

January 4, 2010

Public Policy Commentary

In This Issue:

1. Mark Dayton - Cynicism or Sympathy?
2. Judicial Activism and Unallotment.
3. The Big Dig - Midwest Style.

#### MARK DAYTON - CYNICISM OR SYMPATHY?

Former U.S. Senator and gubernatorial hopeful Mark Dayton reveled last week that he has suffered from depression his entire adult life and had also recently completed a "refresher" spin dry class after relapsing into alcoholism.

Dayton noted that he was revealing the information because he was running for governor and wanted the people of Minnesota to know.

The news was greeted with a mix of sympathy and cynicism. Supporters hailed Dayton's "courage" and applauded his willingness to speak candidly about a very personal issue that comes with a certain stigma.

Critics panned the decision as nothing more than a pre-emptive "poisoning of the well" that merely announced damaging information before Dayton's opponents had a chance to do so.

So what is the more likely answer to this question? In the Watchdog's opinion, this was a cynical move to announce bad news at the time and place of Dayton's choosing while attempting to garner sympathy from the public. And here's why.

(EDITOR'S NOTE: This analysis only speaks to Dayton's decision to reveal personal information. We make no judgments with respect to the issues of depression and substance addiction in general.)

First, the timing is suspect. Dayton went public through a column in the Star Tribune on December 27<sup>th</sup>. Even the most inexperienced political operative knows that the best time to publish bad news is during a holiday break when news readership is at low ebb. Moreover, Dayton went public with the information through columnist Lori Sturdevant. If Dayton were interested in truly broad publication of the news, why not do it through a press conference outside the holidays? After all, it's not as if his health situation suddenly changed at Christmas.

Moreover, the timing is further suspect because Dayton himself claims he has suffered from depression his entire adult life. Again, if that's the case, go public during the down news cycle over Christmas in 2009?

Dayton claims that he went public because he is running for governor and voters have a right to know. Frankly, that claim makes no sense. Again, Dayton claims he has suffered from depression his entire adult life. He first ran for public office, the U.S. Senate, in 1981, a time when he was, by his own admission, suffering from depression.

So if it's important to go public with depression when you're running for governor, why not reveal the health issue back in 1981 when running for Senate? Or in 1990 when running (successfully) for state Auditor? Or in 2000, when again running (successfully) for the U.S. Senate? Are we to believe that Dayton thinks governor is somehow a more important office than U.S. Senate? Dayton has been in the public eye for 29 years and has suffered from depression that entire time but has gone public only recently.

Second, Dayton wants to have it both ways with the public's perception of his illness. On the one hand, he calls his depression "challenge" and notes throughout the Sturdevant column his struggles with it.

On the other hand, Dayton calls the depression "mild" and is quoted as saying that it has "never been debilitating, and has never kept me from anything I've wanted to do."

So which is it? Is the depression a "challenge" and serious health issue for him worthy of a news story or is it a "mild" health issue that has never once prevented Dayton from accomplishing things? Dayton cannot logically have it both ways.

Given all of the above, the Watchdog cannot and will not speculate with regard to Dayton's depression and the effect it has had, if any, on his life. Voters will have to decide for themselves whether or not it is relevant to his campaign for governor.

However, given the timing of the announcement and the way in which it was announced, including Dayton's own comments, it appears that Dayton was forced to reveal the news to pre-empt attacks from his opponents, either GOP and/or DFL. It is probable that rival campaigns have in their possession negative information regarding both his mental health and his use of alcohol.

No candidate who thought this type of information important to reveal to voters would have done so 29 years after first seeking state-wide office and especially through an opinion column over the Christmas holiday. Instead, it is very likely Dayton was pushed into the revelation in order to tell the story on his terms and thus control the story.

It will be interesting to see how Dayton's candidacy plays out in what promises to be a very entertaining campaign.

Stay tuned.

## JUDICIAL ACTIVISM AND UNALLOTMENT

Even though this is typically the low point in the news cycle for the entire year, the political establishment was rocked this week by the news of a Ramsey County judge's ruling in a lawsuit regarding Governor Pawlenty's use of "unallotment" to balance the state's budget.

Plaintiffs, people who use a program to buy special food, had sued, contending that the Governor had misused his power and asked the judge to reinstate their program. The judge agreed.

While the Watchdog will not get into a detailed legal analysis of the case, it is worth considering some important points.

First, the unallotment law is legal. Back in 2005, state Rep. Tom Rukavina (DFL-Virginia) went to court and argued that the unallotment law was unconstitutional. The court disagreed with Rukavina. The judge's ruling from this week follows that precedent and admits that the law is constitutional.

Instead, the judge disagreed with the way the Governor implemented the cuts, contending that it was unconstitutional to unallot at the start of a fiscal biennium instead of the end of one.

The only problem is that the law doesn't say that. The judge simply created the "legislative intent" that it be used at the end of the budget cycle. There is nothing in the record to say that this is what the legislature intended when it gave this authority to the governor back in 1939.

At best, the text of the unallotment law is unclear on this subject.

Instead of being an activist judge, she should have merely upheld the Governor's actions and declared the language unclear. This is indeed a situation where we have an activist judge making law and not interpreting the law.

Second, the judge's ruling doesn't invalidate the entire unallotment of the governor. Pawlenty made nearly \$2.7 billion of unallotments. This food program only comprises a fraction of that amount, \$5.2 million. Having said that, it is almost a certainty that other parties that experienced reductions through unallotment will rush to the courthouse.

Third, this whole exercise is really moot. The entire issue here is the unallotments made last July. Even if the Minnesota Supreme Court declares all \$2.7 billion worth of unallotments illegal, all it means is that \$2.7 billion is added to the current \$1.2 billion deficit. Since there is no money, "realloting" July's monies (which are fiscal year 2010) only means the \$2.7 billion hole is shifted to fiscal year 2011 (which begins July 1, 2010). In sum, we are only talking about shifting the deficit.

To add another twist to everything, there is nothing to prevent the legislature from passing another budget bill next session that would adopt, at least in part, some of the governor's unallotments. While the DFL would no doubt like to raise taxes to resolve the deficit, the political reality is that they lack the votes to do so, even in their own caucus.

It's all fairly complicated, but basic concept is simple: Governor Pawlenty and Republicans are resolute in their stand against tax hikes and bigger government, especially in these economic times.

Regardless, the 2010 session promises to be one heck of an interesting ride!

January 11, 2010

Public Policy Commentary

In This Issue:

1. Public Employee Union Offers Budget Help - We Respond.
2. Work to Rule Means Hurting Students.
3. DFL Healthcare Proposal is a Loser.

#### PUBLIC EMPLOYEE UNION OFFERS BUDGET HELP - WE RESPOND

We witnessed the spectacle this week of one of Minnesota's government employee unions holding a press conference to denounce "political appointments" made by Governor Pawlenty in various posts throughout government. The Minnesota Association of Professional Employees (MAPE) held the press conference along with DFL House Majority Leader Tony Sertich. MAPE and Sertich suggested that these appointees be laid off before any bureaucrats suffer a layoff.

Of course, the hypocrisy and duplicity was overwhelming and typical of the unholy alliance between these unions and the DFL toadies.

To start, nothing was mentioned of the fact that the last time Minnesota was duped into electing a DFL governor there were political appointees galore in the Perpich administration. In fact, Sertich whimpered out when asked if a DFL governor wins next fall all DFL office holders should be disqualified from serving in the administration. A simple "yes" or "no" would have sufficed but Sertich just couldn't answer the question, perhaps because he'll be looking for a job if a crony gets elected. It is also telling that none of the 50 or so DFLers who are running for governor showed up at the press conference or issued statements of support. They know it's a dumb idea.

Let's face facts. Governor Pawlenty needs fellow conservatives to help him manage a hostile bureaucracy filled with liberal lifers throughout the ranks of state government. If these appointees weren't there to help out, surely those positions would be filled by bureaucrats, many of whom are liberal activists who seek to undermine Pawlenty as it is.

Moreover, the fact that someone has previously served as a legislator or has served other Republican officeholders in the past in no way disqualifies that person from serving Tim Pawlenty. In fact, previous service in elective office or in another administration is beneficial in many ways. MAPE and Sertich never did articulate WHY any of the appointees on their hit is unqualified to serve.

If we're truly looking for ways to save the state money, MAPE should offer to come back to the bargaining table and renegotiate their collective bargaining agreement with the state. As you might expect, the contract is filled with the kind of financial giveaways that

have driven the state into a massive deficit and bankrupted states like California - America's premier "unionocracy."

We could find some savings right away by renegotiating their rates of pay. Like most public employees, you would be hard pressed to find the last time these folks took a pay cut.

We could also find millions in savings benefits by converting these people away from the gold-plated defined-benefit retirement package and into a defined-contribution plan like most workers and the real world have. We could also raise the retirement age and put an end to bureaucrats retiring when they're 55 and collecting a retirement for the next 25 years.

Let's take a close look at paid time off in the form of holidays, vacation, and sick leave.

A senior MAPE employee earns 234 hours a year of vacation, 104 hours of sick leave and 12 paid holidays each year. Suffice it to say, employees in the real world don't come close to earning these types of accruals. All told, this paid time off equals 54.25 days per year. That's about 21% of the work year. It's frankly obscene that taxpayers should potentially pay a bureaucrat to be gone from work one of every 5 working days each year.

Get real and get to work. No one feels sorry for you guys.

Somehow, the Watchdog thinks this press conference would have never taken place if Mad Mike Hatch had been elected governor.

#### WORK TO RULE MEANS HURTING STUDENTS

Speaking of government employee unions, Minnesota's biggest special interest sop has been squarely in the public eye of late. Education Minnesota, which represents teachers across the state, is hard at work negotiating new contracts that continue to offer pay raises and overly-generous benefits despite the economic crisis engulfing the Obama Administration and the liberal majority in Congress.

The Watchdog has been periodically updating readers as new contract settlements come in. Unfortunately, many districts are too intimidated by the unions to stand up for taxpayers, agreeing to new contracts that increase spending 4, 5, even 9% over the cost of the previous contract. Thankfully, Governor Pawlenty has expressed concern over this lack of financial responsibility and has put education funding on the table to deal with the state's current \$1.2 billion shortfall.

In an effort to educate readers, the Watchdog wants to expose a particularly diabolical labor slowdown technique teacher unions use called "work to rule."

Under "work to rule," teachers adopt the profile of an unskilled laborer and only undertake work activities explicitly outlined in the union contract. Moreover, teachers only work the exact number of hours they are paid in a day. Of course, no real professional would ever adopt this kind of attitude and get away with it. Professionals are paid to get a job done, not punch a clock.

What's interesting about our story is that work to rule has been around for decades and used extensively by teacher unions to harm students and intimidate parents and school boards into contract capitulation as negotiations get into critical final stages. That's not so new. What is new and different is that the Watchdog has exclusively obtained written work to rule guidance from a teacher union local affiliate in rural Minnesota. An alert district staff member retrieved the rules from a wastebasket and sent them to Watchdog HQ for immediate intelligence analysis (the complete rules are posted on our [web site](#)).

Take a look at some of the work to rule guidelines and see how easily these selfish rules impact learning:

- Arrive and leave at contract hours.
- Resign from non-compensated activities like clubs and fundraisers.
- Don't volunteer for non-compensated activities like dances.
- Refuse to schedule parent conferences or accept phone calls.
- Use your entire lunch and planning periods.

That's the spirit, teachers! You tell the world you got into teaching to help children yet your union would have you hold them hostage until the taxpayers pony up some ransom money in the form of pay increases, step increases, lane changes, and ever-more expensive fringe healthcare and retirement benefits. Apparently it doesn't matter that taxpayers are laid off, out of work, and out of money. Just like other government unions, there hasn't been a true pay cut in generations. In an ideal world, no one would take a pay cut or a layoff. But that's not how it works for taxpayers who fund government. Thus, it's not the way things should be for government employees.

Regardless, teacher unions should be ashamed of themselves for putting innocent students in the middle of a labor dispute by encouraging destructive work to rule behavior.

#### DFL HEALTHCARE PROPOSAL IS A LOSER

Weeks ago, two liberal DFL legislators held a press conference with much fanfare that "fixed" General Assistance Medical Care (GAMC), one of Minnesota's three welfare healthcare programs. GAMC was by far the most expensive programs and was experiencing astronomical cost increases that caused Governor Pawlenty to slate the program for closure on March 1<sup>st</sup> by moving nearly every enrollee over to Minnesota Care (MnCare), one of the other two programs.

The DFL, of course, would never stand to see an entitlement program close and thus scrambled to find a "fix."

It appears that the fix isn't much of a fix at all. First, sources within the Department of Human services tell the Watchdog that the DFL plan isn't fully formed and is undergoing constant revision, with analysts working on the 11<sup>th</sup> version of the plan. Apparently, the legislators who offered the fix are unsure of most of its provisions and constantly change the plan as they discover that what they want to do is illegal or disallowed by federal rules (that will teach you to discount federalism!).

Moreover, the plan is a bomb for two other reasons. First, the bill seeks an unfunded mandate on counties to pick up an increased share of the cost of the "fixed" program over the previous program. For example, Anoka County predicts the new mandate would cost the county over \$1 million annually. Every county would experience an unfunded mandate increase to some extent. We'll remember this proposal the next time the DFL whines and moans about Pawlenty pushing unfunded mandates onto local government.

Second, the bill increases a "hospital surcharge" that hits every hospital equally, meaning that these costs are passed onto patients, thus increasing the cost of healthcare. But in addition to being an increased sick tax, the surcharge would not be distributed equally. While the tax would fall uniformly on every hospital, the benefits would be distributed based on how many poor people a hospital serves, thereby forcing a hospital that serves a small portion of the poor to subsidize hospitals that serve large populations of the indolent and addicted.

An example of this would be the Mayo Clinic in Rochester versus the Hennepin County Medical Center (HCMC) in Minneapolis. Because so many of the poor live near Minneapolis, HCMC would get a big windfall off the new tax while the Mayo would lose \$22 million.

Now let's see. The Speaker of the House and the Senate Majority Leader are from Minneapolis. Senator Linda Berglin, the Senate DFL healthcare leader, represents Minneapolis. Do you think it a coincidence that the DFL proposal unfairly benefits Minneapolis?

To this day, Governor Pawlenty is the only leader at the Capitol who has offered a realistic solution to the GAMC runaway expense problem. After GAMC goes away, Minnesota will still have not one but two welfare healthcare programs.

The DFL just continues to offer press conferences and criticism.



January 18, 2010

## Public Policy Commentary

### In This Issue:

1. Pawlenty goes "pork free."
2. Kelliher busted for campaign violations.
3. DFL governor candidates embrace government healthcare.
4. Teachers get pay raises - in this economy!

### PAWLENTY GOES "PORK FREE."

Governor Pawlenty drew a clear line in the sand this week when he unveiled a reasonable, responsible bonding bill that was some \$40 million under the forecasted amount available for bonding. Most importantly, the bill was free of the pork projects that have so often characterized the state's capital investment bills.

The bonding bill is a bill passed in the even-number years that issues debt (bonds) to pay for improvements of a capital nature that support critical governmental functions. The theory is that these projects last for many decades and it is therefore acceptable to pay for them over a 20-year period.

Unfortunately, legislators look at the bonding bill as an opportunity to load up on the pork and get bonding money for projects that do not support core governmental functions and are for local and not statewide needs.

Since these bonding bills happen regularly every even-numbered year, the Minnesota Department of Finance uses an algorithm to determine how much may be spent for bonding. This year, the number is \$725 million. Pawlenty delivered a bill at \$685 million.

More importantly, the projects recommended by Pawlenty focused strictly on critical functions with statewide, not local, benefit. For example, he funded an expansion of the sex offender facility at Moose Lake. Locking up child molesters is a great expenditure of tax dollars. Pawlenty also fully funded requests for bridge repair and replacement.

Absent from TPaw's bill were the hundreds of millions in requests for strictly local "nice to have" projects like ice arenas, community centers, and civic centers.

Some of the more notable pork projects that didn't make the list included:

- A new stadium for the Saint Paul Saints;
- A volleyball center for Rochester;
- A train to Duluth;
- Money for the Hampton Inn in Virginia (not a misprint);
- Springbrook Nature Center in Fridley;
- The Asian Pacific Islander Cultural Center;

And so much more!

It was also inspiring to hear Pawlenty reject the poppy cock the DFL has been spouting off about when it comes to bonding.

First, he outright rejected the idea that government debt-financed spending stimulates the economy. Numerous economists have concluded that the "stimulus" has failed to produce jobs and arrest the unemployment rate. Think about it. Minnesota's gross state product (GSP) is about \$263 billion. Even a fat bonding bill of \$1 billion is less than 1% of state GSP. It's like throwing a pebble into the ocean.

Moreover, Pawlenty hit the nail on the head when he observed that government spending only takes money out of the private economy and recycles it through the bureaucracy. Government may be able to employ people for a period of time, but it can't create jobs because it can't create wealth. Government can always pay one man to dig a hole and another to fill it, but that isn't what the economy needs for growth and recovery.

Finally, Pawlenty warned Democrats against sending him a bloated, fat bill. While the Governor has line-item veto authority to take down individual items in the bonding bill, he can also take down the entire bill through a veto. Pawlenty said he is inclined to take down the whole bill if he sees a bill arrive at his desk that is too large and filled with pork.

Kudos to Governor Pawlenty. He's all we have right now between the taxpayer and liberal Washington-style government.

Watch the Pawlenty press conference [here](#).

#### KELLIHER BUSTED FOR CAMPAIGN VIOLATIONS.

House Speaker and gubernatorial candidate Margaret Kelliher got some bad news this week when the non-partisan Campaign Finance Board slammed her campaign the Minnesota DFL for violating state campaign finance laws.

The Board found that both Kelliher's campaign and the Minnesota DFL "intentionally" violated the state campaign finance laws. Kelliher's campaign had directed supporters to funnel contributions to the state DFL in exchange for the campaign gaining access to a database owned by the DFL. All told, some \$15,000 of the total fine amount was for circumventing state law.

Aren't you glad this woman is leading our House of Representatives? Kelliher ought to step down both for violating the law and to allow someone to be speaker who can devote the time to the job.

Funny, liberals want to say Pawlenty is looking at other things while he holds a current office but the same apparently doesn't hold true for Kelliher.

#### DFL GOVERNOR CANDIDATES EMBRACE GOVERNMENT HEALTHCARE.

With the proposed government takeover of healthcare floundering in Washington, you would think candidates would be running away from the embracing single-payer, government-run health care proposals.

Not the DFL folks running for governor. As if supporting tax increases wasn't enough to risk a public flogging, these guys (and gals) push the envelope by declaring that government ought to control our health care.

The Minn Post blog has a story saying that every major DFL candidate for governor, except Steve Kelly, has declared they would sign a single-payer bill if it reached their desk as governor.

That's simply shocking and news that should get far more attention than what the mainstream media has given it. Then again, that's why the Watchdog is here to amplify these stories.

#### TEACHERS GET PAY RAISES - IN THIS ECONOMY!

Teacher contract settlement numbers continue to trickle in now that the vast majority of districts across the state have settled with their teacher union locals.

The common thread throughout is that teachers have gotten all sorts of pay and benefit increases despite the economy. While some settlements have been quite modest, the fact remains that teachers by and large have received compensation increases while many taxpayers have been laid off or taken pay cuts.

There's a great web site run by the Minnesota Association of School Boards that tracks these settlements as they roll in.

According to the site, the average total cost increase of the new contract over the previous contract is 3.81%.

Some recent examples of settlements and the total cost increase include:

Adrian: 3.73%  
Bagley: 3.53%  
Benson: 3.67%  
Chisholm: 3.54%  
Esko: 6.67%  
Foston: 4.47%  
Isle: 4.19%  
New Prague: 4.37%  
Windom: 3.89%

Must be nice, eh?

January 25, 2010

Public Policy Commentary

In This Issue:

1. The Real Reason Coleman Dropped Out.
2. Why the IP Doesn't Matter.
3. Why the IP Does Matter.
4. "Old Blue" Turns Blue.

#### THE REAL REASON COLEMAN DROPPED OUT

A Watchdog source within the Republican Party of Minnesota this week told us of the conversation that apparently helped cause Norm Coleman to bail out of a potential run for governor in 2010.

The source tells us that Coleman had a conversation recently with GOP chairman Tony Sutton regarding the Republican endorsement and a potential primary race. Specifically, Coleman asked Sutton if the state GOP would vigorously attack him if he ran against the endorsed GOP gubernatorial candidate in a primary.

After Sutton replied that the Party would indeed strongly defend the endorsed candidate, Coleman announced his plans to not run shortly afterwards.

While the Watchdog does not question or doubt the reasons Coleman offered for not running, this other piece of the puzzle makes much sense.

Coleman is extremely politically savvy and no doubt realized that it was a distinct possibility that he wouldn't secure the endorsement, if he even sought it in the first place. After voting for the Wall Street bailout and against ANWR drilling, it would have been a tough haul to convince a seething GOP delegate base that Coleman was the right man to be their candidate for governor.

Thus, a primary run against the endorsed Republican was no doubt a part of Coleman's calculus.

With the prospect of a bruising primary battle that would further diminish his reputation - win or lose - Coleman must have decided that discretion was the better part of valor.

It looks like Coleman decided that he is going to pursue other interests - at least for the time being. The Watchdog bets we will see Coleman's name on the ballot again.

EDITOR'S NOTE: Watchdog founder Harold Hamilton is supporting Marty Seifert for governor.

## WHY THE IP DOESN'T MATTER

The media is in a big frenzy this week after two former Republicans announced they will be seeking the Independence Party endorsement for governor.

Tom Horner, a high powered public relations executive, announced his run early in the week. Joe Repya, combat veteran, also announced as well.

First, there will be all sorts of liberal opinion pieces saying these developments will spell bad news for the Republican gubernatorial candidate because either Horner or Repya will siphon votes from them. We'll no doubt suffer multiple Lori Sturdevant columns predicting doom for the GOP because these two are in the race.

Bull. Horner has zero name recognition amongst Republican voters and hasn't been a factor in GOP circles for a long, long time.

Repya is well-known among the hard core GOP activists but many of them have already rejected Repya during his failed attempt to be elected to Party leadership. Moreover, Repya is hardly a household name even among identified GOP voters.

Finally, while party identification has broken down in recent times because the new media has made party politics less relevant, the Party still matters, especially in these times. A guy like Horner will likely spin a moderate "middle of the road" philosophy that the Republican base isn't real interested in hearing these days.

Repya is more conservative but won't have an appealing message to the Republican base beyond his personal grievances, which no one cares about except him.

It's just as likely that Horner or Repya will appeal to as many disaffected mainstream Democrats as Republicans. This will be especially true if a far-Lefty like Mark Dayton wins the DFL primary.

Moreover, we'll go through the perennial election year rite of the media claiming that this is the year the Independence Party will actually win something. We'll be subjected to the tired old platitudes about Minnesotans being sick of the party "extremes." The debates will feature the IP candidate waiting for the GOP and DFL candidates to finish an exchange and then exclaim "This is what's wrong with politics!" while the crowd cheers.

And in the end, the IP candidate will pull, at best, about 10% of the vote and never even come close to winning.

It's so old and tired. So let's be clear: The IP candidate won't win. Tom Horner and Joe Repya, whichever one is endorsed, won't make any inroads with Republicans or threaten the endorsed GOP candidate's prospects in November.

The history of 2002 and 2006 shows that an IP candidate works to the favor of the GOP because that candidate draws moderate and conservative Democrats. Horner would likely do the same. In our view, Repya won't draw a significant amount of votes at all. A candidacy based on a personal grievance isn't a recipe for success, even as the IP defines it.

#### WHY THE IP MATTERS

The Watchdog will throw the IP a bone in that their candidate in the last two elections for governor has pulled a vote total higher than the difference between Tim Pawlenty and his DFL opponent. Thus, the IP candidate does make a difference, but you have to ask what kind of difference.

As explained above, the Watchdog doesn't see either Repya or Horner being much of a threat to the winning formula the GOP and Pawlenty used to obtain a winning plurality of votes in both 2002 and 2006. For example, Horner's views aren't any more conservative than Tim Penny's when he ran on the IP ticket.

Whether it's Horner, Hutchinson, or someone else, it's not so much the views of the candidate but the IP's image as a centrist party that matters. In other words, the same people will be drawn to the IP candidate because the party label regardless of the candidate.

The other issue at play that will blunt any play for GOP votes by the IP candidate is the intensity of GOP voters this year. The intensity of GOP voters will likely mean more will vote in 2010 than in 2006 for GOP-endorsed candidates, making defections by other GOP voters to the IP less relevant to the outcome.

The intensity factor will also make it harder for a candidate like Horner to recruit traditional GOP voters, who will be more inclined to support a more conservative candidate.

Moreover, GOP voters have seen their candidates get pounded in recent years and are hungry for victory. IP candidates have always fought a perception that a vote for them is a wasted vote (which it is, Jesse Ventura notwithstanding). GOP voters will be especially hesitant to risk their vote on the IP this year, especially when a DFL victory for governor may mean one party rule in Saint Paul.

In short, the IP candidate won't be as much of a factor as the media will portray him to be.

