kids — providers have no wiggle room to keep costs down while being fully staffed.

Spending money on childcare is unlikely to address the root cause of this crisis. At best, such spending will increase demand while doing nothing to increase supply. This will raise prices further, consequently hurting low- and middle-income parents who are unable to access these subsidies. This is bad enough on its own, but evidence from other countries and states show that free Pre-K programs do more to raise prices and actually worsen care. In Tennessee and Quebec, for example, while free Pre-K improved access to childcare, it also worsened health, social, cognitive, and educational outcomes among children involved in such programs.

Walz and the legislature should be more wary about putting taxpayers on the hook for spending that will not only fail to address the problem, it might even do more harm than good.

The false promise of paid family and medical leave.

One of the likely recipients of a chunk of Minnesota's forecast budget surplus is a scheme for paid family and medical leave.

The Minnesota Chamber of Commerce says 80 percent of its member companies already provide paid family leave. So, one might ask, "What's the point?" A 2019 analysis by nonpartisan House researchers found that just under 200,000 Minnesota workers would take

up benefits in the program annually — less than seven percent of the state's workforce.

So why does the government need to get involved? Because, as KSTP reported on December 9, "Democrats say the fact that so many companies already offer paid family leave is one reason to expand it to many small businesses that don't."

The purpose is to impose on small businesses those practices that big businesses have adopted willingly. But it isn't obvious why we should use the law to make small businesses run like big ones. The National Federation of Independent Business (NFIB), an association of small businesses in the United States, publicly opposed the mandates, stating, "The vast majority of small business owners provide flexibility for employees to pick up kids from school, attend tee ball games, and attend to family emergencies. A one-size-fits-all

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government mandate is both financially and administratively burdensome."

There are also practical concerns. When paid family and medical leave was proposed back in 2020, it included a new 0.6 percent payroll tax which, according to Bill Marx, the former House chief fiscal analyst, would be split between the employee and employer's income. This revenue would be used to pay for a maximum length of 12 weeks per year for medical or pregnancy leave and up to another 12 weeks for other qualifying exigencies for those who qualify.

As with a similar scheme proposed in 2021, this would fund an entire new state program — similar to the state's

unemployment program but more complicated — with at least 320 full-time workers, a complex new computer system, and at least \$2.1 billion in taxpayer funds over the first four years just to get it started.

This bureaucracy will be needed because the version of the program passed by the House proscribes in detail when employees can take leave and how employers should and should not treat employees who take leave. These stipulations and violations would raise the administrative, bookkeeping, and compliance costs for employers. Furthermore, the opt-out portion of the bill required that private benefit plans mirror the state-mandated program if businesses are to be exempt and that private benefits programs will be overseen by a commissioner, who has the power to terminate such programs if a business violates rules. Such violations could be as minor as businesses failing to provide reports. The exemption rules lock employers into the mandated paid leave program, increasing bureaucracy and government control over private business operations.

If a scheme for paid family and medical leave is proposed in the new year similar to those proposed recently it will construct a very expensive, over-engineered hammer to crack a relatively small nut. The costs, in terms of a higher tax and regulatory burden, especially for a state already struggling economically with such burdens, is not worth the benefit.

Repeatedly, Minnesotans have voiced their dissatisfaction with the direction of the state on issue after issue. Now is the time to hold our leaders — from both parties — accountable to the people. The election die is cast. And now, following years in which Minnesota has been approaching the edge of the cliff pushed by irresponsible public policies, the state is at the brink of plunging into a chasm from which it will be exceedingly difficult to recover. The policies presented here will push Minnesota over the edge. It's vitally important to identify and counter these proposals and work to promote principles and policies we know will walk us back from the edge and make Minnesota a more prosperous, dynamic state. ★