#### "OLD BLUE" TURNS BLUE

Former GOP state Representative Ron Erhardt of Edina has registered to reclaim his old seat. This time, however, he's running as a DFLer.

Erhardt was one of the "Override Six" who voted to override Governor Pawlenty's veto of a \$6.6 billion tax increase for transportation. Erhardt subsequently lost his seat to Republican Keith Downey.

Erhardt has a well-earned reputation at the Capitol as a foul-mouthed, cantankerous old coot. In fact, Erhardt's potty mouth and frequent insults of colleagues and staff made him something of a cult celebrity among younger legislators and staff members who began to refer to him as "Old Blue," the lovable octogenarian fraternity pledge from "Old School."

So while the Watchdog doesn't give Erhardt much of a chance to win, he would certainly add a lot more excitement to the House than his predecessor Keith Downey. Downey has all the charisma and humor of a rock.

You're our boy, Blue!



February 1, 2010

## Public Policy Commentary

In This Issue:

1. The Legislature is Back in Session.
2. Tobacco Tax vs. Fetal Pain.
3. The curious case of Rep. Dean Urdahl.
4. Senate GOP is Back!

EDITOR'S NOTE: GOP Precinct Caucus Night is February 2<sup>nd</sup>! Find your precinct [here](#).

### THE LEGISLATURE IS BACK IN SESSION

On Thursday afternoon, to be precise. The session promises to be a real barnburner and, as usual, the Watchdog will be on hand to provide blow-by-blow coverage and analysis until "sine die" adjournment on May 18<sup>th</sup> (Do you really think they will get out earlier?).

The Issues.

Here are the top 3 issues the Dog will be following this session:

1. The Deficit. Minnesota is facing a \$1.2 billion budget deficit. Governor Pawlenty has vowed to make the state live within its means and has promised to veto any tax increases that reach his desk.

This is a daunting task with the legislature dominated by tax-and-spend Democrats who are beholden to numerous special interest groups who feed at the public trough and would rather see Minnesota go the way of California rather than balance the budget in a meaningful way.

The real challenge regarding TPaw's vetoes is upholding them against an override vote. The DFL has a veto-proof majority in the Senate and only needs 3 Republicans to defect in the House. House Minority Kurt Zellers will be judged solely on his ability to hold this razor-thin line throughout a session that will see true budget reductions that will truly reform the role of state government in our lives (which is a very good thing).

We know how this story will go. The Governor will lay out his budget cutting plan. The DFL will spend months grandstanding and beating on the governor. The DFL will equivocate and evade regarding their desire to raise taxes. The last few days of session, the DFL will pass their tax increase. The Governor will veto. The House will uphold the veto. Pawlenty will then be the adult in the room and balance the budget via unallotment. The DFL will be privately relieved that Pawlenty did all the heavy lifting.

2. Bonding Bill.

This is the year that the state considers a large "omnibus" capital investments bill that issues bonds to build and maintain capital governmental infrastructure like bridges, prisons, and college buildings.

Governor Pawlenty has already offered his bill, a modest one that invests in core governmental functions like roads and bridges and an expansion of the sexual predator facility at Moose Lake.

While TPaw believes there is a need to make some strategic investments in public safety, higher education, and roads/bridges, he does not share the DFL's view that this is some type of "jobs" bill. The federal stimulus bills have done nothing to improve employments rates. Nor will this bonding bill.

Look for the DFL to put forth a \$1 billion plus bill filled with local ear marks and pork. If that happens, look for Pawlenty to veto the bill, rather than use line-item veto authority to strike spending provisions within the bill.

### 3. Gubernatorial Politics.

Right now, three Republicans and five DFLers who are in the legislature are also running for governor, including House Speaker Margaret Kelliher. No reader should underestimate how the political ambitions of these 8 will influence the legislative dynamic.

This is especially true on the DFL side, where the hopefuls all wield committee chair gavels and are in a powerful position to either move or kill legislation.

These chairs and the Speaker will all feel the tension of moving to the left to impress liberal DFL delegates while trying to maintain a veneer of moderate governing to mollify independent voters who have become downright horrified by the liberal monster they helped create in Washington, D.C.

### TOBACCO TAX VS. FETAL PAIN

The race for the GOP endorsement for governor has become a two man race between state Reps. Tom Emmer (Delano) and Marty Seifert (Marshall).

With precinct caucuses kicking off this week, it's to be expected that "hit pieces" and attack ads from both camps will begin to flood delegate mailboxes and email "in" boxes.

One of the first attack issues to come from Emmer supporters concerns Seifert's vote for a tobacco tax (AKA "health impact fee"). This vote to increase the tobacco tax (we refuse to get caught up in the "tax" versus "fee" distinctions) happened in 2005 as a part of the final deal to end the partial government shutdown and balance the budget.

But that's not the whole story. The tobacco tax increase was inserted into the omnibus Health and Human Services finance bill. This bill also contained a key pro-life provision

known as the "Unborn Child Pain Prevention Act." This provision was of high importance to the pro-life community.

The inclusion of both a tobacco tax and a key pro life put conservative legislators on the horns of a true dilemma.

Some chose to vote against the bill and thus cast an anti-tax but anti-life vote. Some chose to vote for the bill and cast a pro-life yet pro-tax increase vote.

Thus, those Republican activists who blast Seifert for choosing to cast a pro-life vote either don't understand the issue or choose to obfuscate the issue.

Conservative hero Congresswoman Michele Bachmann chose to vote in the same manner as Seifert. When her opponents for the Republican endorsement for Congress attacked her on the issue, Bachmann famously declared that she would vote pro-life at every turn.

(On a humorous side note, Bachmann employee Jack Tomczak blasted Seifert's vote on his Facebook page and then backtracked furiously after it was pointed out that his boss voted the same way.)

Will Emmer supporters in the Sixth District start demanding that someone attempt to wrest the GOP endorsement from Bachmann because of her vote "for" the tobacco tax?

The same holds true for 3<sup>rd</sup> District Congressman Erik Paulsen. Any Emmer supporters want to dump him from the GOP?

How about state Senator Mike Jungbauer, who has endorsed Emmer? He voted the same way in 2005. Will Emmer supporters in Senate District 48 attempt to oust him over this vote?

What's also a bit ironic is that Emmer supporters want to use this 2005 vote to portray Seifert as something less than a fiscal conservative. Yet a review of the 2005 Taxpayer's League of Minnesota scorecard shows Seifert had a better score than Emmer that year.

Finally, Emmer himself was in the House at the time yet did not cast a vote on the issue.

While these two quality candidates will certainly throw some elbows, this is probably an issue that Emmer's camp should avoid.

(Editor's Note: Harold Hamilton supports Marty Seifert for governor.)

## THE CURIOUS CASE OF REP. DEAN URDAHL

State Representative Dean Urdahl this week endorsed Tom Emmer for governor, leaving many Capitol insiders scratching their heads. Urdahl is a GOP moderate who sports a modest 58% lifetime score from the Taxpayer's League. Emmer's approach to cutting and slashing state government seems diametrically opposed to many of Urdahl's views, which include healthy LGA and school funding.

One can't help but wonder if Urdahl didn't offer the endorsement as some type of quid pro quo to satisfy the Tea Party crowd in his BPOU and stave off a potential challenge from a faction that has at times been unhappy with Urdahl's voting record.

It's important to remember that a major player in both the GOP and the "Liberty" movement is David Fitzsimmons, who hails from Urdahl's area. Fitzsimmons is the Chair of the 6<sup>th</sup> District GOP, Chair of the Republican Liberty Caucus, and campaign manager for Tom Emmer's gubernatorial campaign. In short, the Tea Party crowd wields a great deal of influence in Urdahl's district.

Was there a deal?

The Watchdog has contacted Rep. Urdahl for comment.

## SENATE GOP IS BACK!

Congratulations to GOP Senate Minority Leader Dave Senjem, who got his team off the special election shnide this week with a win in Senate District 26. It had been 5 years since his caucus had won a special.

More importantly, Senjem has assembled a crack staff leadership team that has both GOP insiders and Capitol observers talking about a major comeback for the Senate GOP in 2010.

First, he hired Michael Brodkorb as communications director. Brodkorb is also deputy chair of the Minnesota GOP.

Recently, long-time GOP operative Cullen Sheehan was hired as chief of staff.

In addition, the Watchdog can reveal that a third GOP superstar will be assisting the caucus. We have agreed to keep the name confidential at this time but when it's revealed, conservative activists will be pleased.

Senjem has assembled a team that is savvy, experienced, and most of all, committed to victory. These key hires send a powerful message that the Senate GOP is playing to win in 2010. They want the majority, not just the table scraps the DFL throws their way on occasion.

Congratulations to Senator Senjem!

February 8, 2010

Public Policy Commentary

In This Issue:

1. DFL Bonding Boondoggle.
2. Precinct Caucus Wrap Up.
3. T-Paw to DFL: Don't Steal My Stuff.
4. Rep. Urdahl Responds.

EDITOR'S NOTE: We've received hundreds of requests for our always stylish, suave, debonair t-shirts. Please be patient as they're now on back order. Every request will be met. To get your free t-shirt, go [here](#).

#### DFL BONDING BOONDOGGLE

Watchdog readers are quite familiar with how the massive debt-financed "bonding" bill [works](#). They also know the even-year legislative session is when the bill is considered by the legislature and the governor.

This week the legislature, dominated by the DFL, released the [House](#) and [Senate](#) versions of the bonding bill.

As you would expect, the bill is a \$1 billion collection of ear marks, pork, and goodies for the DFL's favorite constituencies.

Let's revisit both the reasons why a debt-financed bill isn't a good idea and the specific pork larded into the DFL versions of their respective bills.

First, the DFL makes the incredible claim that the bonding bill will "stimulate" the economy and put people to work. Please.

How has the Democrat stimulus bill out of the federal government worked out? We remember when it was claimed that the stimulus bill would keep unemployment below 8%. The White House celebrated this week when unemployment dropped to 9.7%. Wow.

The DFL doesn't understand that government spending doesn't create jobs. The government merely takes money out of the private economy and re-circulates it far more inefficiently than the markets ever would. Government money can temporarily put one man to work digging a hole and another to fill it, but it can't create a sustainable job.

Moreover, the DFL keeps braying on about low interest rates as a justification to enact a monstrous, \$1 billion bonding bill. Cheap money isn't free money. The state is facing an immediate \$1.2 billion deficit and a \$5 billion deficit in the next fiscal biennium. When you're flat broke, even cheap money is out of reach.

Third, the bonding bill is financed by debt. It's financed by the state selling debt on the open market just like Washington does. Haven't we had enough of this credit-card mentality? Our children and grand children are handcuffed to a mountain of Chinese financed debt and we just keep digging and digging. Enough is enough.

Finally, this may be a technical point but it has significant bearing on the question of "shovel ready" projects. The DFL crows about the need for an early bonding bill to put people to work. Putting aside all other arguments for a moment, it is impossible to get projects out the door that quickly.

Remember that a bonding bill doesn't mean the state loads up a bag of money and walks out the door to hand it out. Bonds are financial instruments that are sold in the financial marketplace. They contracts, they are legal documents, and they are complex. In order to protect the state and ensure a smooth sale, a complex "due diligence" process is required to satisfy both the state and the marketplace that the bonds are what they purport to be. That process takes many weeks and means that even a bonding bill passed in February or March wouldn't be ready for market until early summer.

So what kind of "critical" projects are included in the DFL proposals? Sit down, grab an emesis pouch and read on.

- American Indian Learning Resource Center (\$6.7 million)
- Bike and hiking trails (\$39 million)
- Minnesota Zoo (\$32.5 million)
- Rochester volleyball center (\$4 million)
- Springbrook Nature Center (\$2 million)
- Wirth Park Winter Recreation (\$1 million)
- Minneapolis Sculpture Garden (\$2 million)
- Dakota County bicycle tunnel (\$344,000)
- Old Cedar Avenue bicycle bridge (\$2 million)
- Rock Island Park trail development (\$1 million)
- Potter Center for the Arts (\$7 million)
- African-American Cultural Center (\$840,000)
- Mankato Civic Center (\$14 million)
- Orchestra Hall (\$17 million)
- Rochester Civic Center (\$28 million)
- Saint Cloud Civic Center (\$15 million)
- Ordway Center (\$16 million)
- Asian-Pacific Cultural Center (\$7 million)
- Oliver Kelly historic farm (\$10 million)
- Moorehead sports complex (\$4 million)
- Ice arenas (\$2 million)
- Midtown Famers' Market (\$500,000)
- Como Zoo (\$11 million)
- Chatfield Arts Center (\$2.2 million)

- Arrowhead Sports Complex (\$3 million)
- Saint Paul Saints stadium design (\$250,000)

The DFL claims they understand the seriousness of the budget crisis. Their actions suggest otherwise.

#### PRECINCT CAUCUS WRAP UP

Republicans and Democrats held precinct caucuses last week with all political players eagerly awaiting the results of straw polls regarding caucus attendee favorites for governor.

While merely a non-binding "beauty contest," the straw ballot is nonetheless significant as a barometer for candidate strength and another talking point for the respective candidates as they attempt to distinguish themselves in the race to become endorsed at each party's state convention in April.

On the DFL side, Minneapolis Mayor R.T. Rybak won the poll and vaulted into immediate front-runner status.

Conversely, House Speaker Margaret Anderson Kelliher was the clear loser as the expectation was that she would win the poll. By losing to Rybak, Kelliher is now clearly behind and has lost the momentum.

The one caveat for Democrats is that Mark Dayton did not participate in the poll, with his name not even appearing on the ballot. Dayton is one of the top tier candidates (scary, huh?) and has vowed to go the DFL primary, bypassing the DFL endorsement process. Thus, the DFL's endorsed candidate will face formidable obstacles in even reaching the general election.

In addition to Dayton, DFLer Matt Entenza has also vowed to go to the primary election as well. As a kept man, Entenza has access to his wife's big bucks to fund a campaign. With both Dayton and Entenza, we have the prospect of two candidates spending millions neither one of them earned, which is how they would govern anyway.

On the Republican side, Marty Seifert won both literally and figuratively. The conventional wisdom was that Seifert needed a double-digit victory to retain clear front-runner status. Seifert won 50-39%. The results confirmed that this is really a two-man race, leaving us to wonder why the other candidates continue to run. In short, the results were pretty much as expected.

The real story of last week in the GOP race wasn't even the straw poll at all. The story instead centered on the money chase. Like it or not, a candidate needs cash and whole lot of it to win the governor's race. "Grass roots" doesn't cut it at this level. You need money for television and radio ads as well as the bucks needed to get around the state to meet the voters.

To that end, Tom Emmer reports a paltry \$19,154 cash on hand total. Any reasonable political observer of any political stripe would concede this is a shockingly low number. Many candidates for the legislature have more cash on hand than Emmer for Governor.

The Seifert campaign reported more than \$130,000 cash on hand, over six times Emmer's amount.

View the reports [here](#).

(Harold Hamilton has endorsed Marty Seifert for governor.)

#### T-PAW TO DFL: DON'T STEAL MY STUFF

Ah, those tricky Democrats! As if having buddies file lawsuits against the governor over his unallotments wasn't enough, they're now getting tricky by hiding language in their bills that either repeal or limit the governor's unallotment authority.

T-Paw quickly put the DFL on notice last week when he sent a letter to the DFL leadership threatening to veto any bill that reaches his desk that steals his unallotment powers.

The unallotment power is critical to the governor since the DFL has shown it is incapable of acting responsibly by putting a truly balanced budget on his desk. (No, a tax increase bill that passes the legislature in the very last hour of the legislative session doesn't count.)

This summer, the Governor will likely have to be the adult in the Capitol once again and unallot to balance the budget and erase the \$1.2 billion deficit. Can you really see Margaret Kelliher going to the DFL convention to face the liberal loony multitude after balancing the budget without job-killing tax increases? We've seen this movie before and we know how it's going to end.

#### REP. URDAHL RESPONDS

Last week, we reported that sources told us that state Representative Dean Urdahl (R-Grove City) agreed to endorse Tom Emmer for governor because Urdahl thought such an endorsement would appease conservative elements within his BPOU who were unhappy with his moderate voting record and might move to deny him re-endorsement.

We asked Urdahl for a comment on his endorsement of Emmer. Here's what he said: "The rumor is not true. I had many reasons to endorse Tom, the prime one being that he would make a good governor."

It will be interesting to see how Urdahl's voting record this session will match Emmer's. We'll be watching.



February 15, 2010

Public Policy Commentary

In This Issue:

1. Shakeup in SD 49.
2. State of the State Wrap-up;
3. Budget Preview;

#### SHAKEUP IN SD 49

With the accelerated state convention schedule, Republican and DFL BPOU conventions kicked off this past weekend with some big surprises right out of the gate.

The Republican convention in Senate District 49 offered the first upset of the campaign season.

Veteran state Senator Debbie Johnson was soundly defeated in her re-endorsement effort by novice Michelle Benson.

Benson's win was nothing short of a stunning upset. Johnson was a well-known incumbent who had won the district in 2000, 2002, and 2006. Benson, sources tell the Watchdog, was a relatively unknown activist who launched her challenge just last week.

The David versus Goliath match up was on full display at the convention, with Benson offering giving her remarks with only her husband and two children standing behind her.

By contrast, Johnson was supported by state Representative Tom Hackbarth, Senate Minority Leader Dave Senjem, and state Representative and gubernatorial candidate Tom Emmer.

Remarkably, Benson nearly secured the necessary 60% for endorsement on the first ballot, garnering 105 votes of the needed 120 votes.

Benson won outright on the second ballot with 123 votes, putting an end to Johnson's career, as both candidates had pledged to honor the endorsement.

Outsiders may be tempted to chalk up Benson's victory as a Tea Party situation or to dismiss Benson as an angry fringe candidate. Local Republican activists say otherwise.

Many of the Republican insiders who spoke with the Watchdog say Johnson had long concerned them with her poor attendance record at the Senate and a poor campaign work ethic. (A review of the Senate journal confirms that Johnson has had an extremely poor attendance record. You can also check the Taxpayer's League of Minnesota scorecards see to multiple key votes Johnson missed.) Most of these activists were not

concerned with Johnson's views regarding the issues of the day, although she doesn't exactly have a stellar pro-taxpayer voting record).

However, these insiders felt that Johnson was in danger of losing the seat because of poor fundraising, poor constituent services, and poor relations with the activists who make every campaign function with their volunteer efforts.

Benson's victory was also a bit of a loss for the politicians who attempted to influence the process by publicly supporting Johnson. This is most true for Tom Emmer, who had already lost the District 49 straw poll to Marty Seifert on Precinct Caucus night. Some delegates were irritated that Emmer inserted himself into the process while Seifert stepped back and remained neutral. Emmer, Senjem, and Hackbarth were seen as outsiders interfering in the process. Conversely, prominent district activists like current Rep. Peggy Scott and former Reps. Chris DeLaForest and Kathy Tingelstad all remained neutral. Johnson took a gamble by asking three outsiders to vouch for her candidacy and it didn't work.

As a rookie candidate, Benson will have her work cut out for her. She can waste no time raising money, crafting a campaign plan and working to understand the issues.

#### STATE OF THE STATE WRAP-UP

"The people who best know how to create jobs are those who have actually done it."

- Governor Tim Pawlenty

Pawlenty delivered his final State of the State address on Thursday to a joint session of a Minnesota legislature dominated by Democrats who were obviously hostile to the thesis of his address - positioning the state for economic recovery by focusing on private-sector job creation.

Pawlenty minced no words in drawing a sharply defined contrast between the DFL idea for economic recovery and his idea regarding the same.

The Governor began by pointing out that high taxes kill jobs and put the state at a competitive disadvantage in a hyper-competitive global economy.

Of course, high taxes are driven the need to pay for insatiable big government programs. Perhaps the most telling statistic from the address was the fact that since 1960, state government spending in Minnesota has increased by 11% on average each and every year.

Thus, the key to lower taxes and job growth is reigning in government spending. To that end, Pawlenty renewed his call for a constitutional amendment to limit spending to the amount of revenues collected.

Right now, the state budgets only for PROJECTED EXPENDITURES, not for actual revenues. In other words, the state budgets what it HOPES to spend, not what it ACTUALLY collects.

Can you imagine any household or business running this way?

To put a finer point on this issue, take the following example of a household:

The Smith family has an income of \$60,000 per year. The family calculates that they have needs, wants, and desires of about \$70,000 that year.

Under government budgeting, the Smith household would have a \$10,000 budget "deficit" to make up. The media would duly report that the Smiths have a financial crisis that must be solved with a mix of tax increases and spending "cuts" to probably arrive at a budget somewhere about \$65,000.

If one member of the Smith household wanted to hold the line at \$60,000, the media would lambaste that member as "close minded" and "rigid."

In reality, most people would call the Smiths irresponsible to budget for anything beyond \$60,000. But that's what government does all the time.

Yet it's just as irresponsible for government to budget in this fashion as it is for any household.

Pawlenty's amendment would simply make the state budget in the same fashion as any home or business. In short, you budget for what you have, not what you hope to have if things turn out.

Pawlenty also called for making permanent property tax increase caps that are currently in place. This is a great idea since many local elected officials like to use state aid cuts as an excuse to raise property taxes. First, they act like they have no choice in the matter. They act as if cutting spending in their own budget is impossible.

Second, it is well-documented that many cities and counties raise property taxes far beyond what would be needed to make up for state aid cuts. If the state reduces aid \$100, many cities and counties will raise taxes \$150.

They can suck it up.

The heart of his job proposal was not spending restraint but tax cuts and credits for corporations and small businesses.

Unlike the Democrats, Pawlenty's plan acknowledges that true economic growth and job creation comes from tax cuts for job creators and not "stimulus" programs that simply

take money out of the private economy and recycle it back through the public sector into programs selected by political favoritism and not the free market meritocracy.

Specifically, Pawlenty would cut the corporate tax rate 20% while also allowing businesses that file as individuals (called "pass through entities") to exclude 20% of their income from taxation.

Of course, Democrats will howl that this program will "cost" money by reducing taxes collected from business. First, this program doesn't "cost" anything because the money isn't government's to begin with. Money they never had isn't "money lost."

More importantly, Democrats refuse to recognize the dynamic effect of tax cuts for business. More money at the bottom line for a business means more money to hire workers (who then pay taxes), invest in equipment, and pass dividends to investors who then reinvest the proceeds into the economy.

You see, businesses don't pay taxes. Business taxes are paid by employees in the form of reduced wages and benefits. Business taxes are also paid by consumers in the form of higher prices. Finally, business taxes are paid by investors in the form of lower returns and dividends.

The key to job creation is lower taxes. Government "stimulus" programs may be able to put people to work temporarily, but they never create jobs. Government can pay one man to break a window and another to repair it, but no wealth or jobs are created.

Conversely, when taxes are cut for job creators, they do just that - they create jobs and thus create wealth and prosperity.

It's that damn simple.

## BUDGET PREVIEW

The Governor will release the details of his supplemental budget today that presents a plan to solve the additional \$1.2 billion deficit that was forecast for the current budget cycle back in December.

The Watchdog has spoken with Capitol sources who have provided us with a brief preview of what will be unveiled.

Look for deep cuts to local government aid (LGA) programs. This is a good thing. This program has become nothing more than welfare for cities. Many don't need the money and use it supplement extras like swimming pools and golf courses. A deep cut in this program is a good way to force the reform that is needed at the local level.

There will also be very deep cuts to human services, another good thing. Frankly, Minnesota's welfare healthcare programs are wildly out of control and in need of

reform. For example, Minnesota has three major welfare healthcare programs. 12 other states have two and the rest have only one. Pawlenty has proposed getting rid of the most expensive, GAMC, and going to two programs. You've seen the hue and cry from liberals over this small measure of reform in a program that is absolutely killing taxpayers.

The other area slated for deep cuts are the bureaucracy across the board. To say the Leviathan that is state government needs to be whacked is an understatement. Look for cuts to be the deepest ever proposed to state government. This is a good step in the right direction. Pawlenty should follow up with reform of the out of control retirement benefits next.

Education will be spared cuts, which is unfortunate. Education is well in need of reform itself. To suggest there is no room to cut in this behemoth program is ludicrous. The Governor should have used this opportunity to force reform on the schools through reduced monies, just like LGA and human services.

Also, look for Pawlenty to use a major budget gimmick to account for the rest of the deficit not addressed by LGA and human services. We disagree.

February 22, 2010

Public Policy Commentary

In This Issue:

1. Senator Debbie Johnson follow-up;
2. GAMC Hysteria;
3. Getting Fat at the Governmental Buffet;
4. Bonding Bill Bullying.

#### SENATOR DEBBIE JOHNSON FOLLOW-UP

The Watchdog was the first to report last week that state Senator Debbie Johnson had lost the GOP endorsement in her district to newcomer Michelle Benson on the second ballot.

The after math of this endorsement race has been interesting to say the least. First, Johnson appeared to renege on her pledge to abide by the endorsement when she said it was but didn't say why. It's curious that the GOP endorsement was good enough for Johnson in 2000, 2002, and 2006 when she won it but it's somehow not good enough now that she lost it. This is especially true in light of the emphasis she placed on the GOP endorsement and its importance in 2000 when she herself was challenged in a primary by Glen Hardin.

To be clear, the Watchdog founder Harold Hamilton has no preferred candidate in this contest. We offer this follow-up story, however, because anonymous Johnson supporters emailed us this week asking the Watchdog to investigate "skullduggery" and "insider" activity at the convention.

While we are always willing to investigate allegations of unethical or even illegal actions in the public and political realm, those allegations must be credible and substantive. Anonymous emails claiming "skullduggery" need to be further defined by specific examples and tangible evidence.

As mentioned in our report last week, the delegates with whom we spoke thought the endorsement process was fair and above board. To us, it appears that the delegates were simply ready for a change, which is their prerogative.

#### GAMC HYSTERIA

There was an odd vote this week in the Minnesota House to preserve general assistance medical care (GAMC), an ultra-expensive welfare healthcare program that Governor Pawlenty has slated for closure on April 1<sup>st</sup>.

The vote was odd because many House Republicans voted for it. Again, this program's costs were skyrocketing out of control, with double-digit growth rates every budget

cycle. This program was on a trajectory to eat funding from every other program area, including K-12 education and law enforcement.

The bill that passed last week came at a cost of \$283 million and would do nothing to reform eligibility and benefit sets - the very thing driving costs. Perhaps the DFL majority should first tell taxpayers how they intend to close a \$1.2 billion deficit before passing bills that spend hundreds of millions of dollars. Let them first show their tax increase proposals and at least give us an idea of how deeply they want to punish success and productivity.

Moreover, the arguments from the DFL were filled with the typical vapid, illogical appeals to emotion that seem fill their rhetoric. They spoke of veterans and the elderly being "kicked off" health care. As you would expect, the facts are just a bit different.

First, no one is being kicked off health care. Current enrollees will be auto-enrolled in another health care program that admittedly has a less generous benefits set. That's the point. We can't afford GAMC.

Second, veterans and the elderly don't use GAMC, or at least they have other alternatives. The elderly are already covered by Medicare, a strictly federal program. Veterans are covered by VA medical benefits. One veteran actually testified in committee that he's on GAMC because the clinics under that program are more convenient than the clinic availability offered under VA benefits. Again, we can't afford this type of "convenience."

The DFL simply ought to get to the business of balancing the state's finances before taking up spending bills like this one and the \$1 billion bonding bill, which should be more accurately called the "debt bill."

#### GETTING FAT AT THE GOVERNMENTAL BUFFET

The Star Tribune ran an excellent [article](#) this morning that explained how government spending gets out of control and how the red tape and byzantine rules mask accountability and promote poor spending decisions.

The crux of the article notes the many different dedicated funds across state government as well as pots of federal money that allow the hungry mouths of government to feed at a bloated trough even though we have apparently cut government so deeply that tax increases are necessary - Puhleeese.

It's first important to note as a general proposition that dedicated funding accounts are bad public policy. They are set up by special interest group to fence off funds for their group and prevent elected officials from setting priorities and then funding those priorities from one pot of undesignated money.

It is illustrative to note that the state general fund will spend out \$34 billion this budget cycle. When all the other dedicated funds are thrown in, the state spends nearly TWICE that amount. These dedicated funds are larger than most people know.

The upshot is that in one hearing room, you have legislators cutting core functions like public safety while in another hearing room they are doling out big money for bike trails and zoos. Legislators have no ability to tap dedicated funds

These perverse results are on full display in the article. Take the Chatfield Potter Center for the Arts, a project recently singled out by Governor Pawlenty for its lack of merit and tenuous connection to any core governmental function.

Chatfield snagged nearly \$7,000 from Legacy Amendment funds (funded by the 3/8ths increase in the sales tax voters put into the state constitution in November 2008). Chatfield also has a \$7 million request in the bonding bill. According to the article, Chatfield may then return to the Legacy funding group for another \$50,000.

The rat race through the money maze gets even more complex with respect to outdoor amenities like parks, trails and natural areas. These types of projects are also eligible for monies from the Legislative Commission on Minnesota Resources (LCCMR), which is another pot of money dedicated to the environment. The LCCMR monies come from a portion of state lottery proceeds.

Take the example of native prairie restoration. These prairies are poised to collect \$1.75 million from the LCCMR, \$1.3 million from the Legacy fund, and perhaps millions more from the bonding bill.

You want to know why our government is flat broke? Because we spend money in this manner!

### BONDING BILL BULLYING

Have you been disgusted with the way Democrats have run Washington? Of course you're nauseous regarding the spending, but are you also troubled by the lack of transparency, the lack of integrity, and the lack of bi-partisanship?

If so, the Democrats in Minnesota are no different. The Watchdog has already pointed out the bloated and wasteful spending in the so-called bonding bill, but you probably haven't heard much about *how* the bill was crafted and processed.

First, the DFL wrote the bill behind closed doors and rammed it through the committee process with no chance for GOP input.

The DFL next pushed the bill off the floor of both houses using strong arm tactics that prevented debate, the very lifeblood of deliberative bodies. In fact, the House DFL



employed the rarely used tactic of "calling the question" to cut off debate and move directly to a final vote. (See a video [here](#)).

A conference committee has been called to reconcile differences between the two versions. As this issue goes to press, the bill has been negotiated behind closed doors between the House and Senate DFL members of the conference committee, with the public, the GOP, and the Governor's office shut out of the process.

Since when is it acceptable for a committee to meet behind closed doors, beyond the scrutiny of the public? Since when do legislative committees meet on a Sunday night after most citizens and the press have all gone home? Deciding legislation in a backroom with only the power brokers present harkens back to a darker, more corrupt era of Minnesota DFL politics. Unfortunately, the behavior also reminds of present day Washington, DC under Reid and Pelosi.

Shame on all of them.

March 1, 2010

Public Policy Commentary

In This Issue:

1. Override Vote Today!
2. Bonding Bill Shenanigans.
3. Who is Keith Downey?
4. Kudos to Jim Abeler.

#### OVERRIDE VOTE TODAY

Watchdogs, the Minnesota House will be taking up a very important vote today. Liberal DFL Speaker Margaret Kelliher has promised to call up a vote to override Governor Pawlenty's veto of a bill that would have continued a welfare healthcare program called "GAMC" that has spiraled out of control, growing by 20-30% every budget cycle.

The DFL is attempting to keep the program alive with only meager "reforms" while continuing to offer no way to pay for this expensive, overly-generous program even though the state is facing a \$1.2 billion deficit, thanks in part to programs like GAMC that are eating the state budget alive.

Contact your legislator today and let them know you expect them to uphold Pawlenty's veto so we can get state spending under control!

#### BONDING BILL SHENANIGANS

The saga of the \$1 billion debt bill (AKA "bonding bill") goes on and on like a bad dream.

This week, the House and Senate conference committee met to hammer out differences between the two bills and present a conference report to both chambers.

The conference report was negotiated and written in classic Washington style. It was done behind closed doors on a Sunday night far from the eyes of both the media and the public at large.

Republican members of the conference committee were left out of the process while the DFL members wrote the bill out of the public eye. At 1AM early Monday morning, a spreadsheet was dropped for the public to read and swallow.

Conference committee meetings, like all committee meetings at the Capitol, are supposed to be done in public, where testimony can be taken and legislators make their comments are recorded and preserved.

And the foolishness doesn't end there. When the conference report was brought up for a vote, Governor Pawlenty issued a letter to the legislature noting that he was going to veto the bill in its entirety, which caught the DFL by surprise.

Republicans were strong in their support of the governor, providing enough votes to show that any attempt to override the promised veto would fail.

Republicans even offered the DFL a chance to negotiate with the governor, making motions in both the House and Senate to move the bill back to conference committee.

The DFL majorities ignored defeated these motions and passed the conference report anyway.

Then a funny thing happened on the way to the governor's desk. The DFL "pulled back" the bill, grabbing back from the enrolling clerk's office and holding the bill hostage on the Senate floor.

Watchdog sources tell us that the bill was ready to be sent to the governor's office when the DFL stole the bill back, in violation of the Minnesota Constitution.

Article IV, Section 20 of our founding document declares:

Every bill passed by both houses shall be enrolled and signed by the presiding officer of each house. Any presiding officer refusing to sign a bill passed by both houses shall thereafter be disqualified from any office of honor or profit in the state. Each house by rule shall provide the manner in which a bill shall be certified for presentation to the governor in case of such refusal.

The bill indeed passed both houses. It SHALL be enrolled and signed. Enrollment is the process of sending the bill to the governor.

These Democrats really know no shame. When they refuse to honor our constitution, it shows just how morally bankrupt they've become.

WHO IS KEITH DOWNEY?

Well, we really know. He's a freshman state Representative from Edina who apparently is unfamiliar with Reagan's Eleventh Commandment.

The Pioneer Press obtained an email Downey wrote to a constituent in which he savaged Pawlenty for a lack of fiscal conservatism:

"While I will uphold the Governor's veto, I sure hope the rhetoric tones down once he returns to Minnesota. Accusations of 'irresponsible spending' and one-liners about writing checks with no money in the bank lack credibility and would have to apply equally to the Governor's own GAMC fix which costs taxpayers almost twice as much

per person and bankrupts the Health Care Access Fund in 2011, and to his reliance on hundreds of millions of dollars in questionable federal money in his budget balancing plan, and to his bonding recommendation for \$680M of new borrowing and debt with no way to pay for it."

While the Watchdog has certainly criticized Pawlenty in the past for some of his spending decisions, there can be no doubt that Pawlenty has been the most fiscally conservative governor of our time. He has turned back literally billions in tax increases proposed by the DFL.

So how does each man compare? Since Downey has been in the legislature only one year, let's look at what the Taxpayer's League of Minnesota said about each man's commitment to smaller government and fiscal sanity in 2009.

Last year, Governor Pawlenty was named a "Hero of the Taxpayer." Here's what the League wrote:

With a real state budget deficit of \$6.4 billion dollars, Governor Pawlenty faced a huge challenge from the start of the legislative session. The DFL-controlled state legislature was intent on raising taxes to continue their out-of-control government spending. In January, Governor Pawlenty submitted his budget solution, but even after four months, DFL leadership in the House and Senate failed to come up with a budget solution that didn't include a billion dollar tax increase. With the Governor committed to not raising taxes he explained to the DFL leadership that if they failed to produce a balanced budget, he would line item veto spending bills and cancel appropriations in order to balance the state budget. In the end, Democrats failed to produce a balanced budget, so the Governor will have to resolve the 2010-2011 budget without them. All Minnesota taxpayers owe Governor Pawlenty a thank you for his "no tax increases" stand.

Read that again: "All Minnesota taxpayers owe Governor Pawlenty a thank you for his 'no tax increases' stand."

And Downey? He earned a 60% approval, voting against the League position on six major votes.

News reports indicate that Downey was apparently angry that Pawlenty publicly chided Republican legislators for voting in favor of a bill that continues the general assistance medical care (GAMC) program with no real reform and no way to pay the skyrocketing costs.

Now it would be fair to say that Pawlenty shouldn't have criticized Downey and the others who voted for the bill so harshly. On the other hand, Downey shouldn't have voted for the bill in the first place, which is precisely the kind of thinking that led to his 60% score last year.

All House Republicans will have an opportunity to redeem themselves this week by upholding the governor's rightful veto of the spending monstrosity.

There is very little support from the base for this program or the bill that extends it.

Said GOP chairman Tony Sutton:

The Republican Party of Minnesota fully supports Governor Pawlenty's decision to veto this irresponsible spending bill. During these difficult economic times, state government needs to balance the budget first, or at least make a spending bill like the General Assistance Medical Care bill a part of a broader balanced budget plan. The Republican Party of Minnesota and our dedicated activists will be working to make sure legislative Republicans uphold the Governor's veto on this important issue.

EDITOR'S NOTE: THIS IS THE SAME BILL THAT WILL BE CALLED UP FOR AN OVERRIDE VOTE TODAY.

KUDOS TO JIM ABELER

Because the Watchdog is Anoka County's premier outlet for fair and objective news and commentary, we are never afraid to give credit where it is due.

While we have taken state Rep. Jim Abeler to task on several occasions for his voting record, we also want to give him some credit for his recent comments regarding upholding Governor Pawlenty's veto of the general assistance medical care (GAMC) welfare healthcare bill.

Abeler spoke on the House floor this week to publicly announce that he will be voting to uphold the governor's veto of a bill that extended this massive, out-of-control program without sufficient reforms.

Unfortunately, Abeler had voted for the bill as it left the House floor, but his comments in support of the governor are welcome. Hopefully, divisive override votes are a thing of the past for Abeler and the entire House GOP.

March 8, 2010

Public Policy Commentary

In This Issue:

1. GAMC Vote and the Measure of True Reform;
2. Faribault is the Poster child Alright;
3. DFL Blasts Pawlenty and then Follows Suit;
4. Northstar Rail Keeps Right on Taxing.

#### GAMC AND THE MEASURE OF TRUE REFORM

Man, DFL House Speaker Margaret Kelliher and her troops took an absolute political beating at the hands of Governor Pawlenty and House Republicans this week over their prized welfare healthcare program called General Assistance Medical Care (GAMC).

After last week calling up an override attempt of the Governor's veto of their version of a GAMC "reform" bill, the Governor soon thereafter called Kelliher and her healthcare lieutenants to the bargaining table to begin true negotiations regarding the future of a program Pawlenty had slated for termination April 1<sup>st</sup> via his line-item veto authority.

As the Watchdog has reported before, what the DFL loved about the program was what drove Pawlenty to kill it. GAMC was a welfare healthcare entitlement program that offered a traditional fee-for-service arrangement that was killing the state's general fund. In fact, the program was growing by 30% every budget cycle, eating more and more taxpayer dollars.

And while the DFL may feign praise and triumph over the news of last Friday's compromise with Pawlenty to "save" the program, be comforted by the fact that TPaw pantsed Kelliher yet again.

First, the program moves away from a fee-for-service model that does little to discourage inpatient hospital visits as a means of healthcare delivery to a "coordinated care" model that focuses on keeping costs down by encouraging preventive medicine and clinic-based care that avoids the cost of the emergency room to treat a sore throat, for example.

Second, and most importantly, GAMC is no longer an entitlement program but one in which the amount appropriated to the program is capped moving forward.

To illustrate, compare the costs of the old and new GAMC in both the current biennium (FY 10-11) and the "out" biennium (FY 12-13).

Fiscal Years 2010-2011:  
Old GAMC: \$750 million  
New GAMC: \$164 million

Fiscal Years 2012-2013:  
Old GAMC: \$930 million  
New GAMC: \$214 million

The taxpayers have truly scored an epic victory on this issue. Of course, Governor Mark Dayton or Governor Rybak would blow up this reform in a heartbeat.

Savor the victory and work to keep it in November!

**FARIBAULT IS THE POSTER CHILD ALRIGHT!**

Unless you've been living under a rock or were stranded high in Chilean mountains by the recent earthquake, you can't escape the incessant, shrill whining of city and county officials over Governor Pawlenty's proposed aid cuts. There's even a propaganda web site devoted to this pap called "[Thank LGA](#)."

The city of Faribault has been one a poster child for this class of hungry mouths at the state government trough.

Faribault, like many other fair burghs across the state just can't seem to absorb one more dollar in aid cuts, according to city fathers.

This year, Faribault will have an operating budget of approximately \$10 million, with roughly half of that amount coming from state aid.

But if that wasn't enough to set off your BS alarm, check out this stat: Faribault has a budget reserve of \$7 million! The city has a reserve to budget ratio of 70%.

It's high time for the city fathers to dig into the slush fund and stop hitting up the rest of us for 50% of their budget.

Those who live in Faribault can pay for Faribault, just like in the hundreds and hundreds of cities that don't get state aid in the first place.

A \$7 million budget reserve? You've got to be kidding us. That's \$7 million that has been taken from taxpayers, encumbered by government, and not available to invest, hire new employees, or offer better benefits to existing employees of private sector businesses.

What a joke.

## DFL BLASTS PAWLENTY AND THEN FOLLOWS SUIT

When Governor Pawlenty announced his proposed budget solution to resolve the \$1.2 billion deficit, he was ridiculed by DFL leaders for booking \$387 million in enhanced federal co-pays for Medicaid, the state-federal healthcare entitlement program.

DFLers mocked Pawlenty for criticizing federal money and then counting prospective funds in his own budget proposal.

The same holds true for education funding, where Pawlenty shifted state education aid payments instead of instituting outright cuts to education.

As a fair and objective observer of politics in Minnesota, the Watchdog agrees with the DFL to a certain point.

Booking the federal money and shifting payments instead of cutting is less than ideal budget policy and should be avoided. Both maneuvers smack of political pandering and not of resolute leadership, which leadership Pawlenty showed in spades regarding GAMC (see above).

Of course, the DFL criticized Pawlenty only to score political points.

Proof of that came this week when Watchdog sources at the Capitol reported that House and Senate DFL leaders are quietly planning to use both accounting tricks when they craft their own budget solutions later this month.

Sources indicate that the DFL will propose even more education aid payment shifts, which defer payments into the future, than Pawlenty has instituted.

These sources also note that the DFL may plan to not only book the \$387 in enhanced Medicaid payments (Known as "FMAP" payments) but also book MORE federal aid.

Recently, the federal government increased by \$81 million the amount of aid it gives to Minnesota to help with the federal Medicare Part "D" prescription drug program.

Apparently, the DFL plans to book this \$81 in their budget solution, which Pawlenty did not do.

If they do, we'll be the first to call them on the hypocrisy because the Star Tribune surely won't.

## NORTHSTAR KEEPS RIGHT ON TAXING

So you thought you were done paying for that expensive \$317 million train that provides nothing more than an expensive, heavily subsidized ride for a few commuters who want to live in the exurbs and work in Minneapolis?



Guess again. In addition to the \$317 million cost to build the rail line, there are the millions in operating subsidies required to keep the train running. After all, we can't expect those who use the train to actually pay their way. Not even close.

If you live in Anoka County, you get to pay operating subsidies through the additional sales tax we pay in the Metro that was instituted over Governor Pawlenty's veto thanks to Jim Abeler and Kathy Tingelstad.

In a brazen case of copycat taxation, Sherburne County is now looking for authorization from the legislature to institute a local sales tax in that county to help pay for its share of the Northstar operating subsidy.

According to the Saint Cloud Times, Sherburne County would like to institute the same sales tax rate as was passed for Anoka County and the Metro area.

Assistant county administrator Luci Botzek was quoted as saying their county was "left out" of the tax increase for the Metro and wants to be "treated the same way." Translated, this means "We want to tax the crap out of our citizens during a recession in the same way Anoka County abuses their taxpayers."

Hey, Luci. Anoka County isn't a unit of government you want to emulate if you at all give a rip about the people you represent.

It appears they don't give a rip at all. The article indicates that the county has no plans to let taxpayers vote on the sales tax increase if they get legislative approval. That's because they know what the outcome would be.

And don't forget this little fact about Northstar rail. It costs \$16.8 million to operate Northstar each year. Riders contribute only \$3.1 million of that cost, making for a farebox recovery of under 20%.  
What a deal.

March 15, 2010

Public Policy Commentary

In This Issue:

1. Pawlenty the Plastic Surgeon;
2. DFL Soft on Sex Offenders;
3. DFL Wants to Tax Underwear;
4. Film Board Follies.

### PAWLENTY THE PLASTIC SURGEON

If you needed proof that Democrats just can't help themselves when it comes to spending, just take a gander at the bonding (debt) bill that they sent to Governor Pawlenty's desk.

Despite the worst economy in generations, despite a gaping budget deficit, despite the fact that the DFL has yet to present a budget solution, despite the fact that the Governor has repeatedly stated he will not sign a \$1 billion bonding bill, and despite the fact that the state has only budgeted \$725 million for this bill, the DFL nonetheless sent Pawlenty an Old Country Buffet style bonding bill that weighs in at a hefty \$1 billion and is filled with the fiscal equivalent of Twinkies, Little Debbie's, Cheetoes, and fried chicken.

Folks, this is one fat bill that even Jenny Craig can't help. It's time for Doctor Pawlenty to perform fiscal gastric bypass on this morbidly obese patient.

So just what's inside our big boned, slow metabolism bonding bill?

- \$31 million for zoos;
- \$8 million for volleyball centers and hockey rinks;
- \$2 million for sculpture gardens;
- \$1 million for snowmaking machines and "tubing opportunities" at Wirth Park;
- \$2.2 million for the Potter Arts Center;
- \$.84 million for the African-American Heritage Museum;
- \$16 million for Orchestra Hall;
- \$5 million for the Asian-Pacific Cultural Center;
- \$16 million for the Ordway;
- \$10 million for the Oliver Kelly Farm

And that's just a sampling of fast-food, convenience store fiscal binge our plus-sized legislation has consumed on its journey from liberal idea to legislative bill.

Sources within the Capitol say that Pawlenty has acted over the weekend to exercise his constitutional authority to "line-item" individual project appropriations to bring the bill below the budgeted amount. These sources say approximately \$300 million was

removed via the line item authority, bringing the bill down into the neighborhood of \$700 million.

Once again, Governor Pawlenty has been forced to act as the only responsible adult at the Capitol and force the Democrats to live within their means and not spend us into oblivion.

Maybe the DFL can now turn their attention to providing a balanced budget proposal to solve the \$1 billion deficit. Hell, they've only been in session earning pay and "per diem" since February 4<sup>th</sup>.

#### DFL SOFT ON SEX OFFENDERS

Speaking of the bonding bill and DFL priorities, we ought to discuss how the DFL shortchanged a critical public safety project in favor of all the pork listed above.

The Minnesota Sex Offender Program (MSOP) at Moose Lake is a civil commitment program that receives the "worst of the worst" sexual predators after they have served their prison sentence and keeps them confined until they are no longer a danger to society.

In other words, the predators at Moose Lake would be out on the street if they weren't confined to the program.

And while it would certainly be good public policy to throw these people in prison forever, that's not the case right now and civil commitment is one more way to accomplish a very worthwhile goal: keeping these rapists and child molesters off the street and away from the rest of us.

The MSOP facility is going to run out of bed space within the next two years. Apparently, the DFL doesn't care and has significantly under-funded the expansion project in favor of petting zoos and sculpture gardens.

Governor Pawlenty had requested \$89 million for the project while the DFL only allocated \$47.5 million.

The DFL is hiding behind this number by claiming that \$47.5 million was the estimated cost of the expansion in 2006.

Of course, this is a crock of crap. In a Watchdog exclusive, we show that the actual pre-design and design work, completed in February 2007, shows that the estimated cost was \$87.9 million, which isn't too far off of the current estimated cost.

Moreover, we have conclusive proof that Rep. Loren Solberg, the chief critic of the Moose Lake project, APPROVED OF THE PROJECT ESTIMATE! He signed a letter in March 2007 agreeing with the \$87.9 estimated cost.

What is happening here is that the DFL doesn't approve of confining these dangerous perverts and is simply looking for some political cover to say they're "doing something" while underfunding the project because of some manufactured and bogus "concerns" about the true cost.

[Click here to read the documents.](#)

#### DFL WANTS TO TAX UNDERWEAR

We all know that when it comes to choosing between the family budget and the governmental budget, Democrats are all about the government, contrary to their claims about being for the "working man."

Proof positive was demonstrated this past week when a DFL Senator proposed taxing the clothes right of our backs.

Tax increases are a bad idea. Tax increases during a recession is a dumb idea. Taxing our underwear during a severe recession is just plain dumb and shows how far the DFL will go to protect government spending at your expense.

Introduced by Senator Tom Bakk (DFL-Cook), the bill would tax clothing at the regular sales tax rate, bringing money into state coffers and raising taxes. Bakk uses a cute trick in his bill by buying down some state taxes in later years, to claim that his bill doesn't raise taxes.

So, let's get this straight. We'll raise taxes today and then bring them down sometime later on. Right. There's nothing to stop the legislature from delaying or eliminating that buy down provision later on.

What a bad idea. First, taxing a necessity like clothing is a "regressive" tax, meaning its impact falls disproportionately on lower-income taxpayers. The party of the "working man" doesn't seem to have any compunction about levying taxes that pound lower income folks, including higher tobacco and alcohol taxes and increased sales taxes for things like zoos and bike trails.

Second, retail clothing is one economic sector where Minnesota enjoys a competitive advantage over other states. Most states tax clothing, making Minnesota-purchased clothing less expensive, which is one reason why the Mall of America does so well. Taking away one of the few economic advantages Minnesota enjoys is all-too-typical of the DFL.

Finally, it just strikes us as punitive and repugnant to tax a person's clothing. It is a basic necessity that touches the core of our everyday life.

Perhaps Bakk could stand outside in his skivvies in front of the Capitol to demonstrate that we don't really need clothes all that badly!

#### FILM BOARD FOLLIES

In a final example of just how out of touch the liberals are and just how bloated the state budget really is, we bring you a tale of budgetary woe starring Minnesota's TV and Film Board, which Governor Pawlenty has marked for termination as a part of his plan to solve the state's budget deficit.

We you didn't know we had a Film Board, did you? Would you count it as a critical governmental function? That's what we thought.

If you visit the Board's web site, you can see the whining taking place over the Governor's radical idea that the Board seek private funding sources instead of relying on your tax dollars.

Far from being a positive force, entities like this one are the primary reason we have a budget problem. Government is doing too much and not doing much well.

If these people want their "snowbates" they can go compete for funding in the private sector. It's not government's job to subsidize Hollywood.

Filed

**Loren A. Solberg**  
State Representative

District 3B  
Aitkin and Itasca Counties



# Minnesota House of Representatives

**COMMITTEES:** CHAIR, Ways and Means  
Capital Investment  
Taxes  
Rules and Legislative Administration  
Finance  
Local Government and Metro Affairs  
Ex-officio Member of Finance committees

March 28, 2007

Commissioner Dana Badgerow  
200 Administration Bldg.  
50 Sherburne Ave  
St. Paul, MN 55155

RE: Legislative Notification on MN Sex Offender Program projects in Moose Lake

Dear Commissioner Badgerow:

We received your request regarding the projects noted above, and concur with your project plans. Please proceed as planned.

Sincerely,

Representative Loren Solberg, Chair  
House Ways and Means Committee

- cc: Senator Cohen
- Representative Alice Hausman
- Senator Keith Langseth
- Cal Ludeman, Commissioner, Department of Human Services
- Alan Van Buskirk, Department of Human Services
- Dean Mooney, Director, MSOP
- Lisa Mueller, Department of Finance
- Gordon Christofferson, Department of Administration, State Architect's Office

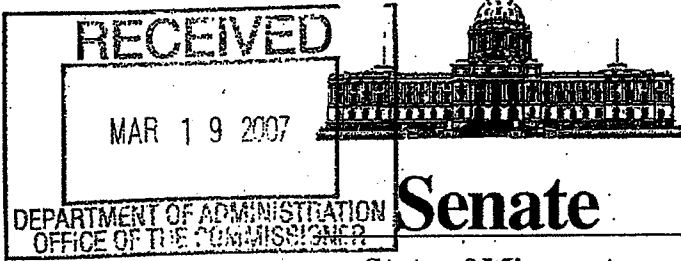
STATE ARCHITECT'S OFFICE  
DEPT. OF ADMINISTRATION

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*Gordon*  
*✓*  
*Filed*

**RICHARD J. COHEN**  
Senator, 64th District  
591 S. Cretin Avenue  
Saint Paul, MN 55116  
Phone: (651) 699-4476

121 State Capitol Building  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155-1606  
Phone: (651) 296-5931



March 9, 2007

Ms. Dana B. Badgerow, Commissioner  
Department of Administration  
200 Administration Building  
50 Sherburne Avenue  
St. Paul, Minnesota 55155

Dear Commissioner Badgerow:

I have reviewed your letter dated February 27, 2007 regarding the final construction document preparation for Phase 1 and Phase 2 and construction of Phase 1 regarding the MSOP facilities in Moose Lake, Minnesota.

I concur with your request.

Sincerely,

Richard J. Cohen  
Chairman, Finance Committee

STATE OF MINNESOTA  
DEPT. OF ADMINISTRATION  
ST. ANTHONY'S OFFICE

2007 MAR 22 P 12:13



COMMITTEES: Chair, Finance Committee • Rules and Administration • Capital Investment •  
State Government Budget Division • Environment, Agriculture, and Economic  
Development Budget Division • Public Safety Budget Division





March 22, 2010

Public Policy Commentary

In This Issue:

1. ObamaCare Passes House;
2. Support Our Troops Means Exactly That;
3. Who's Happy to Pay for a Better Minnesota?
4. Tarryl Clark's Porno Play Fails.

#### OBAMACARE PASSES HOUSE

History was made last night when the U.S. House passed the Senate bill ObamaCare bill 219-212. This bill, which many House members didn't like, will go to the White House where Obama will make it the law of the land.

A separate "reconciliation" bill now heads to the Senate to face an uncertain future, primarily because Democrats are perverting the reconciliation process to bypass the filibuster rule.

With one exception, Minnesota's House delegation split along Party lines, with all DFLers except for Rep. Collin Peterson voting in favor. It will be interesting to see if Rep. Tim Walz of the 1<sup>st</sup> District will survive this fall.

Every federal entitlement program is on the pathway to bankruptcy thanks to runaway costs. This monstrosity will be no different.

Respected political consultant Stu Rothenberg recently said he saw "no way" the Democrats would hold the House. This power grab seals that deal.

Remember in November!

#### SUPPORT OUR TROOPS MEANS EXACTLY THAT

Using veterans and military heroes as a political prop is always a high-risk, high-reward proposition. Just ask Senate DFLers this week who saw a veterans-as-political-pawns stunt blow up in their collective faces.

The manufactured brouhaha arose from the use of proceeds from the "Support Our Troops" fund, which is maintained by a fee drivers pay for using a special license plate featuring an eagle. Proceeds are used to assist Minnesota veterans, especially as many return home from combat tours and re-adjust to civilian life.

It recently came to light that a portion of the fund was used to help pay the salary of a person who was also on the payroll in the Governor's office.

DFLers, who hate Pawlenty regardless, thought they smelled an opportunity to embarrass Pawlenty and tarnish his credentials regarding veterans at the same time. A true political twofer - or so they thought.

DFL state Senator Steve Murphy (DFL-Red Wing) was the first to run his mouth before bothering to check the facts, much less get them straight.

Murphy indignantly declared, "For money that was supposed to go to fund things for veterans going to fund people in the governor's office, it's outrageous. The governor runs around telling everyone he's cutting all these budgets, and then he back-door fills in his own department. I'm just disgusted with this."

Immediately, the DFL ginned up a committee hearing and a number of bills designed to whack the Governor's office budget to repay the allegedly ill-gotten booty from the fund.

Then the truth came out. At the hearing Thursday morning, Veteran's Affairs commissioner Mike Pugliese and a number of veteran's groups came storming out in defense of the administration.

Pugliese put the committee in its place by reminding them that the fund is to be used precisely for the support of troops. Since the employee, Lee Buckley, had experience with veterans and the non-profits who serve them, she was a natural to take the part-time job of connecting veterans with these groups via extensive outreach.

Commissioner Pugliese also noted that it was he, not the Pawlenty administration, who decided to use the funds to help pay Buckley's salary.

Pugliese put an exclamation point on his testimony when he declared that he "would do it again in a second."

Veteran's groups then took to the microphone to scold the committee for painting a negative impression of the Support Our Troops fund, potentially scaring drivers away from the fund lest they think the money isn't put to good use.

Every veteran's group represented at the hearing spoke highly of the program and the decision to use Ms. Buckley part-time as an out reach coordinator.

For the DFL, it couldn't have gone worse. The hearing was a total disaster and made them all look petty, partisan, and just plain stupid.

Senator Murphy was forced to apologize two times for his comments regarding the use of the funds. "I was wrong. The money has been well spent." You're damn right it was, Senator.

And the two bills the DFL cooked up? Both were withdrawn, sending the DFL members of the committee home with their tails between their legs.

Hopefully, their antics won't discourage people from continuing to support the troops through the fund.

Watchdogs, for this one, we encourage you to devote a few minutes of your life to watching a video of the hearing. It's time well spent watching DFL Senators flame themselves.

<http://www.senate.leg.state.mn.us/media/index.php?ls=&sid=194>

#### WHO'S HAPPY TO PAY FOR A BETTER MINNESOTA?

State Representative Peggy Scott (R-Andover) has hit upon an excellent, if not somewhat recycled, idea for our cash-strapped state government.

Scott has introduced a bill in the Minnesota House to allow those who want government to have more money to send more money via a voluntary contribution.

While Rep. Scott acknowledges there is some rhetoric behind her bill, it is important rhetoric nonetheless.

It proves the point that liberals want tax increases for **SOMEONE ELSE**. They're happy to pay for a better Minnesota just so long as someone besides them is picking up the tab.

For example, Arkansas has just such a voluntary check off to voluntarily pay more taxes and exactly 56 citizens ponies up from 2001-2005.

If the liberals want state government to have more money, they are free to pony up, with or without Scott's legislation. We won't hold our breath.

#### TARRYL CLARK'S PORNO PLAY FAILS

With so many legislators running for some other office, it is indeed the season for political stunts.

One such politician is state Senator Tarryl Clark (DFL-St. Cloud), who is running against Congresswoman Michele Bachmann for the right to represent Minnesota's Sixth Congressional District.

Clark introduced a bill that would prohibit state employees from staying in hotels that offered porno movies for view.

Now it's one thing to prohibit state employees from charging dirty movies to the state. It's another thing to say they can't stay at a hotel that offers them.

Do we really need to point out the problems with such a bill? First, how does the employee know? Would they be forced to call the hotel and ask the desk clerk if porn is available? How creepy.

And what if another hotel isn't available nearby?

And just how do we define pornography? Are we asking the employee to make that judgment call as well? Even the Supreme Court had a difficult time defining porn.

This is a dumb political stunt and a dumber idea.

Already, a House committee dominated by fellow DFLers has voted down the bill, even though it's still alive in the Senate and could still theoretically become law.

The real story here is just how desperate Clark is as a candidate. You see, Clark is a big-time abortion advocate and the Sixth District is pro-life and socially conservative. Clark was merely looking for a way to pander to socially conservative voters without touching on the social issues that matter most, like abortion, the Second Amendment, and the defense of traditional marriage.

Nice try, Tarryl. You'll be out of office come November.

March 29, 2010

## Public Policy Commentary

### In This Issue:

1. DFL wants to limit your right to vote;
2. 1/3<sup>rd</sup> of a loaf is okay - for now;
3. ObamaCare bill comes due already;
4. Federal debt bomb ticks towards detonation.

### DFL WANTS TO LIMIT YOUR RIGHT TO VOTE

It's funny how the "party of the working man" never stops working to raise taxes on working people of all income levels while seeking ways to make it easier for government to raise taxes by limiting accountability and taxpayer rights.

The Great Recession has exposed the DFL as a party that really is about government budgets and not family budgets. The real constituency for the DFL isn't really working families but instead is government and public employee unions that make a living increasing spending to deliver pay and benefits that far outpace what comparable private-sector jobs pay.

Even in this economy, it really is all about government for the DFL. A prime example is House File [3063](#) (Senate companion 2769). This legislative turd would allow school districts to pass certain property tax levy increases without voter approval. In short, this bill, if it became law, would take away the current right of school district taxpayers to vote on certain school levies.

The bill is a classic sop to teacher unions and the entire government school industrial complex. With many levies set to expire this year, districts know it will be difficult to re-pass those levies with so many taxpayers out of work and under financial duress. Moreover, districts know it will be difficult to keep up the pressure on property taxes while home values have plummeted along with 401k balances and other middle-class investment vehicles.

The DFL solution to this dilemma? Simply take away the right of voters to re-authorize the property tax levy and instead vest the decision in the school board, many of which will adopt the increase after a perfunctory hearing late at night after the media and taxpayers have all gone home.

Supportive legislators have attempted to explain away this affront to voters by arguing that cities and counties don't need voter approval to raise their property taxes and school districts shouldn't be treated differently.

The Watchdog agrees. Cities and counties should be treated just like school districts, making cities and counties go out for voter approval before they raise property taxes.

In the alternative, if the DFL is hell-bent on taking away taxpayer rights, then taxpayer reforms should go hand-in-hand with this elimination of accountability.

How about eliminating teacher unions themselves? How about a law that prevents teachers from striking during the school year to punish students? How about paying teachers for results instead of seniority? How about universal school choice, just like in Europe?

It's about time the DFL got interested in helping students, not the education cartel. It's high time the DFL started caring about family budgets instead of the government budget.

School districts should also acknowledge that they have a spending problem, not a revenue problem.

Instead of living within a budget, school boards simply bow to the demands of teacher unions and agree to teacher contracts that they can't afford and are out of line with the economic reality of the times.

Recent teacher contracts are giving out pay and benefit increases as if the recession never happened.

Take a look at contract settlements [here](#) and ask yourself if your school district deserves to take away your right to vote on property tax increases.

### 1/3<sup>RD</sup> OF THE LOAF IS OKAY - FOR NOW

Last night, the DFL-led legislature and the Governor concluded negotiations on a bill that would cut spending to eliminate approximately \$310 million of the state's \$994 million budget deficit.

While the bill only addressed 1/3<sup>rd</sup> of the deficit, it was a step in right direction by cutting spending without raising taxes.

The Governor was successful in eliminating a number of poison pills that DFL tried to slip in, notably a \$25 million increase in mutual fund registration "fees" that would have amounted to nothing more than a tax on middle-class pensions.

While the Watchdog has no quarrel with this bill (which Pawlenty will no doubt sign into law), it is typical of the way the DFL does business in Saint Paul and exposes their hypocrisy.

After the November 2009 economic forecast showed a \$1.2 billion deficit, the DFL demanded that the Governor immediately release a complete and comprehensive budget solution by the end of December.

By mid-February, the governor indeed released a comprehensive proposed solution that the DFL predictably blasted the budget as punitive and mean spirited.

In response, the governor rightly asked the DFL to put forth their budget.

Now, at the end of March, after the legislature has been in session for nearly two months collecting pay and per diem, they have offered only 1/3<sup>rd</sup> of a solution.

What do you suppose, fair reader, would happen if you only did 1/3<sup>rd</sup> of your job?

Moreover, the DFL really only picked the low hanging fruit to reduce as they have yet to offer their solution to deal with cuts to human services and education, the largest and most politically sensitive areas of the state budget.

Many Capitol observers believe the DFL won't get serious about cutting these areas until May, after the DFL state convention. The DFL legislators running for governor apparently don't want to cut one penny from these sacred cows until their delegates have conferred an endorsement.

In addition, it is certainly likely that the DFL will pull another stunt like they did last year by passing tax increases just before session ends and then leaving town.

They profess they won't try to raise taxes this year because they know the political environment. Really? We bet they do. Old habits are so hard to break.

#### OBAMACARE BILL COMES DUE - ALREADY

Despite their best efforts to front-load the benefits and back-load the taxes and government mandates, ObamaCare is already hurting job creators and their employees in a big way.

The Wall Street Journal reported this week that some of America's biggest job providers took large financial hits because of the passage of ObamaCare.

AT&T, for example, wrote down \$1 billion in one-time charges while other like Minnesota's own 3M, took a \$90 million write down.

The charges happened because ObamaCare no longer allows companies a tax deduction for the cost of providing prescription drug coverage to retirees who are on their retirement health care plans.

Now, the non-critical thinkers out there will likely claim that this is just deserts for Wall Street and corporate America.

We beg to differ.

This large destruction of capital means that this money is no longer available to hire employees, offer better benefits, or provide a better dividend to shareholders that include pension funds and local units of government.

Ironically, this Obama tax increase will also work a hardship on retirees, including retirees who were unionized as corporate employees.

You see, AT&T took such a large write down because they not only have a large number of retirees but they also have a large number of unionized retirees who won generous company-paid post-retirement healthcare benefits in collective bargaining.

Now that Obama has worked a massive tax increase on these benefits, many companies will now have an incentive to dump the retirees into Medicare, which offers less generous benefits. Then again, the Democrats have never been opposed to making more people dependent upon government programs.

Companies will now have every incentive to dump this kind of coverage from the next labor contract.

So much for the party of the working man.

#### FEDERAL DEBT BOMB TICKS TOWARDS DETONATION

Here's some more sobering news regarding President Obama's management of our country and its finances.

The Congressional Budget Office this week announced that Obama's fiscal year 2011 budget will generate nearly \$10 TRILLION in cumulative deficits over the next 10 years.

To put his number in perspective, the current deficit equals \$72,000 for every household in America. Under Obama's budgets, it is estimated that deficit will rise to \$170,000 for every household by 2020.

You can make out a check for \$72,000 either to "Uncle Sam" or simply "Barak." Don't forget to include postage.



April 5, 2010

Public Policy Commentary

In This Issue:

1. DFL Embraces Private Sector Job Creation
2. Solving the Deficit - How it Could Happen
3. Even Obama is ahead of Education Minnesota

EDITOR'S NOTE: Feeling happy? Wallet feeling just a little more secure? That's probably because the legislature has been on spring break since last Monday afternoon, coming back into session tomorrow. With the legislature gone, this week's edition will be a bit shorter than normal, and that's only because of the legislative break, not because Harold Hamilton took the staff to Daytona Beach for a little R&R. We swear we saw the ghost of Ted Kennedy funneling a Sam Adams pale ale, but what happens in Daytona stays in Daytona!

#### DFL EMBRACES PRIVATE SECTOR JOB CREATION

Just before the legislature left town, Governor Pawlenty signed a bill most observers thought would never pass a DFL-led legislature.

The bill, which passed with overwhelming bi-partisan margins, will offer tax credits to those who invest in high-tech companies in the early stages as well as a research and development tax credit to other companies regardless of whether they are newly formed or well established.

Another feature of the bill that received almost no media coverage was a provision that exempts many charter schools from paying property taxes, taking yet another step towards creating a more level playing field for those schools competing against traditional government-run schools and the monopolistic advantages they enjoy. Now before we unduly celebrate these tax credits, the Dog points out that these tax credits are not ideal tax policy. They are targeted towards particular market sectors and thus distort decisions about where and how to deploy private capital. Ideally, the government would lower tax rates across the board and let the market decide how capital is deployed.

However, this bill is a remarkable win for Pawlenty and the viewpoint that the private sector, not government, creates the wealth that underpins our prosperity and all government programs.

The victory was all the more noteworthy because the bulk of the credits are paid for by eliminating a \$30 million "low income fuel credit" that was a part of the transportation tax bill that was passed into law over Pawlenty's veto.

The credit was a classic example of feel good liberalism run amok. First, the credit was

only good for \$12.50 per person, equivalent to about 5 gallons of gas. Moreover, you didn't even need to own a car to claim the credit! In short, it was nothing more than government playing Santa Claus in exchange for votes.

In addition, the Governor also demanded that the bill be a net tax cut in order to earn his signature. The DFL met his demand, although our sources tell us that Senate Tax chairman Tom Bakk (DFL-Cook) was irritated with House Speaker Margaret Kelliher for caving into the demand.

So why was the DFL so eager to pass a bill that gives high net worth individuals a tax break so they can invest in the private sector? Why pass a bill that ticked off their liberal base by eliminating a fuel credit giveaway?

The answer lies mostly in gubernatorial politics and a simple clash of competing DFL constituencies.

In this sour economy, labor unions and their members have experienced the pain in a significant way. Skilled construction trades, for example, have seen unemployment rates double or even triple the Minnesota average. They quickly got religion with respect to the workings of our economy and started collaborating with business groups at the Capitol on legislation to reward investment and spur the private economy, not the government economy.

As a candidate for Governor, Speaker Kelliher took a calculated risk that pleasing labor unions was worth the wrath she would face from the welfare rights crowd for taking their fuel credit. As the Watchdog has observed, Kelliher is attempting to portray herself as a politician who can get results, even bi-partisan results. She is clearly attempting to erase her past management failures of the House that saw angry Republicans decry her heavy-handed floor management style as well as failed attempts to pass large tax increases that have alienated independents who will be crucial to electing the next governor.

For his part, the Governor has played this situation well. He has avoided the call of some GOP legislators to fight the DFL simply for the sake of denying them any type of victory.

This approach is shortsighted and fails to see the long-term gain. If DFL legislative leadership wants to pass a bill that cuts taxes and offers a tax credit to spur private sector investment, the GOP should take it even if it gives legislators like Speaker Kelliher a short-term talking point for her convention later this month.

The same holds true for the budget bill Pawlenty signed last week that cuts over \$300 million from the current deficit. This bill contained hundreds of millions in actual state government budget cuts. Anytime Republicans can get the DFL to cut government, it should be embraced. Who cares if it isn't the entire solution to the budget deficit? Who cares that the cuts don't offer a massive reorganization of government? While those

goals are certainly worthwhile, Pawlenty is smart to take spending cuts and tax cuts whenever he can get them.

#### SOLVING THE DEFICIT - HOW IT COULD HAPPEN

Speaking of the deficit and cutting spending, here's an update on where we are with respect to the current deficit and how the gap could get closed.

After the February forecast, the state's budget gap dropped from \$1.2 billion to \$994 million.

The recent "phase 1" budget bill cut \$312 million from the deficit, leaving \$682 million to be solved.

The General Assistance Medical Care (GAMC) reform bill will save the state about \$140 million this budget cycle, taking the deficit down to \$542 million.

This month, Congress is expected to pass an extension of extra federal money that reduces the state's share of paying for Medicaid. This extension and expansion of the federal cost share is estimated to save the state \$408 million, which would drop the deficit to \$134 million.

While Watchdog always decries profligate Washington spending, it is money that will go elsewhere if we don't take it. Until we can get members of Congress that understand true fiscal restraint, this is the reality of the situation.

The remaining money can easily be found in health and human services spending reductions, thereby solving the deficit and closing out the session with millions in spending reductions and no tax increases. With strong DFL majorities in both the House and Senate, this is no small accomplishment.

While this scenario is certainly plausible, it does not address one major variable - the lawsuit against Pawlenty's summer 2009 unallotments. If the DFL wins this lawsuit, \$2.7 billion in unallotments would be undone. Depending upon how and when the Minnesota Supreme Court finally rules, we could be looking at a special session to resolve another \$2.7 billion.

To add a twist to all of this, don't forget that we are in the middle of the state's two-year budget cycle. Our constitution only demands that the budget be balanced at the end of the cycle, which occurs on June 30, 2011.

All the players may just decide to leave this issue open until after the November elections. This is a dangerous stratagem considering that the state spends about \$42 million out of the general fund every day.

Decisions, decisions.

## EVEN OBAMA IS AHEAD OF EDUCATION MINNESOTA

Last week, Minnesota learned why it was not chosen to participate in the Obama Administration's "Race to the Top" education initiative. While we think that's a good thing because the feds have no business in telling us how to run our schools, the failed application showed that Education Minnesota, the big teacher union, is now running afoul of education reforms embraced even by liberal Democrats.

Specifically, Minnesota's application failed because the state is weak with respect to teacher quality programs. Our state lacks the policies to identify bad teachers, get rid of bad teachers, find and support good teachers, and measure overall teacher quality. Guess who's to blame for that? Education Minnesota is without question the most powerful special interest operating at the Capitol. They have successfully fought nearly every teacher improvement initiative brought forward by the Governor and legislators.

In short, the union has done a good job in accomplishing its mission to protect the status quo.

The good news is that education reform is on the march and it is only a matter of time until true reform takes root across our government school structure. When we see liberals like Al Sharpton embrace school choice, we know reform is taking hold. When we see a Democrat president cross the teacher unions to advocate for teacher quality measurements, we know the time is near for meaningful reform.

Education Minnesota is becoming an irrelevant political dinosaur that must finally embrace reform or be relegated to the ashbin of political history.

April 12, 2010

Public Policy Commentary

In This Issue:

1. Vikings Stadium Exclusive.
2. Will DFL go out to Recess?
3. The Race for the GOP Endorsement.
4. Education Minnesota Gets Pounded.
5. AG Must have Failed Law School.

EDITOR'S NOTE: Harold Hamilton and the Minnesota Watchdog are now up and running on Facebook and Twitter! In addition to our weekly email commentary and daily news briefs, Harold and the Minnesota Watchdog will be posting on these media as well to keep you, the taxpayer, fully informed and ready to initiate real change!

#### VIKINGS STADIUM EXCLUSIVE!

Media reports this week indicate that the Vikings stadium debate is about to heat up at the Capitol. Watchdog sources in Saint Paul have confirmed that certain DFL legislators indeed plan to offer a bill this week to build a Vikings stadium and we have the inside story!

According to sources, Wednesday is the tentative release day and that pro-stadium legislators and lobbyists are contemplating two possible financing mechanisms.

One would entail a package of tax increases on "sports or stadium" related goods and services like lodging, rental cars, food and beverage sales, or sports merchandise to raise enough money to finance bonds on the stadium.

The second option would be to have the Vikings pay on bonds for a number of years and then potentially tap another existing tax revenue stream later on, such as the Twins stadium sales tax once the bonds for the baseball stadium are paid off.

As of yet, a local governmental partner has yet to be named and it's doubtful that Governor Pawlenty would support any kind of tax increase to support the stadium.

Moreover, the DFL is taking an enormous risk by releasing a stadium financing plan when they still don't have a plan to solve 2/3rds of the state budget deficit. It will surely look to the public that they don't have their priorities in order, fixing stadium issues before state budget issues.

Typical of the Democrats. They have no plan to solve the budget deficit but they apparently have a plan to finance a football stadium.

## WILL DFL GO OUT TO RECESS?

There has been a good deal of hallway chatter in the Capitol that the DFL may call a lengthy recess of many days or even weeks, returning to finish business before the legislature adjourns May 17<sup>th</sup> "sine die" to end the two-year biennial legislative session.

First, the DFL would like to take a break before their state convention begins in Duluth on April 23<sup>rd</sup>. Legislative gubernatorial candidates like House Speaker Margaret Anderson Kelliher and state Representatives Tom Rukavina and Paul Thissen would love to get a few extra days away from the Capitol to work delegates.

Second, the DFL is awaiting word whether or not the federal government will extend an increased Medicaid cost share program another six months. This extension would net the state an extra \$408 million over the budget cycle. Both House DFLers and Governor Pawlenty have booked this extra money in their supplemental budget proposals to resolve the deficit.

The difference is that Pawlenty has put out a comprehensive, detailed plan while the House DFL has only produced a partial solution and the Senate DFL even less of a solution, with the Senate DFL not even publishing a spending reduction target for healthcare spending.

The Watchdog is really of two minds on this matter. Having the DFL away from the Capitol means they aren't there passing tax increases and other freedom-reducing legislation.

On the other hand, they ought to be in Saint Paul doing their work and not off on "recess" collecting per diem and pay while they hang out waiting for Washington to relieve them of tough decisions.

In the final analysis, the Watchdog says, "go on recess!" We're better off with them away from the lever of state government.

## THE RACE FOR THE GOP ENDORSEMENT

Editor's Note: Harold Hamilton is supporting Marty Seifert for governor.

We are just about two weeks away from the Republican state convention that will confer the endorsement for governor on Tom Emmer, Marty Seifert, or Leslie Davis. Okay, we're kidding about Les.

As a well-connected political insider, the Watchdog is frequently asked about the race for the endorsement and the delegate headcount.

According to our highly placed sources, Seifert has a slight lead over Emmer. While Emmer has built a bit of momentum, our sources say the Easter legislative break helped

Seifert more than Emmer but the race is ever-so-close and promises to be an exciting affair in Minneapolis at the end of April.

In news this week, a brawl erupted between the two camps when Seifert signed the Taxpayer's League of Minnesota pledge not to raise taxes while Emmer declined. The pledge took on major significance in 2002, the last time we had an open seat for governor, when both Tim Pawlenty and Brian Sullivan signed the pledge as gubernatorial candidates.

Having only one candidate sign the pledge has caused quite a buzz amongst delegates, with many telling the Watchdog that they don't trust politicians and their "word" and that pledges therefore mean much to them and their decision regarding the endorsement.

Stay tuned!

#### EDUCATION MINNESOTA GETS POUNDED

Minnesota losing out on the federal "Race to the Top" application was a nice win-win deal for conservatives.

First, Minnesota lost out (at least on this round) and thus won't be subject to a bunch of federal mandates that come with any federal program.

Second, Minnesota's application was rejected precisely because of a failure of the state to adopt education reforms opposed by Education Minnesota, the state's big teacher union and arguably the most influential special interest group at the Capitol.

Minnesota was dinged by federal Department of Education officials because the state was weak in the areas of alternative teacher licensure (getting non-traditional teachers like engineers and scientists into the classroom), measuring teacher effectiveness, getting rid of bad teachers, and getting good teachers to where they are needed most (usually in places that have large achievement gaps between white and minority students).

Governor Pawlenty did a media tour around the state to blast Education Minnesota for failing to adopt these reforms, adding that Minnesota will not submit a second application later this year unless the DFL-led legislature adopts these reforms.

While we're not hot about any federal education program, it has been a great vehicle to point out just how out of touch Education Minnesota really is when it comes to reform.

Even the Star Tribune has taken the teacher union to task for their opposition.

And so has the Pioneer Press.

Reform in education is on the horizon. Will Minnesota lead or follow?

## ATTORNEY GENERAL MUST HAVE FAILED LAW SCHOOL

Lori Swanson, Minnesota's attorney general must have failed the constitutional law class in law school.

This past week, Governor Pawlenty sent the AG a letter asking her to intervene in a lawsuit being filed against ObamaCare on the grounds that it violates the federal constitution, particularly the Commerce Clause.

In response, the DFL attorney general noted that not only would she not do that, she was in fact going to file a "friend of the court" brief in support of ObamaCare.

Now this isn't really all that hard to understand. ObamaCare seeks to force all Americans to buy insurance via the Congress' power to regulate interstate commerce.

This, loyal readers, is an absolute perversion of the Commerce Clause and the intent of the Framers. The Framers never intended that the power to regulate commerce be interpreted to FORCE people to participate in commerce. It was never intended as a weapon to force citizens to buy things. Never has our constitution been interpreted in this way.

Governor Pawlenty has said he is going ahead in his official capacity to join a lawsuit, file his own lawsuit, or file his own friend of the court brief.

There is no doubt that Barak Obama is the most radical president of our time. No wonder his approval ratings are in the tank. No wonder 11,000 patriots showed up during the work day to greet Sarah Palin and Michele Bachmann. No wonder Scott Brown won in Massachusetts.

The post-partisan era? Please.



April 19, 2010

Public Policy Commentary

In This Issue:

1. Capitol Update.
2. Keeping them Accountable.
3. The 2010 Pig Book Has Flown.

## CAPITOL UPDATE

### NO BUDGET, NO PLAN, NO LEADERSHIP

With just over a month left before the legislature adjourns on May 17<sup>th</sup>, The DFL majority continues to do very little, which is both a good thing and a bad thing. Well, it's a good thing.

It's amazing and appalling that the DFL has yet to unveil a comprehensive budget that solves the current \$1 billion budget deficit. Then again, it's really not surprising when you consider that asking the DFL to reduce spending is a bit like asking Tiger Woods to stay faithful. (Editor's note: We still love Tim Pawlenty's line that it's time to take 9-iron to the back window of big government!)

By the same token, it's amazing to consider that the media has given the liberal legislative majority in Saint Paul a free pass on this issue. We have known since early December of 2009 that the state faced a \$1 billion shortfall. Within 2 months of that news, Governor Pawlenty published a supplemental budget solution that solved the budget deficit by cutting spending and not raising taxes.

Since the session began in early February, the DFL has sat around and collected pay, mileage, per diem, and lodging while doing virtually nothing to solve this fiscal crisis. Yes, Governor Pawlenty did manage to bring them to the negotiating table to agree on \$312 million worth of the solution, but we're still hundreds of millions short.

Watchdogs with DFL legislative representation should call their legislators to demand that they get off their duffs and do their work.

The hypocrisy is overwhelming. Senate DFL Majority Leader Larry Pogemiller demanded that the Governor produce a budget plan immediately last December so the legislature could get to work. Pawlenty's plan has now been on the table for nearly 3 months.

These DFL leaders have been in office for decades and know how the legislative process works. Like college students with a paper due tomorrow, they are procrastinating and hoping that somehow tax money will fall out of the sky and save them from cutting government.

Again like a college student, look for the DFL to pull an all-nighter in mid-May full of tax increases and other big government solutions that will meet with Professor Pawlenty's red pen.

### SPRING-SPRING BREAK

In keeping with the college co-ed theme, the DFL's lack of a budget solution isn't the only shirking of obligations they've been thinking about lately.

Last week, the aforementioned DFL Senator Pogemiller mentioned in a press conference that he thought it would be acceptable if the legislature took a two-week break from mid to late April since "there wasn't much left to do."

Our Capitol sources corroborated this plan, saying that DFL legislative leadership had reached out to GOP leadership to gauge their interest in going along with the plan. The GOP smartly said no.

It's especially outrageous to think that the DFL was talking about a spring break when they JUST TOOK ONE! The legislature was on break from March 30 to April 6, just about two weeks ago.

How much time off do these people want? If any of us in the private sector thought about this much time off, especially when our work wasn't done, we'd be fired.

That's a novel idea. If the DFL wants some time off, the voters should give it to them in November - permanently.

### KEEPING THEM ACCOUNTABLE

There's a great new web site out there that helps Minnesota taxpayers keep our legislators accountable. [Billsandvotes.com](http://Billsandvotes.com) tracks important votes taken by the legislature and lets visitors see how individual legislators vote with respect to important issue areas like property rights, crime, and taxes.

It's especially helpful in tracking legislators who don't always vote in a manner consistent with their professed ideology, like a certain state representative from Brooklyn Park with the initials M.H. or a certain state rep. from Anoka who sometimes strays from the party platform.

Hopefully this web site will make a good, strong run. A web site offering a comprehensive data base and analysis of legislative voting records is extremely labor intensive and previous efforts in this regard have been short lived. Good luck to this effort!

EDITOR'S NOTE: The Anoka County Watchdog and the Minnesota Watchdog are not affiliated with this web site.

## THE 2010 PIG BOOK HAS FLOWN

All great democracies feature documents that capture the spirit of the moment and define the stark choices we often face in protecting our freedoms.

The annual "Pig Book" from Citizens Against Government Waste is just such a document. As Congressional pork barrel earmarks have decimated our economic freedom, plunged the nation into debt and eroded our sovereignty, this comprehensive database uses the power of the First Amendment to expose what our elected officials in Washington are doing with respect to this murky, slimy process.

Sadly, despite the growing national debt, rising voter anger, and a promise to "change" Washington, the earmark process rolls along enabled by politicians who are addicted to spending as surely as David Hasselhoff is addicted to booze.

In 2010, there were some 9,129 earmarks worth \$16.5 billion. Most troubling, over \$6 billion of those earmarks blatantly violated Congress' own rules against anonymous earmarks, depriving the public of its right to know which members of Congress asked for earmarks.

So what of Minnesota's delegation? The Pig's Book searchable database on House members (Senate will come later) shows the following:

District 1: Tim Walz (DFL)  
13 earmarks worth \$9.7 million  
Lowlight: \$200,000 for soybean genomics

District 2: John Kline (GOP)  
NONE

District 3: Erik Paulsen (GOP)  
9 earmarks worth \$7.5 million  
Lowlight: The fact that Paulsen would seek earmarks at all

District 4: Betty McCollum (DFL)  
14 earmarks worth \$8.7 million  
Lowlight: \$200,000 for a neighborhood development center

District 5: Keith Ellison (DFL)  
18 earmarks worth \$23 million  
Lowlight: \$150,000 to refurbish the Coe Mansion (whatever that is)

District 6: Michele Bachmann (GOP)  
NONE

District 7: Collin Peterson (DFL)

10 earmarks worth \$13.7 million

Lowlight: \$550,000 for the Center for Rural Entrepreneurial Studies. Aren't entrepreneurs folks who create wealth WITHOUT government help?

District 8: Jim Oberstar (DFL)

33 earmarks worth over \$72 million

Lowlight: Oberstar's blatant disregard for America's future as evidenced by his relentless efforts to waste billions on his pet pork projects. This guy has no shame.

April 26, 2010

Public Policy Commentary

In This Issue:

1. Kelliher Advances: Does it Matter?
2. Why Emmer's DUIs Matter.
3. Capitol Update.
4. Who Owns the DFL?
5. Join the Conservative Women

#### KELLIHER ADVANCES: DOES IT MATTER?

House Speaker Margaret Anderson Kelliher won the DFL endorsement for governor Saturday night in Duluth. Because she had been tabbed as a front-runner by pundits for some time, her win isn't all that surprising. By the same token, she did surprise observers by scoring a decisive victory on only the 5<sup>th</sup> ballot. Going into the convention, Kelliher was neck and neck with Minneapolis Mayor RT Rybak and many gave him the advantage due to his better public speaking skills and higher charisma factor.

With the endorsement, Kelliher has only taken one step towards the governor's office as a bruising and expensive primary awaits where she isn't even the favorite. Former House Minority Leader Matt Entenza, former Senator Mark Dayton, and Ramsey County Attorney Susan Gaertner and other minor wannabes will all be on the DFL primary ballot to give Kelliher a run for her money.

Entenza and Dayton will be formidable primary opponents. Both have high name recognition among DFL voters and are savvy political veterans. More importantly, both are independently wealthy and will likely outspend Kelliher, who will have to rely on party resources and whatever she can raise from donors who will also be called upon to give to congressional candidates like Tarryl Clark in the 6<sup>th</sup> District and a beleaguered Tim Walz in the First District. Moreover, the DFL has a number of vulnerable first-term state legislators who won narrow victories in 2008 and 2006 who will be hard pressed to keep their seats.

This year will also see a move to an August instead of September primary. An ultra-low primary turnout will mitigate the advantage of the endorsed candidate regarding voter turnout. Again, Entenza and Dayton have the resources to ensure a good turnout from their supporters.

The Watchdog gives the edge to Dayton in the primary.

In the long term, a Kelliher governorship doesn't matter insofar as she would govern just like any other DFLer running for the job. High taxes, a bloated government, more regulation, firearms restrictions, gay rights, and expanded abortion would all be on the agenda whether its Dayton, Entenza, or Kelliher.

In the short term, the endorsement of Kelliher matters because she is still the House Speaker. Barring the unlikely event that she resigns the post prior to the legislative session adjourning in May, Kelliher will retain her leadership position and have little incentive to cooperate with Governor Pawlenty on education reform, taxes, the budget, and other key outstanding legislative issues.

As the endorsed candidate, she now assumes more of a "shadow governor" profile and has an opportunity to endear herself to the DFL base by confronting the Governor.

Look for very little to get done between now and May 17<sup>th</sup>. There seems to be a sense of resignation at the Capitol that the status quo will prevail until voters choose a new legislature and governor in November.

#### WHY EMMER'S DUIs MATTER

A debate has raged within the GOP since the Marty Seifert campaign disseminated a letter from a delegate calling attention to Tom Emmer's two DUis last week.

(For background on the matter, click here.)

The Emmer campaign has decried the letter as a "smear" tactic while some GOP delegates have said that the letter will damage Emmer in November should he be the endorsee. Others have said the issue is dated and is thus irrelevant to the debate.

Others say the matter deserves debate because of the seriousness of the offense, the multiple offenses, and the belief that criminal offenses like this do matter to voters and thus affect Emmer's electability.

The simple fact is that Emmer's legal problems do matter and should be a part of the discourse among delegates. While delegates will ultimately come to different conclusions regarding the relative importance of this issue as it influences their vote, it certainly deserves discussion because two alcohol-related incidents speak to judgment, a key character trait all Minnesotans rightly demand of their governor.

To begin, it makes no sense to claim the issue shouldn't be raised because the DFL will use it in November against Emmer should he be the endorsed candidate. This issue was known to the DFL and the general public as far back as the spring of 2009 and would have no doubt been used regardless. Hiding the issue would have only delayed the discussion, not prevented it.

While some time has passed since the incidents, the serious nature of the offense demands continued scrutiny and attention. According to MADD, 11,773 Americans were killed by drunk drivers in 2008 (last year statistics were available).

Moreover, the fact that there were two incidents ten years apart adds to the issue's relevance. It would be far easier to dismiss one instance than two of them separated by a decade. Two offenses look more like a pattern than an isolated instance. MADD states that first-time offenders have driven drunk an average of 87 times before their first arrest.

Next, it is harder to chalk it up to the "young and stupid" argument. Emmer was 30 when the second incident occurred. Again, delegates will make up their own mind regarding the cut off age for using the "young and stupid" argument but 30 years of age is certainly stretching the popular understanding of the term.

In short, Emmer's DUIs are important and deserve to be debated. The question for debate is not whether to raise the issue, but instead to assess how important it is not only to GOP delegates but to the electorate at large. It is better to have the conversation before the endorsement rather than after, as uncomfortable as the subject matter may be. Marty Seifert does not lack integrity and isn't a desperate candidate because he raised the issue. In fact, he did his job as a loyal opponent by bringing it to the fore. We can confront this issue on our own terms as a party or possibly face it down the road on the DFL's terms.

Finally, some have argued that Emmer introduced DUI-related legislation in the House in order to mask the two incidents on his record. The Watchdog won't address this charge because there is no way to divine what motives were in his heart regarding his authorship. Moreover, we accept his explanation he did so in order to enhance personal liberties and not address his personal experience with our DUI laws.

Both Seifert and Emmer are decent men who would both do well leading our state despite the flaws and mistakes each may have made in their public or private lives. Ultimately, the endorsement process is a job interview in which the delegates assess, among other things, the character and electability of each candidate. It would be a mistake to artificially confine the process to a sterile comparison of where each stands on the issues of the day. To be honest, there isn't a real difference between the two on major issues. Examining the differences, such as they are, is a hair-splitting "inside baseball" exercise that matters only to a small sliver of the base. To the broader GOP, both are pro-life, pro-business, pro-freedom, pro-second Amendment candidates who will look wonderful when compared to the general election opponent.

In short, examining something as serious as two DUI-related offenses is not only appropriate, it is incumbent upon us as Republicans. Emmer's offenses do impact his electability. The question is how much.

Editor's Note: Harold Hamilton supports Marty Seifert for governor and believes he is the best man for the job.

## CAPITOL UPDATE

The legislature has a mere three weeks left in the 2010 session before adjourning sine die and heading home to campaign. Here are three big issues on the docket and what we're hearing from our Capitol sources.

Vikings stadium.

The Vikings are definitely pushing hard to get a stadium bill done and passed during this session. The rumor we hear is that a bill will be introduced this week that will include money for a new Saint Paul Saints stadium and a practice arena for the Minnesota Wild as well.

Despite the Vike's best propaganda efforts, there is no real movement on this issue. The Vikings still lack a local partner, a stadium site, a defined financing plan, and legislative champions. You can't find the fact that there aren't too many legislators who want to be out front on a taxpayer-subsidized stadium when the state is \$1 billion in debt and the voters are sick of fat cats coming to the public trough for a hand-out.

In addition, the Vikings have once again displayed a lack of sophistication and ineptitude with this latest PR plan. In an effort to make it look like something is really happening when it isn't, the Vikings have been forced to insinuate that something is happening in smoke-filled back rooms out of the eye of the public. If the Twins learned anything in their quest to fleece the taxpayer, it's that an open, lengthy, and transparent process is crucial to success. Telling the public that something is happening behind the scenes but voters don't get to see it is not a recipe for success. But that's the Vikings for you. You would think they could afford to hire some good lobbyists.

Look for this issue to go nowhere.

Human Services budget. The House is getting prepared to unveil this budget, which will constitute "phase II" of the supplemental budget to resolve the \$1 billion deficit. Remember that the legislature and governor have already signed "phase I" which sliced \$312 million off the deficit, leaving about \$560 million left to solve. With a potential extension of an enhanced federal co-pay for Medicaid amounting to \$408 million, that leaves about \$152 million left to solve, which will likely come from this budget.

The real question is whether the DFL will really cut spending in this budget or raise taxes instead, disguising them as "fees" or "surcharges."

K12 Budget and Policy.

Both the House and Senate are expected to unveil education bills. These bills are noteworthy because they are expected to give a preview the kind of reforms, if any, the DFL are willing to accept in order to induce Governor Pawlenty to reapply for the federal "Race to the Top" program.

The push for these reforms as sparked nothing short of a civil war within the DFL, with some legislators embracing the needed reforms and others sticking with Education



Minnesota, the teacher's union, in blocking the reforms and attempting to protect the status quo.

Stay tuned.

#### WHO OWNS THE DFL?

Education Minnesota, the teacher's union, that's who. If you needed final confirmation, this past week at the legislature proved it beyond a shadow of a doubt.

During a joint meeting of the House and Senate education committees, the president of Education Minnesota was given a seat at the table where only legislators and staff are to sit.

The president of the union, who is also a registered lobbyist, had no business sitting at a table reserved only for legislators. It is unprecedented to see such a move and it only confirmed in the eyes of the public that Education Minnesota is a powerful voice in the DFL party.

The seating of the union president was so troubling that state Representative Marty Seifert moved to amend the permanent House rules to prevent lobbyists from sitting at committee hearing tables in the future.

The DFL was shamed into agreeing nearly unanimously with the motion.

#### JOIN THE CONSERVATIVE WOMEN

Voices of Conservative Women is a promising new group that seeks to promote and elect conservative ladies. Check them out:

[www.voicesofconservativewomen.org](http://www.voicesofconservativewomen.org)

[www.facebook.com/voiceswomen](https://www.facebook.com/voiceswomen)

[www.twitter.com/voiceswomen](https://www.twitter.com/voiceswomen)

[info@voicesofconservativewomen.org](mailto:info@voicesofconservativewomen.org)

May 3, 2010

Public Policy Commentary

In This Issue:

1. The "no one cares" Endorsement of the Year.
2. Capitol Update.
3. GOP Convention a Home Run.
4. DFL Candidates in Outer Space.
5. State Has Too Much Money.
6. Minneapolis Schools Have Too Much Money.

#### THE "NO ONE CARES" ENDORSEMENT OF THE YEAR

Failed congressional and gubernatorial candidate Elwyn Tinklenberg has endorsed Matt Entenza for governor.

Wow. Entenza now has the support of a Washington lobbyist and Anoka County Good Ol' Boy.

If this is the best Entenza (AKA "tax and spendza") can do regarding high-profile endorsements, he better pack it in. No one, even within the DFL, gives a rip about what Tinklenberg thinks about the governor's race or any other issues for that matter.

For our sake, we can only hope Entenza relies on Tinklenberg for campaign advice.

#### CAPITOL UPDATE

The legislature only has two weeks left to make mischief and raid our wallets. Per the Minnesota Constitution, the legislature must adjourn no later than May 17<sup>th</sup>. Then it's off to face the voters - and boy are they pi\*\*ed off with the Democrats. Good luck with that one, DFLers.

Here are the hot rumors from our Capitol sources:

First, it is widely expected that the Minnesota Supreme Court will issue its ruling this week regarding Governor Pawlenty's 2009 unilateral budget cuts, known as "unallotments."

Of course, welfare special interests sued the Governor over the cuts and the House Democrats in Saint Paul jumped in by filing a "friend of the court" brief, which was financed with taxpayer dollars!

A Ramsey County District Court judge ruled in favor of the welfare groups earlier this year which caused Pawlenty to appeal directly to the Supreme Court.

At stake are some \$1.7 billion in unallotments the Governor made to balance the state's budget last year.

If the Court rules for the plaintiffs, the state will have one hell of a mess on its hands. Potentially, this could lead to a lengthy special session, with DFLers insisting that tax increases be used to solve the gap while Republicans would be just as adamant that spending be reduced to cover the gap.

In an election year, this could get really interesting.

Conversely, if the Court rules for Pawlenty, the drama is averted and the legislature will simply go home and begin campaigning for mercy from the aforementioned angry voters.

Second, the Vikings continue to push for a stadium and no one is listening. A stadium bill will be unveiled today to the sound of crickets chirping.

The Vikings have no local partner, no stadium site, and no funding plan that garners the agreement of the stakeholders.

Combined with a still-weak economy and voter concern regarding billionaire bailouts, look for a classic political finish to this issue where the legislature does nothing for the Vikings but tries to make it look like something was done.

Our sources tell us the Vikings want their bill to pass of the floor of one House of the legislature to make it look like progress. While the content of the bill is still being negotiated, it may end up being something as watered down as a new study or the vague authorization of any local unit of government to begin financial negotiations directly with the Vikings.

The real problem for the Vikings is that they still have the same inept lobbying team running the show - thankfully.

By the way, if you want to give voice to your opposition regarding a taxpayer-funded Vikings stadium, you can sign this cool [petition](#).

Third, the DFL is doing everything in their power to get out of an agreement they reached with the Governor regarding the remarkable reform of the welfare healthcare program called General Assistance Medical Care (GAMC), one of three welfare healthcare programs funded by the taxpayers.

Apparently, there is some DFL buyer's remorse in agreeing to cut back on an entitlement program such as this one. As DFL healthcare guru Senator [Linda Berglin](#) observed, "It's never good to have to cut programs."

The DFL has a healthcare bill that would repeal the deal and buy into an expansion of the federal Medical Assistance (MA) program, an uncapped entitlement program that would cost an extra \$2 BILLION in the next budget cycle, with \$1 billion coming from Washington (money it doesn't have) and \$1 billion from the state (\$1 billion we don't have). In fact, the state is already projected to have a \$5 billion deficit in the next budget cycle and doesn't need another \$1 billion larded on top.

Look for Pawlenty to veto this bill within seconds of it showing up on his desk.

Finally, there is some hope that legislative and electoral gridlock is so evident that the DFL will pack up shop early and head home to campaign.

With DFL House Speaker Margaret Kelliher the DFL endorsed candidate for governor and the fatigue the DFL has experienced in losing to Pawlenty for nearly eight years, there is a good amount of chatter in the Capitol hallways that the DFL really sees no upside to sticking around when they could be out campaigning.

#### GOP CONVENTION A HOME RUN

Republicans gathered in Minneapolis over the weekend to endorse a slate of candidates for state-wide office.

The faithful walked in enthusiastic and left passionate and unified behind our slate of candidates.

Even the gubernatorial contest was a civil affair in which the delegates supported their candidate respectfully even though the contest was at times heated and filled with tension.

Tom Emmer won the endorsement and is now the undisputed GOP candidate for governor. Although Watchdog founder Harold Hamilton supported Marty Seifert, Emmer ran a great convention floor campaign that generated excitement that has often been missing from previous conventions.

Having said that, a number of veteran GOP insiders tell the Dog that Emmer needs to retool his campaign for the general election fight, where the battlefield is much larger and more complex. These folks say the staff who helped Emmer earn the endorsement needs to be shuffled out and more experienced and savvy operatives need to be brought in.

There is no doubt that Emmer will need to tailor his conservative message in ways that resonate with independents and conservative Democrats. The simple fact is that Emmer cannot win with Republicans alone. He will need to reach out to other sectors of the electorate to craft the plurality needed win in November.

Our message can and will resonate this fall. Smaller government, fiscal responsibility, and individual freedom are not so much Republican values as they are human values.

It's also important to remember the other fine candidate who will share the ballot with Emmer this year:

Secretary of State: Dan Severson

State Auditor: Pat Anderson

Attorney General: Chris Barden

We leave our convention unified and resolute while the DFL can look forward to a bruising and expensive primary for governor that will bleed into other races.

And with Matt Entenza in the mix, you can bet things will get nasty.

#### DFL CANDIDATES IN OUTER SPACE

It's too predictable that the liberal pundits and talking heads would immediately brand GOP gubernatorial candidate Tom Emmer as too radical.

So in the interest of equal time, let's not forget what the DFL has promised Minnesota should they control the governor's office.

Mark Dayton promises to tax job creators, which would provide an incentive for them to leave the state and take their job opportunities with them. Dayton apparently didn't get both memos: the one about Minnesota being a high-tax state already and the one about high taxes providing a disincentive for job creators regarding location and expansion choices.

DFL endorsed candidate Margaret Kelliher has gotten a free pass from the media on her pledge to pursue universal, single-payer, government-run health care, which is even worse than Obamacare.

Earth to Marge and Mark, earth to Marge and Mark...

#### STATE HAS TOO MUCH MONEY

As the DFL wails and gnashes their collective teeth over Minnesota's budget deficit and Governor Pawlenty's insistence on spending cuts, we learn of yet one more reason why the state budget is still bloated and why there's plenty of fat left to cut before we get to the bone.

KSTP television offered a brilliant expose of 250 state employees on a junket to Grand View Lodge on the shores of Gull Lake. The budget for the junket was at least \$50,000.

Predictably, many skipped out during the work day to frolic on the beach and drink booze. Many of the employees were caught on camera bragging about skipping work and noting that this type of behavior is to be expected when you bring state employees to a resort for training.

What's worse, the state has more of these junkets planned for this summer. The total estimated cost of these junkets is nearly \$375,000.

#### MINNEAPOLIS SCHOOLS HAVE TOO MUCH MONEY

Minnesota's worst performing school district is about to spend \$27 million on a new headquarters building.

Are you kidding? Here's a school district with abysmal results that spends more per student than any other district in the state and still complains of "underfunding" at every turn.

A \$27 million headquarters building. Yeah, you guys really deserve it.

May 10, 2010

Public Policy Commentary

In This Issue:

1. Supreme Court Goes Activist;
2. The \$3 Billion Question.
3. Vikings Prove Off-field Ineptness.

#### SUPREME COURT GOES ACTIVIST

The Minnesota Supreme Court's narrow 4-3 decision to reverse Governor Pawlenty's \$2.7 billion worth of unilateral budget cuts is nothing short of stunning. It's stunning in the sense that it was an egregious act of judicial activism. It was a naked act of the judiciary not interpreting the law but instead rewriting the law.

Because Watchdogs are well-read and know the issues, it's important to get beyond what the Star Tribune has written and truly understand what the case was about and precisely how the Supreme Court engaged in massive, shocking judicial activism.

At issue is the unallotment statute, found in the law books at Chapter 16A.152 (Subd.4). This law allows the governor to take solo action to address budget shortfalls.

Pawlenty did this at the start of the current state budget cycle when he unallotted a \$2.7 billion budget shortfall in June of 2009 (the budget cycle starts on July 1). The shortfall occurred when the legislature sent Pawlenty spending bills that didn't balance, which he signed into law. The legislature then sent a massive tax increase bill to address the shortfall, which Pawlenty vetoed.

One group sued, claiming that the unallotment statute was effective only for "unanticipated" budget shortfalls. The group claimed that the shortfall wasn't unanticipated because Pawlenty vetoed a tax increase that would have addressed the issue AND because this was done just before the whole budget cycle started.

Ramsey County District Court Judge Gearin essentially agreed with the complainant, invalidating the June 2009 unallotments.

Gearin's decision was poorly written and based in judicial activism. Gearin herself made law by reading into the statute certain preconditions on the use of unallotment that are not found in the text of the statute.

It is vital to remember, however, that Gearin did not invalidate the law, she only limited the use of it to situations arising after the budget cycle starts. That means that there was unallotment power available immediately to the Governor because the state faced an ADDITIONAL shortfall based on the November 2009 budget forecast. In other

words, there was additional deficit discovered after the budget cycle started. Today, that deficit stands at \$536 million.

And here is where the Supreme Court's decision gets so bad by being so activist.

The majority wrote:

The unallotment statute provides the executive branch with authority to address an unanticipated deficit that arises after the legislative and executive branches have enacted a balanced budget. The statute does not shift to the executive branch a broad budget-making authority allowing the executive branch to address a deficit that remains after a legislative session because the legislative and executive branches have not resolved their differences.

Carefully read that first sentence. There is absolutely nothing in the plain text of the unallotment law that states that the power is available to the governor only after the executive and legislative branches have enacted a balanced budget. Here, the four justices who wrote for the majority clearly rewrote the law to state that the enactment of a balanced budget was a prerequisite to the use of the unallotment power.

Since the legislature and governor never enacted a balanced budget at the start of this budget cycle, the Supreme Court took the unallotment power away from the governor for every last dollar of the current \$3 billion deficit.

While most people focus on the judicial activism so pervasive in the federal judiciary, it is now crystal clear that the same strain of virulent activism has infected our state judicial branch as well.

While the four justices in the majority could not have been more incorrect, the three justices in the minority were stellar in the dissenting opinion.

Justice Gildea's dissent is simply outstanding. Although somewhat lengthy, please take a moment to carefully read her words. She not only hits the nail on the head regarding this case, she also offers a universal and timely observation regarding the role of the judicial branch in interpreting and applying the law.

In our constitution, the people of Minnesota restricted the ability of the state government to deficit spend. The political branches have agreed on a process in the unallotment statute for ensuring that the government meets this obligation. Whether that process is the wisest or most prudent way to avoid deficit spending is not an issue for judicial review. That question should be left to the people themselves to debate and resolve through the political process. The judiciary's duty is simply to apply the law as written by the legislature. *Int'l Bhd. of Elec. Workers, Local No. 292 v. City of St. Cloud*, 765 N.W.2d 64, 68 (Minn. 2009) (Magnuson, C.J., for a unanimous court). The majority is unable to do so because the language the Legislature used in the unallotment statute leaves the majority with uncertainty and ambiguity. The majority therefore rewrites the



statute to insert additional conditions, and then finds that the Commissioner of Minnesota Management and Budget (Commissioner) violated the statute because he did not comply with the conditions the majority has added.

Unlike the majority, I do not find the language the Legislature used uncertain or ambiguous as applied to the unallotment at issue in this case. I would not rewrite the statute; I would apply the language as written.

Because I would hold that the executive branch complied with the plain language of the statute, and that respondents have not met their burden to prove that the statute is unconstitutional, I respectfully dissent.

AMEN!

### THE \$3 BILLION QUESTION

The upshot of all of this is that the state now has a \$3 billion question before it could be resolved (or not) in a number of different ways.

First, the question may not be resolved until a new governor and a new legislature are elected, although this scenario is somewhat unlikely.

But the scenario is certainly possible. Remember that Minnesota's constitutional requirement for a balanced budget applies only to the end of the budget cycle. In other words, the state can be in deficit as long as the books are squared by the last day of the budget cycle, which in this case is June 30, 2011.

Also remember that the party that sued the state over unallotment was only one group whose claim was worth only \$5 million of the \$2.7 billion. Put another way, the other parties affected by the unallotments must first come to court and get a judgment in their favor. Although these parties would all prevail against the state, the point is that not every party is going to come forward and not all at once. Already, some groups have said there is no point going to court to get money from a broke state.

So, at least in theory, the state could limp along until a new line-up is elected in the fall.

A second resolution could be to have the legislature simply pass a law ratifying all of the unallotments. That would resolve most of the deficit and moot the remaining legal claims, leaving the \$536 million of current deficit to be resolved.

This is unlikely because the DFL won't simply ratify what they "won" in court. They want some tax increases.

A third scenario relies on tax increases, at least in part. This scenario is unlikely as Governor Pawlenty is rock solid opposed to tax increases and the legislature lacks the votes to override. In order to do so, Speaker Margaret Kelliher would need to have all

87 House DFLers and then find three Republicans to join them for the 90 votes needed to override.

In this political environment, none of the 47 House Republicans could survive voting to override Pawlenty's veto. Moreover, not all 87 House Democrats would go along with it either. Many of them won narrow victories in traditionally GOP districts in the waves of 2006 and 2008. For them, votes to raise taxes in an election year would be political suicide. So, good luck with that one.

The most likely scenario is one in which the DFL gets some parting gifts that aren't tax or fee increases in exchange for ratifying the unallotments. An example would be another round of bonding bills or some welfare healthcare spiffs.

The other issue at play is timing. The session ends next Monday. If there is no agreement, the Governor will have to decide if he wants to call a special session and haul legislators back the Capitol.

If there is no agreement, Pawlenty will likely call an immediate special session to keep the pressure on the DFL to agree to a reasonable solution.

While there will be pressure on all parties to get the job done, the pressure on Speaker Kelliher will be enormous.

She has a bruising August 10<sup>th</sup> primary coming up and will not want to be bogged down at the Capitol negotiating a settlement.

Kelliher will also face pressure from many of her troops to get a deal because they don't want to be stuck at the Capitol when they could be home campaigning to keep their seats.

Moreover, she will be buffeted by both sides of the tax increase debate. On the one hand, her traditional base will demand tax increases, as will her DFL primary opponents, led by Mark Dayton.

On the other hand, Kelliher knows tax increases are wildly unpopular within the broader electorate, especially amongst independent voters. She doesn't want to be seen as the architect of a tax increase.

Finally, Kelliher will want to wrap up a deal quickly because she wants to be seen as a competent leader and manager. Getting bogged down in a messy budget fight at the very time she is attempting to sell herself to the electorate as chief executive material.

The bottom line is that the Watchdog predicts a short special session that produces an agreement that doesn't raise taxes or fees but gives the DFL a major parting gift or two.

## VIKINGS PROVE OFF-FIELD INEPTNESS

Lost in the shuffle of this week's legislative developments was the smackdown defeat the Vikings took at the Capitol in their audacious quest to secure a taxpayer hand-out for a new football field.

A House committee voted down the proposal, leaving the stadium plan dead for the session, even before the unallotment decision upset the apple cart.

The Vikings effort this time around was especially laughable and proved once again that chief lobbyist Lester Bagley couldn't lobby Chastity Bono to become a man.

The comedy of errors definitely accrued to the advantage of the taxpayer.

First, going after a stadium in this fiscal environment was a bad move that garnered no popular support except amongst hardcore fans.

Second, Bagley came to the party entirely too late, kicking out a proposal with only two weeks left in session. Moreover, he should have seen that the unallotment lawsuit was hanging out there to possibly suck the political oxygen out of the room.

Third, the Vikings showed up without a local partner and an agreed-upon plan, instead offering a vague plan that drew only opponents. For a stadium to work, there must be a specific plan that allows legislators to weigh and consider the political risks.

Fourth, Bagley apparently can't count votes. You never bring a bill up for a vote unless you know you're going to win.

Ziggy, give Lester a bonus! He's doing a GREAT job!

See you next year, Zygster.

May 24, 2010

Public Policy Commentary

In This Issue:

SPECIAL UPDATE - SESSION REVIEW

PART I: INSIDE THE BUDGET AGREEMENT

The 2010 legislative session concluded in breathtaking fashion with a one-day special session that resulted in closing the \$3 billion budget gap with an interesting combination of cuts, payment shifts, and other features that will frame the gubernatorial debate this fall and set up a titanic clash to address a projected \$5.7 billion budget deficit when the new governor and legislature take office next January.

This special two-part update will give you first an insider's view of the negotiations that led to the agreement and an examination of the agreement itself, while part II will name the winners and losers of the agreement.

Next week, we'll take a retrospective look at the session in total.

PART I: INSIDE THE AGREEMENT

Editor's Note: The following is based upon first-hand and other descriptions provided by Watchdog sources inside the Capitol on both sides of the aisle.

The negotiations began in earnest with a conference call among legislative leaders on Friday evening, May 14<sup>th</sup> with Governor Pawlenty away from the Capitol at the fishing opener.

Up to that time, budget negotiations were being handled at a lower level, with Representative Lyndon Carlson (DFL-Crystal) representing the House majority, Senator Dick Cohen (DFL-Saint Paul) representing the Senate majority, and Chris DeLaForest (Director of Legislative Affairs) and Commissioner Tom Hanson (Department of Finance) representing the administration.

Talks were stalled out because the DFL was insisting that none of the proposed budget cuts be extended into the next budget cycle, which would have reduced the whopping \$5.7 billion projected deficit by nearly \$1 billion. The DFL negotiators intimated that extending the reductions forward was unpalatable to the majority of their rank and file.

During the call, DFL leaders urged the Governor to return to Saint Paul to begin negotiations in earnest at the leadership level. Pawlenty agreed, and a meeting was scheduled for Saturday afternoon May 15<sup>th</sup>.

The leadership negotiations immediately focused on a number of issues:

1. Should spending reductions be moved forward into next budget cycle or only be effective for the current cycle?
2. How to address a \$408 million "hole" the DFL was proposing to fill with tax increases by not relying on new federal "FMAP" monies that haven't passed Congress.
3. Whether or not to participate in "early enrollment" of certain people under Medicaid, the so-called "Obamacare" provision.
4. Whether or not to agree to hospital and other medical "surtaxes."
5. Increasing funds and other changes to the GAMC medical program.

Negotiations throughout Saturday evening dragged on without much movement on either side, with the DFL threatening a "dual track" strategy whereby they would bring forward their own budget bill to the floor of both houses for a vote, even though other budget bills with tax increases had been earlier vetoed by Pawlenty.

True to their word, the DFL brought up a budget bill that contained the medical surtaxes at dawn on Sunday. The bill passed with no Republican support save for Senator Steve Dille (R-Dassel) who is retiring. It was obvious the DFL budget bill was dead on arrival.

There was little action on Sunday morning as both camps plotted their next moves and attempted to get some rest.

The DFL then called a meeting for 3PM on Sunday with only 9 hours left to strike a deal.

It was clear to participants that the House and Senate DFL leaders were at odds with each other as well as Pawlenty. At one point Speaker Margaret Kelliher walked off from negotiations muttering about "double crossing," a clear reference to Senate Majority Leader Larry Pogemiller.

Nonetheless, the parties continued to push forward. Pawlenty insisted that the state not participate in the "early enrollment" and that the medical surtaxes be dropped, which the DFL insisted upon.

During the evening, health care negotiators struck a deal regarding GAMC that would add some money to the program and place caps on the number of enrollees at each hospital.

At the leadership table, negotiations quickly turned to the "early enrollment" issue and crafting language that would allow a middle ground position whereby both the current governor and his successor would be given authority to participate in early enrollment via executive order.

At approximately 10 PM on Sunday night, an agreement was struck by the parties. The late hour of the agreement meant a special session would need to be called as there wasn't enough time left to process the bill during the regular session.

Moreover, the key "early enrollment" language was still undergoing revisions via shuttle diplomacy between the parties.

At midnight, Pawlenty called a special session and the lieutenants went to work finalizing details into the early morning hours.

By early morning, the details of the agreement had been worked out with the exception of the early enrollment language. A leadership meeting was immediately called and the Big Three worked to salvage the agreement as everything hinged on the early enrollment language.

At approximately 8AM, the language was agreed upon and non-partisan staff went to work incorporating the final language into the bill to prepare it for a final vote. Time was ticking away and not an ally.

As the minutes and hours ticked away, one Republican legislator was working hard to scuttle the deal and sow doubt among colleagues. Rep. Jim Abeler (R-Anoka) was convinced that the deal was bad for Republicans, even though the vast majority of his caucus, the governor, and GOP observers believed the GOP got a damn good deal under the circumstances.

And while the DFL could easily supply the votes to pass the bill in the House, GOP support was needed to give the deal the credibility to the public at large.

Late in the morning, key staff members decided to have Pawlenty himself address the House GOP Caucus just prior to the final floor vote.

Pawlenty masterfully explained the agreement and the GOP "wins" within and appealed to the caucus for support. Abeler could only offer a weak defense of his position and the deal was sealed.

A short time later, the budget agreement passed both the House and Senate on a bi-partisan basis and was sent on to the Governor.

Governor Tim Pawlenty signed the bill this past Friday morning, making it the law of the land.

**TOMORROW: WHAT THE DEAL CONTAINS; WINNERS AND LOSERS.**

May 25, 2010

Public Policy Commentary

In This Issue:

SPECIAL UPDATE - SESSION REVIEW

PART II: THE AGREEMENT; WINNERS AND LOSERS

Yesterday in Part I, the Watchdog gave readers an exclusive view of the negotiations that led to the agreement. Today, we examine the components of the agreement, and more importantly, declare the winners and losers of this historic budget agreement.

### THE AGREEMENT

Remember that the problem to be solved was in the range of a \$3 billion deficit. Approximately \$500 million of the problem was what was left to be resolved from the current 2010 deficit of \$1 billion. \$500 million was resolved in March through the "phase I" deficit reduction bill, leaving \$500 left to be fixed.

On top of that was roughly \$2.5 in unallotments that were invalidated by the wrongly decided Minnesota Supreme Court opinion. Of the \$2.5 billion, about \$1.7 billion was a payment shift in K12 aid and about \$700 million were actual spending reductions.

Roughly, the budget agreement accounted for the \$3 billion in the following way:

- Ratify the \$1.7 billion in school payment shifts;
- Ratify \$700 million in spending reductions, primarily from 2009;
- Taking another \$600 million in one-time monies and shifts.

Plainly, this agreement is comprised mainly of payment shifts and one-time monies that do nothing to reduce the projected deficit in the next budget cycle.

For the current budget cycle, things look good, with a small surplus of \$6 million left on the bottom line.

For the next fiscal cycle, the deficit is projected to be a whopping \$5.7 billion. The only saving grace is that the state did not book potential federal aid of \$408 million, meaning this money will fall to the bottom line if it shows up next year.

Beyond the money, the two other major components of the deal included an agreement to tweak the GAMC health care reform agreed to earlier in session as well as the Medicaid "early enrollment" agreement whereby Pawlenty and his successor can choose unilaterally to sign up.

So who won and who lost in the deal?

## GOVERNOR TIM PAWLENTY: WINNER

Out of all the Capitol players, Pawlenty was the biggest winner.

For Pawlenty, the odds were stacked against him from the start of the legislative session. A lame duck, he faced an overwhelming and angry DFL legislative majority intent on scoring a win against him after 7 years of Pawlenty victories. The need for a DFL win was even more important after Pawlenty revealed nascent presidential ambitions and House Speaker Margaret Kelliher won the DFL endorsement for governor.

Pawlenty was then dealt a near-fatal blow when the Minnesota Supreme Court ruled his summer 2009 unallotments illegal, giving even more momentum to the DFL in the waning yet critical last days of the 2010 legislative session.

For TPaw, the situation was desperate yet he won and won big.

First and foremost, Pawlenty resolved a \$3 billion budget deficit without raising taxes or getting caught in the "fee" trap, where he was caught in 2005 after agreeing to a "health impact fee." This was a major accomplishment and preserved Pawlenty's brand as a tax fighter.

Second, the agreement ratified all of his 2009 unallotment actions that were deemed illegal by the Supreme Court. This was a major victory for TPaw as well. Remember that the unallotment lawsuit only dealt with one small spending reduction, about \$5 million from a dietary supplement program. All the remaining parties who were impacted by the unallotment ruling were waiting in the wings to go to court to claim their judgment, which they would have won and which would have put the state into default as the money is unavailable to pay the judgments. The prospect of the state unable to pay its bill would have been a big embarrassment to a governor trying to prove his managerial credentials to a national audience. Frankly, it's a bit puzzling that the DFL didn't push for more at the bargaining table when they could clearly see they had the Governor in a box on this issue.

And by the way, now that the state has a balanced budget, the unallotment power is restored to help the next governor resolve the \$5.7 billion projected deficit next year.

Third, Pawlenty successfully avoided signing up for "Obamacare" under early Medicaid enrollment and also avoided the medical surtaxes the DFL wanted. Pawlenty has been a clear critic of Obamacare and he will continue to have credibility on the issue.

Fourth, Pawlenty avoided a special session and has now freed up his summer to travel and explore future political opportunities.



For Pawlenty, the only loss was the inability to make further spending reductions or move them into the future budget cycle, meaning a massive projected budget deficit will for the next biennium will be used against him and Republicans next year.

Given the circumstances, it is hard to imagine a better outcome for Governor Pawlenty.

#### SPEAKER OF THE HOUSE MARGARET ANDERSON KELLIHER: LOSER

Kelliher's strategic mistake was made back in February when she decided to continue on as House Speaker. In that role, it was a certainty that she would have to make compromises with Pawlenty in order bring the budget issue to resolution.

The budget chickens came home to roost and Kelliher's candidacy is the worse for it.

First, Kelliher failed to deliver on the budget agreement despite having a decisive majority in the House and time on her side. While a special session would have harmed her and her caucus to some extent, time favored her in a special session as her liberal allies would no doubt have turned up the heat by going to court to claim judgments from the unallotment lawsuit.

In addition, she made her members vote for massive tax increases that never became law. The result is that these votes served no purpose other than to give Republicans campaign fodder to paint vulnerable DFL House members as tax and spenders at a time the electorate is fed up with tax increases.

There is really little Kelliher can say her side won in the budget agreement. There were no tax increases, no change to the GAMC reform issue she sought, no early expansion of Medicaid, and no health care surtaxes. On the major issues, Pawlenty won them all.

Moreover, Kelliher will also own the fact that very little was done to reduce the \$5.7 billion structural deficit in the next bi-ennium. Throughout the campaign, she will have to explain what she will do to erase a projected deficit she helped create. She will be forced to admit to her base that severe budget cuts will part of the mix, all to the benefit of Mark Dayton.

In a general election, she will have to admit to deficit hawk independents that she created a massive budget deficit that will, in her mind, require at least some tax increases to resolve.

The best Kelliher can claim are two small victories in that there will be no special session and that the compromise language on early enrollment will allow her to enroll the state, if she can win the election. There is no doubt that Pawlenty will decide against enrolling in the program, meaning the only part left in the agreement is the ability of his successor to opt in.

Avoiding special session does allow her and her troops to claim they got done in a timely fashion and allow them to get home to campaign in what will undoubtedly be a touch environment for Democrats.

For those two small victories, Kelliher essentially traded away the farm to Pawlenty.

The bottom line is that when both sides were staring down the prospect of a lengthy special session, Kelliher blinked. She looked weak and indecisive when she most needed to demonstrate her leadership credentials. This is especially true for a female candidate who must prove to skeptical voters that she has the moxie to hang tough in the rough and tumble world of high level politics.

#### SENATE MAJORITY LEADER LARRY POGEMILLER: WINNER

The Dog declares Pogemiller a winner even though his report card is a bit more mixed than Pawlenty's.

Pogemiller is a winner primarily for two reasons. First, he was able to inflate the next biennium deficit to an astonishing \$5.7 billion. This large number positions Pogemiller, who likely return as Senate Leader, to call for tax increases while at the same time blaming Pawlenty and his no-new-taxes stance for the problem. Pogemiller will find much value in casting Pawlenty as a failed leader who left a mess to clean up.

Second, the Watchdog will acknowledge that Pogemiller does have a sincere interest in preserving state political institutions. Pogemiller knew Pawlenty would refuse to cooperate in any legal judgments against the state this summer and a constitutional crisis would be the likely outcome. Pogemiller thus had an interest in avoiding a showdown that would have possibly put the state into crisis.

Third, Pogemiller also had an interest in getting his troops out of the Capitol and home to campaign in a tough environment.

In the loss column, Pogemiller failed in his ultimate quest to get Pawlenty to agree to a tax increase and thereby make him tacitly admit that tax increases are needed to balance the state budget.

Also, he has vulnerable members who are facing tough reelection prospects who will have to answer tough questions about failed tax increases and a failure to address a future deficit.

Having said that, Pogemiller is fairly well positioned after realizing his most favored course of action wasn't going to become reality.

#### LEGISLATIVE REPUBLICANS AND TOM EMMER: WINNERS

Like Pawlenty, Republicans can claim a victory in fighting off tax increases while tarring DFLers with the multiple tax increases they passed over their opposing votes.

Moreover, the Medicaid early enrollment language allows Republicans to clearly frame the gubernatorial debate as one in which there is a clear choice regarding Obamacare, which isn't popular anywhere.

With the next governor given unilateral power to enroll in early expansion, Tom Emmer can draw a clear and favorable distinction between himself and Kelliher. Simply put, Emmer can be the anti Obamacare candidate while Kelliher is clearly the pro Obamacare candidate.

Also, the GAMC healthcare reform act took an out of control entitlement program that was headed for bankruptcy and put strict financial controls on it by introducing true healthcare reform. Republicans can run on this issue this fall and win with it. The DFL utterly failed in the health care battle this year.

Finally, the massive projected deficit is an opportunity for the Republicans to blame the DFL and Kelliher for a lack of attention to the problem while also allowing them the opportunity to paint the fiscal situation as an opportunity to truly reform government, not just nibble around the edges.

In this environment, the outcome favors Republicans.

#### LEGISLATIVE DEMOCRATS: LOSERS

About all these folks can claim in the way of victory is that they got out of town on time.

Despite large majorities in both houses, they ratified Pawlenty's unallotment decisions, voted on tax increases that didn't become law, and were forced to swallow defeat on the health care front when the GAMC reform became law but their cherished early enrollment initiative failed to become law.

And while they think they won a victory by limiting spending reductions to the current budget, they really lost in the long run. Given the size of the deficit, spending cuts must be part of the mix next year, even if the DFL runs the table in the elections (doubtful!).

They had a chance to reduce the projected deficit and blame Pawlenty. Now, those who return are facing the prospect of cutting and there may be no straw man to blame.

On the big issues, legislative democrats got rolled and now they get to go home and face an angry electorate as well as a dispirited base that is disappointed in the lack of progress.

June 1, 2010

Public Policy Commentary

In This Issue:

## MONDAY COMMENTARY

EDITOR'S NOTE: The Watchdog publishes this update one day late as we paused to observe Memorial Day 2010 yesterday, our regular publication day. The Watchdog honors the memory of those warriors who have made the ultimate sacrifice to defend our freedoms.

In This Issue:

1. Polls Confirm the Obvious.
2. Government Has Plenty of Money.

### POLLS CONFIRM THE OBVIOUS

While we all confess not to put too much stock into polling, we political junkies nonetheless spend a lot of time looking them over.

One published last week stood out for the tantalizing tidbits contained within regarding some of our favorite subjects of political gossip.

The MPR - Humphrey Institute (how about that snazzy pair?) poll asked respondents about both a taxpayer-subsidized Vikings stadium and the performance of the legislature in the recently concluded legislative session.

Regarding the Vikings stadium, fully 64% of respondents opposed public funding for a stadium while only 30% approved of public funding.

Even more remarkable, a whopping 72% of women oppose a football stadium.

How many more polls do we need before the Vikings and their fans just admit that a strong majority of taxpayers doesn't want to pay for a stadium?

While it can't be denied that taxpayers have funded other people's leisure activities (e.g. the Twins, the Timberwolves, the Guthrie Theater, public hunting lands etc.), there is something about the Vikings stadium that has bred an intransigence among the citizenry.

Perhaps it's the economic climate and the notion that things have changed and the era of taxpayer-financed mega stadiums is over.

Perhaps it's the fact the NFL features few home games during a season and there is less of an economic impact than the 81 home games the Twins offer.

It could also be the fact that the Vikings offer one of the most inept lobbying efforts at the Capitol and have for many years.

It has been amazing for many Capitol observers to see such a wealthy and powerful organization flounder legislatively with respect to such a critical issue for them.

For the Vikings, 2011 is "do or die" regarding a new home. If something drastic doesn't change, they may have to actually pay for a stadium themselves! What a crazy idea...

As for the legislature, 52% of those polled disapproved of the way the legislature was doing its job. With the DFL in full control of both bodies, we wonder what the other 48% are thinking (or maybe they aren't).

There was a spate of good news for Republicans in the poll as they attempt to have the DFL majority fired this November.

By a 35-27% margin, respondents named the GOP as the party that did a better job handling the budget.

Moreover, the generic ballot question of which party respondents would vote for with respect to the legislature was a statistical toss up, which is a major reversal of two years ago, when the DFL was way ahead. Given the intensity gap, which favors Republicans this year, a dead heat in the generic ballot is great news for the GOP.

And just think of all the polls to analyze between now and Election Day.

#### GOVERNMENT HAS PLENTY OF MONEY

Well, well, well. It's that time of year when our State Auditor reports on how much money our local units of government have spent on lobbyists and lobbying-related activity. You know, the same crew that complains they don't have money to fix roads or arrest dope dealers has money to hire lobbyists to beg money from other branches of government, which is all our tax dollars anyway.< /p>

These reports are always one year behind, so this report covers 2009 reported expenses.

And wouldn't you know it? Local government spent 4% more on lobbyists in 2009 than they did in 2008. These local units spend approximately \$8.8 million on lobbying. Moreover, they spent another \$10 million plus on dues to organizations that lobby on their behalf as well.

So who are the big spenders?

City of Minneapolis: \$450,552

Hennepin County: \$303,943

Western MN Municipal Power: \$292,134  
City of Saint Paul: \$218,805  
Metro Sports Facilities Commission: \$218,317  
Anoka County: \$188,545  
Metropolitan Airports Commission: \$170,088  
Minneapolis Public Schools: \$158,903  
Ramsey County: \$137,206  
Dakota County: \$122,414  
Minneapolis Parks and Rec.: \$114,978  
Saint Paul Schools: \$110,135  
City of Rochester: \$106,177

And don't forget, that's just money spent directly on lobbyists and doesn't include dues paid to organizations that lobby on behalf of local units of government. These organizations spent dollars on lobbying as follows:

Coalition of Greater Minnesota Cities \$752,853  
Schools for Equity in Education \$208,365  
League of Minnesota Cities \$624,452  
North Metro Mayors Association \$204,519  
Minnesota School Board Association \$614,804  
Minnesota Inter-County Association \$192,072  
Association of Minnesota Counties \$348,717  
Coalition of Utility Cities \$143,439  
Association of Metropolitan Municipalities \$256,656  
Municipal Legislative Commission \$126,484  
Association of Metropolitan School Districts, Inc. \$245,935  
Minnesota Association of Small Cities \$121,406

Isn't just a bit hypocritical to hear these same cities and counties constantly whine about "cutting to the bone" while spending millions of your tax dollars to lobby the state and federal government to spend yet more of those same tax dollars?

If mayors, council members, and county commissioners had a shred of integrity and honor, they would not cut one more dollar from other programs until all spending for lobbyists and association dues to hire lobbyists was cut off in total.

The next time you hear about state aid cuts going too far and how property taxes have gone up in order to sustain a basic level of service, refer back to these spending numbers and gauge the legitimacy of the argument.

If these jokers have millions to hire lobbyists and pay big dues to special interest organizations that hire lobbyists, then there should also be plenty of money in the coffers to pay for police, fire, and street maintenance without raising property taxes.

If a city or county needs a lobbyist at the Capitol, then the elected officials themselves should get off their duffs and drive to Saint Paul themselves. They all get a paycheck; no one serves for free. Heck, they would probably get mileage and per diem payments out the deal as well.

Good grief. Don't tell us there's no money!

June 7, 2010

Public Policy Commentary

In This Issue:

1. How Broke is America?
2. DFL Can't Find Candidates.
3. Saint Paul Ain't Broke.
4. Saint Paul Schools Should Cut from the Top.

#### HOW BROKE IS AMERICA?

The nation this week reached a dubious and very troubling milestone as the national debt soared past \$13 trillion dollars, leveraging us like a piss poor banana republic and handcuffing our children and grandchildren to the desires of our Chinese creditors.

To give you an idea of how fast the debt has grown and how much it really means, consider the following:

Just 10 years ago, the debt was \$7.7 trillion.

Just 6 months ago, it was \$12 trillion.

America's debt to GDP ratio is now about 90%.

In office for 500 days, Obama has jacked up the debt \$2.5 trillion.

Obama is increasing the debt by almost \$5 billion per day.

The debt could buy over 34 million Rolls Royce sedans.

The debt could buy Google 83 times over (by market cap).

Your share of the debt is \$42,000. Make check payable to "Bank of China."

#### DFL CAN'T FIND CANDIDATES

In another sign of trouble for the DFL this November, they failed to field candidates in a number of legislative contests. Conversely, the GOP found candidates in all 201 legislative races, including DFL strongholds in the inner cities and on the Iron Range.

Kudos to GOP Chairman Tony Sutton and his team for their hard work across the state finding and fielding these excellent candidates.

It is obvious that the intensity gap is growing, with Republicans excited about the election and DFLers demoralized.

The DFL failed to put up candidates in the following districts:

SENATE DISTRICT 24: GOP Incumbent Julie Rosen.

SENATE DISTRICT 32: GOP Incumbent Warren Limmer

HOUSE DISTRICT 13A: GOP Incumbent Paul Anderson

HOUSE DISTRICT 18A: GOP Incumbent Ron Shimanski



HOUSE DISTRICT 21B: GOP Incumbent Paul Torkelson  
HOUSE DISTRICT 34B: GOP Incumbent Joe Hoppe

While these districts are all solid Republican territory, two of the incumbents (Anderson and Torkelson) are freshman legislators who now have a record to defend.

Moreover, political observers view candidate filings as a measure of strength and organization. That the DFL couldn't a candidate in six districts sends a message to the pundits that the Party has problems getting organized and motivating the faithful.

Moreover, the Watchdog has received numerous reports from around the state that DFL candidates in many districts were late filers or had previously stated they didn't want to run. These NOBs (Name on Ballot) candidates won't be of help to the DFL either, beyond keeping the GOP incumbent in that district occupied.

This is also a blemish on the record of Speaker Margaret Kelliher, who is ultimately responsible for the success of the House DFL this fall. Kelliher is already facing accusations that her gubernatorial bid often conflicted with the Speaker's partisan role. That the Party couldn't find candidates in these districts will give more ammunition to her DFL critics.

The next comparison indicator will come this summer when campaign finance reports are due.

#### SAINT PAUL AIN'T BROKE

Saint Paul Mayor Chris Coleman has been a fixture on the whine and cheese circuit, blasting Governor Pawlenty for cuts to state aid programs for cities and counties. Coleman, like other mayors, has played a fiscal Chicken Little, fanning fears that local aid cuts will "devastate" cities as they have already "cut to the bone" and will need to begin cutting police and fire if taxes aren't raised and raised soon.

Well, surprise surprise. Just weeks after declaring the end of civilization in Saint Paul, Coleman and company have approved a plan to issue \$23.7 million in debt to finance recreation projects.

Yes, the same city that threatens police and fire cuts is going to issue debt for the following projects:

- \$14 million in the "Payne-Maryland" area for a new recreation center, library, and "outdoor activity space."
- A new outdoor pool at Como Park along with a kiddie pool and a "lazy river." Cost of \$7.5 million.
- And a \$2.2 million locker room at the Highland Aquatic Center. That must be one hell of a locker room.

Far from building these types of facilities, Saint Paul should be shutting them down to

save money for police and fire. Or maybe to hire some street maintenance crews that actually bother to do some work.

The rank hypocrisy of these local politicians is simply overwhelming. Mayor Coleman should shut his yap and quit showing up to press conferences and instead focus on delivering core governmental services in an efficient manner. His city is a shambles and it isn't because of a lack of state money. It's because the public employee unions run the place and have ever since a better Mayor Coleman left back in 1998.

#### SAINT PAUL SCHOOLS SHOULD CUT FROM THE TOP

News was made this week as the Saint Paul public schools engaged in some much needed down sizing by closing schools and laying off staff.

While these reductions were necessary, there wasn't much said about reductions of highly compensated central office staff.

Given the list below, there is no doubt ample room to cut administrative staff before resorting to the layoff of classroom teachers.

This list is compiled from the 2008-2009 school year, the last year complete figures were available and lists those employees of the district paid more than \$100,000 annual salary:

MERIA CARSTARPHEN \$194,025  
VALERIA SILVA \$137,953  
NANCY STACHEL \$133,219  
PETER CHRISTENSEN \$126,275  
BARBARA DEMASTER \$126,275  
SHARON FREEMAN \$126,275  
DENISE QUINLAN \$126,275  
KATHLEEN WILCOX-HARRIS \$126,275  
MARILYN BAEKER \$121,074  
JAMES ELANDER \$119,751  
HEIDI BERNAL \$118,110  
NANCY KATZMAREK \$115,581  
PATRICIA MURPHY \$115,581  
KATHLEEN ARNDT \$114,295  
TODD BARTHOLOMAY \$114,295  
SHARON EICHTEN \$114,295  
STEVEN LINDBERG \$114,295  
THERESA NEAL \$114,295  
DOUG REVSBECK \$114,295  
ROSEMARY SANTOS \$114,295  
MICHAEL SODOMKA \$114,295  
MARY MACKBEE \$112,931

DANIEL MESICK \$112,931  
CONNIE FEIL \$110,955  
FREDERICK MCCOLLOR \$109,649

WINSTON TUCKER \$109,649  
TROY VINCENT \$109,649  
ELBERT ROSS \$108,530  
STEVEN UNOWSKY \$108,530  
JILL GEBEKE \$107,392  
CHARLENE HOFF \$107,392  
BRUCE MAEDA \$107,392  
COLEMAN MCDONOUGH \$107,392  
TIMOTHY WILLIAMS \$107,392  
NANCY FLYNN \$107,104  
DELORES HENDERSON \$107,104  
FATIMA LAWSON \$107,104  
HOWARD WILSON \$107,104  
JOCELYN SIMS \$106,267  
MARJORIE ABRAMS \$105,934  
HAMILTON BELL \$105,934  
TYRONE BROOKINS \$105,934  
CELESTE CARTY \$105,934  
TERESA CICCARELLI \$105,934  
JAMES EATON \$105,934  
ANNAMARIE ERBES \$105,934  
FRANKLIN FEINBERG \$105,934  
ELIZABETH HEFFERNAN \$105,934  
KATHERINE HOLMQUIST-BURKS \$105,934  
ANN JOHNSON \$105,934

JAMES LITWIN \$105,934  
LOUIS MARIUCCI \$105,934  
MELISSA MCCOLLOR \$105,934  
REBECCA PEDERSEN \$105,934  
BRENDA PELTIER \$105,934  
KRISTINE PETERSON \$105,934  
MICHAEL PIERSAK \$105,934  
DARREL RIVARD \$105,934  
PATRICIA ROSENBAUM \$105,934  
MAUREEN SEIBERT \$105,934  
LORI SIMON \$105,934  
MARY WEYANDT \$105,934  
ANDREW XIONG \$105,934  
ALY XIONG \$105,934  
PATRICK BRYAN \$104,837  
KATHLEEN FLYNN \$104,837

JUDITH KAUFMANN \$104,837  
CHRISTINE OSORIO \$104,837  
CATHERINE RICH \$104,837  
CHOU CHANG \$104,445  
KEVIN DAVIS \$104,445  
JENNIFER JOHNSON \$104,445  
VALERIE LITTLES-BUTLER \$104,445  
VALLAPA SIVERHUS \$104,445  
MARIA CASTRO \$103,743

SHARON HENDRIX \$103,743  
JAYNE ROPELLA \$103,743  
MARK VANDERSTEEN \$103,743  
JOHN ANDRASTEK \$103,360  
MARGARET BERRY \$103,360  
PATRICK COYNE \$103,360  
JOHN HENNESSY \$103,360  
MARY LENTSCH \$103,360  
PAUL MATTKE \$103,360  
GINA MOORE \$103,360  
ISREAL MOSES \$103,360  
XONG MOUA \$103,360  
JAMES PADDOCK \$103,360  
MAURICE RICKS \$103,360  
DANIEL SAGER \$103,360  
DEBORAH SHIPP \$103,360  
NANCY VEVERKA \$103,360  
LOIS VOSIKA-WEIR \$103,360  
RODNEY WILSON \$103,350  
STEVEN AEILTS \$102,277  
DEAN KEENAN \$102,277  
MARK KROIS \$102,277  
EVELYN NORDQUIST \$102,277  
JEFFREY RISSMAN \$102,277  
DANIEL VAAGENES \$102,277  
THOMAS OLSON \$102,255  
KAY INSLEY \$101,898

June 14, 2010

Public Policy Commentary

In This Issue:

EDITOR'S NOTE: Don't forget to request your own in-fashion, stylish Minnesota Watchdog T-shirt. With summer here and the parade season in full swing, you can proudly let the world know you're watching how the government spends your hard-earned tax dollars! Order your free shirt at: [freetshirt@theminnesotawatchdog.com](mailto:freetshirt@theminnesotawatchdog.com).

1. U of M Hikes Tuition: What a Surprise - Not.
2. Colorado has the Stones.
3. Al Franken at Year One.
4. Public Catching on to the Teacher's Union.
5. A Monster Judicial Election.
6. Ladies' Night Illegal?

U OF M HIKES TUITION: WHAT A SURPRISE - NOT.

The University of Minnesota announced this week that it is considering a 4.4% hike in tuition. And just as predictably as a tuition hike, the U announced that it was Pawlenty's fault.

The charade of colleges and universities jacking up tuition well beyond inflation is a game that has been going on for many decades. Here's a challenge, loyal readers: name the last year the University of Minnesota didn't raise tuition. In fact, tuition has doubled in the last decade.

The problem has nothing to do with revenues and everything to do with spending, particularly on faculty salaries. There is an ongoing fiscal arms race between these institutions to see who can pay faculty more. Faculty pay rates have skyrocketed in recent years and higher education institutions stubbornly refuse to attempt to control costs.

If you doubt the Dog, consider these appalling and shocking pay scales at Dear Old U's Twin Cities campus for 2008:

One makes \$1.7 million (Tubby Smith)  
One makes \$850,000 (Tim Brewster)  
One makes \$656,000  
Two make between \$500,000-\$600,000  
11 make between \$400,000-\$500,000  
41 make between \$300,000-\$400,000  
263 make between \$200,000-\$300,000  
2,122 make between \$100,000-\$200,000

That's nearly 2,500 employees who earn more than \$100,000 in salary to work the plush life of higher education.

No wonder tuition keeps rising. Moreover, there is little incentive at a behemoth like the U of M to eliminate waste and duplication. It's far easier to jack up tuition and put the kids thousands in debt to earn a degree.

### COLORADO HAS THE STONES

And it's not the Rolling Stones. To the contrary, Colorado's elected officials, including a Democrat governor, had the stones to cross the teacher's union and make law a nation-leading tenure reform proposal.

In Colorado, teachers will no longer merely have to avoid getting fired for three years and then automatically reach tenure, which makes it virtually impossible to fire bad teachers.

Teachers will be evaluated annually, with half of their approval rating based on objective student improvement scores.

Moreover, teachers can lose tenure if their students fail to make academic progress for two consecutive years.

Watchdogs shouldn't underestimate this earth-shaking change in the public school system, even if it limited to Colorado - for now.

This tenure reform is exactly what Governor Pawlenty and many reform-minded, courageous DFLers had in mind when they attempted to pass tenure reform in Minnesota this past legislative session.

Sadly, Speaker Margaret Kelliher and Education Minnesota blocked the attempt. (Education Minnesota has endorsed Kelliher for governor.)

Democrat Governor of Colorado Bill Ritter will likely be the Watchdog's Democrat of the Year for his bold move to support and sign the bill into law.

Education reform is coming to Minnesota whether Education Minnesota likes it or not.

### AL FRANKEN AT YEAR ONE

The media has asked Senator Al Franken to critique his performance in the U.S. Senate over the course of the past year. As the Watchdog said some months ago, Franken is a jackass. Our view hasn't changed and here's why:

<http://biggovernment.com/jmattera/2010/03/29/franken-unhinged-shutting-up-staffers-and-journalist/>

<http://www.politico.com/news/stories/0210/32561.html>

<http://www.politico.com/news/stories/1209/30589.html>

<http://michellemalkin.com/2009/12/17/frankens-little-snit-fit-against-lieberman/>

<http://www.minnesotademocratsexposed.com/2009/12/23/angry-al-franken-continues-to-be-an-embarrassment-to-minnesota/>

## PUBLIC CATCHING ON TO THE TEACHER'S UNION

As mentioned above, education reform is sweeping the nation and the fat cat unions that seek to protect teachers at the expense of educational quality are being exposed for what they really are.

Although the Dog doesn't find the latest Decision Resources poll to be valid for the governor's race, one small polling tidbit was left out of the public discourse.

Namely, that by a 2 to 1 margin, poll respondents said Education Minnesota was more interested in protecting teacher salaries than the quality of education.

## A MONSTER JUDICIAL ELECTION

Most have by now become familiar with the odd situation in the usually pedestrian world of judicial elections whereby an incumbent judge chambered in Stillwater filed for re-election and so did his law clerk.

After filings closed, both withdrew their names, leaving no names on the ballot.

State law then allowed a brief filing period whereby interested candidates had a week to gather 500 valid signatures to qualify for the ballot in November - no primary in August!

Now, elections officials have 10 days to validate those who submitted the requisite number of signatures, and the number is huge. 24 names will appear on the ballot in November for the Tenth Judicial District Court 3 vacancy. Remember there is no primary so these 24 names will all be on the ballot in the district.

While the Watchdog isn't familiar with many of the candidates, one is well known to conservatives and Republicans across Minnesota. Former GOP State Senator and current Pawlenty staffer Brian LeClair will be on the ballot and will bring much goodwill among conservative voters in the District. LeClair minted a sterling conservative voting record in the state Senate and amassed an excellent reputation for his intelligence and hard work as both an advisor to the governor on health care issues and as a delegate and Party leader.

So, there will be at least one candidate on the ballot for this vacancy who will likely exercise judicial restraint and respect the rule of law if elected in November.

#### LADIES' NIGHT ILLEGAL?

This just in from the "you've got to be kidding department." The Minnesota Department of Human Rights has filed complaints against local bars claiming that "ladies' night" specials violate the Human Rights Act because those benefits discriminate on the basis of gender.

Wow. We're glad Minnesota government has enough money to prosecute these important complaints.

Didn't Governor Wallace stand in the doorway of First Avenue, preventing men from enjoying their constitutional right to a ½ price drink?

Didn't President Eisenhower call in the 101<sup>st</sup> Airborne to Little Rock to force local bars to offer free admission to the men AND the ladies?

Thank goodness we have the Minnesota Department of Human rights there to steadfastly protect our right to equal drink prices and cover charges. Thank goodness this bureaucracy has prioritized its resources to address this glaring issue that will no doubt be at the forefront of our elections this fall.

While we're at it, how about investigating Perkins for those senior discounts no one else gets? Cheap oatmeal for all!

Unemployment, Afghanistan, the Gulf oil spill, and night club discrimination. When will Obama get involved?

Come January, we know exactly where Governor Emmer can start reducing spending to address the \$6 billion budget deficit.



June 22, 2010

Public Policy Commentary

In This Issue:

1. There Will Be Justice.
2. A New Sheriff In Town for Higher Education.
3. Home Foreclosures Prove Government Can't Change the Market.

## THERE WILL BE JUSTICE

A frequent problem conservative voters encounter is finding information regarding judicial candidates. This is a serious problem as judicial offices are extremely important. Our judges shape our society and activist judges can tear the social and economic fabric of our republic with impunity.

In order to hold judges accountable and keep the activists from being elected in the first place, voters need good information.

A new web site and political action committee has been formed to highlight the judicial candidacies of men and women who seek to bring a conservative, textualist interpretation to the bench. In other words, these folks promise to interpret the law, not make it. They are individuals who believe the judiciary ought not to sit as a super legislature, rewriting laws.

Check out [Justice in Minnesota](#).

The Republican Party of Minnesota has also [endorsed](#) candidates for judge.

## A NEW SHERIFF IN TOWN FOR HIGHER EDUCATION

The Minnesota State College and Universities (MnSCU) is in for a rude awakening, courtesy of Governor Pawlenty.

This week, Pawlenty [appointed](#) former state Representative and current Taxpayer's League of Minnesota President Phil Krinkie as a MnSCU trustee.

The MnSCU trustees sit as a board of directors for the system, setting the fundamental policies and practices that govern the system. As such, these individuals wield great influence over this governmental behemoth that is responsible for the higher education of thousands of Minnesotans.

Krinkie is no show pony appointment, either. A former state Representative, Krinkie served for well over a decades and chaired a number of committees. More importantly,

Krinkie runs a family-owned plumbing and heating company that employs precisely the kind of skilled trades people and white collar professionals turned out by MnSCU.

The appointment sends a strong message to the system that accountability, transparency, and results matter. The appointment term is six years, meaning that Krinkie will serve beyond the term of the next governor, with one possible exception.

Krinkie, like any other trustee, must be confirmed by the state Senate. If the Senate is in DFL hands after the November elections, Krinkie may not be confirmed, much like former Education Commissioner Cheri Yecke was not confirmed by a DFL-majority state Senate.

In any case, Krinkie will be serving for at least the next few months and will certainly ride herd over this bloated bureaucracy.

If you want proof of the system being out of control, that news was supplied in spades this week as well.

MnSCU Chancellor James McCormick has been awarded a \$40,000 bonus in spite of the difficult economic times and while tuition (surprise, surprise) is on the rise again. McCormick gets the bonus on top of a generous salary of \$360,000 annually.

This news comes on top of the news that last year MnSCU handed out nearly \$300,000 in bonuses across the system.

For once, the Watchdog stands with the public employee unions who have called for the bonus to be rescinded. Handing out bonuses in this environment is emblematic of what's wrong with government.

Did you get a bonus this year?

We thought not.

## HOME FORECLOSURES PROVE GOVERNMENT CAN'T CHANGE THE MARKET

It's been a bad week (and year) for politicians and liberals who believe government can defy market economics and control the "invisible hand" that guides the millions of individual decisions that comprise our capitalistic economy.

Take home foreclosures, for example. This week it was reported that home foreclosures in Minnesota hit a high not seen in 18 months during the first quarter of 2010.

The number represents a large increase over the same period in 2009.

These sobering numbers come despite billions of government dollars invested to stabilize the home market and even "stimulate" it.

These measures have failed in spectacular fashion and remind us all of the dynamic power of free markets, which is a good thing.

The simple fact is that there is a greater supply than demand for housing. Despite governmental interference, there will be no stability in the market until there is a shakeout sufficient to recalibrate the point at which supply and demand curves cross (equilibrium).

Yes, this shakeout will mean economic pain and discomfort for many, at least in the short term. Inefficient home builders will go under, folks who bought homes they couldn't afford will be forced into foreclosure, and mortgage companies who engaged in shoddy underwriting will go away.

Ultimately, this transformation is a good thing. All resources in life are limited. The grand benefit of a free market is that scarce resources are allocated and re-allocated to the most efficient users. On a macro scale, society benefits because societal resources are put to their highest and best use. On a micro level, individual in the marketplace benefit from receiving the highest quality goods and services and the best possible price.

The crash in home values was a stark distress signal to the home market that resources were being misallocated in a very serious way. The precipitous drop in home values signaled that there were too many resources being dumped into this market sector (everything from lumber to human capital) in a very inefficient manner. The signal meant there needed to be an exit from market of both producers and consumers.

Government intervention in this market was foolhardy for a number of reasons.

First, things like the homebuyer credit only temporarily and artificially propped up the market and delayed the inevitable shake out. In other words, things like home buyer credits and mortgage bailouts only send temporary signals to the market place that cannot be sustained. For example, the first time home buyer credit only encourages homebuilders to build more homes when they should be doing the opposite. The spending did nothing but encourage an increase in home inventories when a decrease is what is needed.

Yes, it's painful for home builders and their employees to exit the market and lose their jobs, but the same thing happened to barrel makers and manufacturers of the VCR.

A dynamic economy that raises our standard of living and increases prosperity must be free to move both up and down. A creative destruction of inefficient market players is necessary for the efficient and innovative market players to be successful. It may seem harsh, but communism is no picnic, either.

Capitalism also engenders an ethical component whereby market participants are rewarded for their individual merit.

When government interferes, those with political connections get the rewards, even though the rewards are rarely deserved.

The examples of this kind of "crony capitalism" are everywhere under Washington's Obama. Bailouts for politically connected banks and Wall Street firms are the order of the day. For the little guy, there are mortgage bailouts for people who greedily and knowingly bought homes they knew they couldn't afford.

The bottom line is that free market capitalism is morally and economically correct and cannot be replaced by a centralized government-controlled structure that makes decisions based upon only political power and influence that is unconnected to merit and innovation.

June 28, 2010

## Public Policy Commentary

In This Issue:

1. Ramsey County Doesn't Get - Nor Do the Taxpayers.
2. Public Employment - A Pretty Good Deal.
3. Executives See Pay Cut - How About Government?
4. Now For Some Good News.

### RAMSEY COUNTY DOESN'T GET - NOR DO THE TAXPAYERS

Ramsey County must have a ton of dough because their commissioners just this past week voted themselves a pay raise.

Yes, the elected officials on the Ramsey County Board have voted 6-1 to raise their pay from \$82,400 annually to \$84,048.

Commissioner Janice Rettman was the lone "no" vote.

Of course, the Watchdog deplors this kind of behavior. Elected officials ought not to be voting pay raises at this time. In fact, the current salary of \$82,400 is ridiculous in and of itself.

But the more important lesson here is that our democracy works. It works in the sense that citizens get exactly the kind of government they deserve.

These county commissioners are only acting in their rational self-interest and more importantly are acting on the signals they receive from voters.

Specifically, this Board has voted itself whopping pay raises in the past with no consequence from the voters. In 2008, they gave themselves a 25% pay raise. In 2004, they gave themselves a 20% pay increase with no consequences. The real bad actors in this situation are the Ramsey County taxpayers themselves who continue to reward this behavior by re-electing these fat cats.

Until the voters pull their heads out of the sand and punish these pirates of the public fisc, they will continue to get the commissioners they deserve.

### PUBLIC EMPLOYMENT- A PRETTY GOOD DEAL

We all know being a public employee is a pretty good deal. Tons of time off, a good salary, gold plated insurance benefits, and a sweet retirement at an early age, and a secure job which it is nearly impossible to be fired.

Watchdogs had another example of their state government at work this week when it was reported that a DNR employee would be jumping out of state employment with a golden parachute.

DNR supervisor Kathy Hamm was fired for her role in a boondoggle game warden conference sponsored by the DNR which the Legislative Auditor found to be out of compliance with numerous state policies.

Hamm was reinstated by an arbitrator after the state botched the firing.

It was then announced this past week that Hamm settled her legal claim against the state on terms that clearly show the state capitulated.

Hamm's parting gift from state employment is a check for a cool \$250,000.

Moreover, Hamm will retire at age 52. Age 52! On average, a woman in the U.S. will live to age 80, meaning Hamm will live another 28 years.

According to the news story, Hamm gets retirement benefits worth about \$62,000 per year. If she lives until age 80, taxpayers will fork out \$1.736 million in retirement pay and benefits for Hamm.

And by the way, the "normal" retirement age for a game warden in Minnesota is 55.

No wonder the state is facing a \$5.17 billion deficit.

Here's a place the Emmer campaign should look to cut some state budget waste.

#### EXECUTIVES SEE PAY CUT - HOW ABOUT GOVERNMENT?

The Star Tribune reported on Sunday that Minnesota CEO executive compensation has dipped for an unprecedented two years in a row in 2008 and 2009.

Median pay dipped in 2009 by 1.2% on top of an eye-popping dip of 38.5% in 2008. Today, the median pay of a CEO is what it was in 2002. At least one executive compensation expert couldn't remember the last time pay dipped two years in a row. This news is just fine with the Watchdog. Officer pay is set by the board of directors who are elected by shareholders. If a business isn't doing well, pay should drop. Pay for performance is what it's all about.

Conversely, the corporate critics ought to stifle themselves when CEOs make good money when the company does well. It's ironic that we don't see the AFL-CIO lamenting a drop in executive pay.

This interesting article begs an interesting question. In this economy, are the "CEOs" of government leading the way by slashing or freezing their pay?

At least in Ramsey County, we know the answer (see above).

Watchdogs, you should be asking if your local school superintendant cut his/her pay this year. How about your city administrator? Police chief? Parks and Rec director (hell, this one ought to be eliminated.)?

If private sector senior level employees are taking pay cuts, government should be doing the same.

#### NOW FOR SOME GOOD NEWS

The Wall Street Journal released poll results from this past week that offer good news for those interested in free markets, liberty, and limited government.

Here are the highlights (or lowlights):

More disapprove than approve of Obama's job performance;

- 62% say the country is on the wrong track (highest since 2008 election);
- 57% want to throw out their congressman (highest in 18 years);
- 17% of Democrats disapprove of Obama;
- 30% say they don't relate to Obama (not community organizers, we guess);
- Only 40% think Obama can manage a crisis (please name ANY crisis he's managed);
- Only 44% of Obama voters have an interest in voting in November;
- 71% of McCain voters have an interest in voting this fall;

The complete poll can be read [here](#).

July 5, 2010

Public Policy Commentary

In This Issue:

SPECIAL JULY 4TH HOLIDAY EDITION.

EDITOR'S NOTE: This week's holiday edition features a speech Watchdog founder Harold Hamilton was invited to give at a special panel sponsored by the prestigious Heritage Foundation .

The remarks remind us of what Benjamin Franklin said to a woman who asked what the founding fathers had produced at the Constitutional Convention. Said Franklin, "A democracy; if you can keep it."

#### JOB CREATION AND DESTRUCTION

Recent polls indicate that the high unemployment of almost 10% is one of the biggest problems facing the country. Actual unemployment may be as high as 17% due to people who have dropped out of the labor market and are no longer looking for jobs.

As a result, it is not just creating jobs that is important but also reducing the number of job losses that is important.

Many of the job losses over the years are due to mistakes by the Federal Government. Going back to 1930, the Smoot Halley Tariffs were imposed which raised the cost of imported goods from other countries. These countries compensated by increasing tariffs on our exports. This resulted in job losses.

The Federal Reserve raised interest rates in the early 30s and this, along with the trade problems, threw our economy into a depression which lasted for ten years. During this ten year depression, the unemployment was as high as 25%. A number of unwise policies by the Federal Government, such as price controls, also compounded the problem. This is all described in detail in a book called "The Forgotten Man" by Amity Shlaes.

During the 70s, price controls were imposed on the economy which resulted in high inflation. Most of us will never forget the gas lines at service stations. Who can forget the WIN (Whip Inflation Now) buttons from the Ford Administration? High inflation is one of the most insidious taxes on the economy. As a result of all of the problems with the economy in the 70s, Paul Volker, the new Federal Reserve Chairman in 1980, imposed high interest rates on the economy to break the back of inflation. The Fed's Funds Rate went up to around 12% and the bank rates were 21%. This is the rate our company paid in 1981 and 1982. This resulted in an unemployment rate of approximately 12%.



Just to illustrate some of the effects of inflation, a loaf of bread in 1936 cost 8 cents and now costs about \$2.70. A gallon of gas in 1936 cost 10 cents and now costs \$2.70. A new car costs \$780.00 in 1936 and now is about twenty times higher.

It is the severe recessions which cause the large number of lost jobs. The 2008/2009 recession was one of the most severe since the Great Depression in the 30s. This recession was primarily caused by the subprime housing crisis. The subprime housing crisis was primarily caused by the Community Reinvestment Act which passed Congress in 1976. This encouraged mortgage banks to make loans to potential customers even if they had no money to put down. In the late 90s and early 2000, additional measures were taken by Congress to encourage home ownership and as a result the mortgage banks took on many home loans. This large number of home loans were securitized and passed on to Wall Street. When many of these home loans went bad, this caused the '08 crash on Wall Street. These home loan bonds also caused problems all over the world, even in countries such as Norway where municipalities had bought some of these bonds which now turned out to be worthless.

The 2009 stimulus of approximately \$780 billion was meant to stimulate the economy. Unfortunately, most of this was used for pet projects for the democrat party. Very few jobs were created as a result of this stimulus. More recently, Obama care was passed with the hope that this will help spur the economy.

So far during the Obama Administration, 2.6 million jobs have been lost. As a result, we have 14,260,000 who are unemployed.

We're all hearing endlessly about the Gulf oil spill which is attributed to BP. Without doubt, BP deserves the major amount of the blame. However, Federal Government regulators failed to enforce the regulations which were supposed to be imposed on BP. It was not due to lack of regulations which caused the problem, it was due to federal employees being in bed with BP.

So far during the Obama Administration we have had a 1.3 trillion dollar budget deficit. As a result, we are now 13 trillion dollars in debt. Much of this debt is owed to the Chinese. Do the Chinese believe we are a good credit risk? This is beginning to look doubtful.

Since the Obama presidency began, the government has taken over 51% of private industry. This includes the auto industry, some of the health care industry, and financial institutions such as AIG. Today if you go to buy a car, such as a Chevy, you are undoubtedly buying it from the government. If you want healthcare, the government is going to have a lot of say about what you buy. If you want a home loan or insurance and go to AIG, you are in effect, buying it from the government.

At this rate it appears the government is well on its way to owning 75% of private industry.

Some of the mistakes made by the government are and were being made by the Federal Reserve which sets the Federal Reserve Interest Rates. The people at the Federal Reserve have difficulty determining what is going to happen to the economy. The Federal Reserve Interest Rates are set at a level dependant on what the Federal Reserve believes is best for the economy. If it appears the economy is not doing well, the Federal Reserve rates are lowered. If the economy begins to overheat, the Federal Reserve increases the interest rates to bring the economy back into line. The Federal Reserve has made many mistakes in setting these interest rates. One of the most famous economists, Milton Friedman recommended that the Federal Reserve should simply set the interest rates once at a reasonable level and quit making adjustments as they really have no idea what is going to happen to the economy.

What creates jobs and what causes job losses? As indicated above, many of the job losses are caused by mistakes of the Federal Government. This is especially true during a recession. Some recessions are normal but very deep recessions cause major job losses.

The characteristics of a recession are a decrease in consumer confidence and a reduction in consumer and business spending. This causes many job losses which only compounds the problem. As a result, recessions are a major cause of job losses.

Job creation results when the economy is expanding. The economy can be encouraged to expand by low interest rates set by the Federal Reserve and by lower taxes on business and individuals. This results in a more positive outlook for the economy and encourages consumer and industrial spending.

New products and innovation also help create jobs. Companies such as Apple and Microsoft have created millions of new jobs and this has been largely due to innovation. Lower taxes on corporations result in more research and development and more job creation.

The gross domestic product is presently growing very slowly. During May of 2010, 440,000 new jobs were created. However, 400,000 of these were employees for the census. Creating only 40,000 new jobs during the quarter does not help expand the economy very much. There are many more people coming into the job market during this period than 40,000.

At the present time in 2010, local business is certainly increasing. This has been reported by the papers and by the press. During the recession of 2008/2009, our company, Micro Control laid off 32% of our employees. Since the beginning of January, 2010, we have increased employment by 36%. This increase is because of large increases in capital equipment purchased by our customers.

Unfortunately the Obama Administration in 2010, is not doing the things which encourage businesses to expand and consumers to spend. Business can only look

forward to more taxes in 2011 because of the expiration of the Bush tax cuts and a number of other Obama expensive programs such as Obama Care.

Some of the things which companies are doing now which is different from the past, is hiring many more contract employees instead of hiring employees directly on the payroll. The reason companies are doing this is because they fear a downturn in the economy in 2011. Hiring contract employees instead of hiring them directly on the payroll does not give much confidence to the contract employees. After all, they would much rather have a job with less likelihood of termination.

Local bankers are not making the kind of loans to local businesses that one would expect in an expanding economy. Local bankers do not seem to have the kind of confidence in the economy to take on a lot more business. Also, the Obama Administration is not encouraging business loans when they caution bankers to be careful about the kinds of loans they make.

July 12, 2010

Public Policy Commentary

In This Issue:

1. Taxes are Good - For Other People.
2. A Tip for the Media.
3. Fraud in the Feds - Example 998.

#### TAXES ARE GOOD - FOR OTHER PEOPLE

Boy, if the hypocrisy regarding taxes doesn't run fast and deep with the liberal crowd. In Washington, Barak Obama has proposed allowing the Bush tax cuts to expire while foisting a host of other taxes on the American public, including a "tanning tax" (is nothing sacred?).

Here in Minnesota, by the Grace of Pawlenty we have managed to avoid billions in tax increases proposed by Margaret Kelliher. Her DFL gubernatorial opponent Mark Dayton has made massive tax increases the centerpiece of his campaign.

Meanwhile, the liberal blogosphere dutifully licks the boots of the liberal leadership and proclaims the "patriotic duty" of paying big taxes, as if that's what motivated the heroes of Valley Forge and Yorktown. To the contrary, we vaguely recall an issue regarding the Stamp Act as having something to do with pissing off the colonies.

Democrats seem to be okay with tax increases because they are paid by other people. Just this week, two incumbent DFL legislators were outed as tax scofflaws who owe the Tax Man big bucks.

State Representative Marsha Swails (DFL-Woodbury) revealed this week that she owes \$33,000 in back taxes.

Swails, of course, was quick to finger someone else for the problem, namely her husband of 36 years. Swails will be divorcing him as punishment.

Over in Fridley, embattled state Senator Satveer "pimp my lake" Chaudhary was found to be arrears to the Tax Man to the tune of \$250,000.

Chaudhary, of course, was quick to deflect personal responsibility. In this case, it was his wife, er, his wife's former employer, who is to blame.

And while the Dog readily admits we don't know if the alibis of these legislators are valid or not, it's just so typical of DFL politicians to fail to accept personal responsibility for their actions.

This is especially true in the case of Chaudhary, who always seems ready with an excuse, but only after he is found out.

The real trouble here is that these elected officials have voted repeatedly to impose taxes on the people they represent.

They thought nothing of expecting others to pay the taxes they imposed yet they themselves failed to live by the laws they wrote.

This kind of blatant hypocrisy is exactly what voters hate about Washington and Saint Paul. It's the arrogant elitism of the liberals. It's the attitude that citizens don't know what's good for them but government does. It's the attitude of entitlement and sense of privilege that allows a senator to attach an amendment to a bill that benefits a lake upon which he owns a cabin. It's an attitude that allows a legislator to fail to pay taxes while voting to tax their neighbor.

It looks like the Washington attitude that has ensnared so many Obama cronies in tax scandals has migrated to Saint Paul.

And if you want some proof, take a look at the tax hikes Swails and Chaudhary voted for while they were delinquent in their own taxes, according to the Taxpayer's League of MN:

2008:

<http://www.taxpayersleague.org/pdf/legscorecard2008.pdf>

Swails scored a 0%

Chaudhary scored 10%

2009:

<http://www.taxpayersleague.org/pdf/legscorecard2009.pdf>

Sen. Chaudhary scored a 7%

Rep. Swails scored a 20%

Sen. Chaudhary has a lifetime score of 18%

Rep. Swails has a lifetime score of 13%

That's just shameful. Hopefully, these two will be held to account in November. For Chaudhary, the reckoning may be August 10. Unfortunately, if Chaudhary loses the primary, former state Rep. Barb Goodwin will be there to continue the assault on taxpayers.

Goodwin has a lifetime score from the League of 26%. Hell, it's 8 points better than Chadhaury!

## A TIP FOR THE MEDIA

Okay, Tom Emmer and his camp did a really poor job in explaining the tip credit and why it's bad for Minnesota job creators. That still doesn't relieve the media of its job to provide decent, unbiased coverage, which includes educating the public.

The point is that Minnesota is only one of seven states that do not allow an employer to take tips into account when paying the minimum wage.

And contrary to urban liberal legend, tips are considered income, which only makes sense.

If Minnesota is to be competitive in the marketplace, if this state is going to be competitive when it comes to creating and retaining jobs, then we can't be an outlier in terms of competitiveness.

43 states have a tip credit. We don't and therefore we are more expensive when it comes to restaurant owners creating jobs here or somewhere else.

The tip credit was a great opportunity for Emmer to explain the broader message of Minnesota needing to be competitive in all aspects of the business climate. It was an opportunity to use the tip credit to illustrate the broader issue.

Hopefully Team Emmer will learn from this episode.

## FRAUD IN THE FEDS - EXAMPLE 998

It's bad enough Obama has spent us into the poor house, leveraged to the hilt like a banana republic with trillions in debt needed to support his version of crony capitalism.

But worse than the legal fraud Obama perpetrates on the American taxpaying public is the illegal fraud we suffer.

Every corner of American government is rife with waste, fraud, and abuse.

The latest examples are found in the "stimulus" areas of home heating assistance and the never-ending unemployment benefits that sap people of their motivation to find work.

The Government Accountability Office (GAO), which has to be the busiest agency in all of Washington, has reported that over \$100 million in home heating assistance, meant for the poor, was siphoned away to dead people, rich people, prison inmates, and others in yet another scam against the feds.

Over on the unemployment insurance front, The U.S. Labor Department figures that it overpaid unemployment benefits by over \$7 billion dollars, including over \$1.5 billion lost to fraud.

This news isn't at all surprising. Democrats have created programs and spending that far outstrip the government's ability to effectively and efficiently administer. The Framers of our constitution never envisioned the federal government doing so much, spending so much, or encroaching into our lives and pocketbooks so much.

The quickest way to reduce the fraud is to reduce the scope of federal activities.

July 19, 2010

Public Policy Commentary

In This Issue:

1. Attention, Candidates!
2. The Certainty of Uncertainty.
3. It Wasn't a Tax Before it Was a Tax.
4. MAK Wants to Run the Credit Card.

#### ATTENTION, CANDIDATES

Minnesota Watchdog readers are informed and active voters. They want to know where candidates stand on the issues, especially in local races and judicial races where information may be hard to find.

If you're a candidate for office anywhere in Minnesota, send us your statement of candidacy and tell our readers in fewer than 500 words why they should support your candidacy.

Send statements to [harold@theminnesotawatchdog.com](mailto:harold@theminnesotawatchdog.com).

#### THE CERTAINTY OF UNCERTAINTY

While many economic indicators point to a tepid recovery underway, folks wonder why jobs haven't been created. If GDP is slowly rising, why aren't the jobs following?

The short yet profound answer is that job creators are reluctant to hire if there is a great deal of uncertainty in the economy. Full-time payroll hires are viewed by businesses as long-term propositions and entail costs, especially in the short-run as new hires often need training and otherwise lack the experience needed to make their employment revenue positive.

In the current environment, it's the Obama-Pelosi-Reid agenda that is creating a great deal of uncertainty for job creators.

The irrefutable proof came this week as a coalition of organizations representing America's large and small job creators sent an open letter to the President explaining why his economic policies are stifling job creation and keeping the unemployment rate at unacceptable levels.

The letter is one of the best documents the Watchdog has seen in many years that so clearly and concisely articulates the timeless and universal economic principles to create prosperity applied to current conditions.



While it wouldn't make sense to re-print the entire letter, some of the more profound declarations are excerpted below:

Uncertainty is the enemy of growth, investment, and job creation. Through their legislative and regulatory proposals-some passed, some pending, and others simply talked about-the congressional majority and the administration have injected tremendous uncertainty into economic decision making and business planning.

...we are also eroding our competitive position globally, as other nations take steps to cut taxes, reduce regulations, and restrain the appetites of government. Some are making serious headway in efforts to upgrade the skills of their students and workers, while we have yet to make significant progress.

As the President has said repeatedly, and as every economist knows, prosperity and job growth come from the private sector, not from the government. Government's role is to establish the right conditions in which the private sector can do what it does best-foster economic growth.

Each time a new regulatory proposal is even floated in Washington, investors in the potentially impacted industries close their wallets. Uncertainty forces them to do so.

The business community shares the view of most Americans that the current approaches are not working. We are offering an achievable road map to greater economic growth and more jobs, and we don't care who gets the credit. We invite leaders in government and citizens across the nation to support it.

Be sure to read the entire letter to see the roadmap these job creators lay out in the areas of taxation, regulation, energy, free trade, and fiscal stability.

The letter is truly a path to restoring American greatness.

**IT WASN'T A TAX BEFORE IT WAS A TAX**

Here's one from the Obama-lied-to-us category.

One of the most odious aspects of the ObamaCare legislation passed by Congress was the "individual mandate," which requires all Americans to buy health insurance or face fines. Essentially, this was a healthcare tax foisted on the American people.

Moreover, those who read and understand our constitution correctly observed that Congress has no power to force people to engage in interstate commerce, which was the section of the constitution under which Obama claimed he and Congress had the authority to impose the mandate.

In fact, Obama vigorously denied the mandate was a tax. "For us to say that you've got to take a responsibility to get health insurance is absolutely not a tax increase," the

president said last September, in a spirited exchange with George Stephanopoulos on the ABC News program "This Week."

When Mr. Stephanopoulos said the penalty appeared to fit the dictionary definition of a tax, Mr. Obama replied, "I absolutely reject that notion."

But hold the phones! Now that the mandate is the subject of a lawsuit regarding the power to regulate interstate commerce, Team Obama is defending its authority to levy the individual mandate BY ADMITTING THAT IT'S A TAX INCREASE!

That's right, the White House is now admitting that the mandate is a tax increase and is appropriate under the power of the Congress to levy taxes, a much broader authority than the power to regulate interstate commerce.

In other words, Obama's lawyers have told him he stands a better chance of winning in court if he admits the mandate is a tax because the power to lay taxes is extremely broad.

Is it November yet?

#### MAK WANTS TO RUN THE CREDIT CARD

The Democrats just can't enough of piling up the debt our kids and grandkids will have to repay as their government continues an orgy of wild and politically-directed spending. It's crony capitalism at the swipe of a Bank of China issued credit card.

While the Democrats in Washington run the debt past \$13 trillion, DFLers in Saint Paul have run the projected deficit for the next governor to \$5.7 billion by refusing to accept billions in cuts offered by Pawlenty.

And if that wasn't bad enough, the DFL-endorsed candidate for governor wants to borrow even more!

Margaret Anderson Kelliher has proposed borrowing \$2 billion if she's elected governor so the state can craft a massive "bonding" bill to build roads, buildings, ice arenas, zoos, and the other porky projects found in a typical bonding bill.

How in the world can Kelliher stand at a microphone and say with a straight face that Minnesota government ought to go a few more million in the hole? Like the federal government and Greece, at some point our creditors will stop buying our debt and start raising interest rates sky high to protect what loans they do give us.

Moreover, how has the whole "stimulus" thing worked out so far? Hundreds of billions later, the Democrats still haven't learned that government deficit spending can't create the prosperity that only private sector wealth creation can bring forth.

Does she really believe it makes sense to build yet one more government building that pays no taxes and houses government employees who produce no wealth? Is another ice arena, zoo exhibit, or bike trail going to ignite the economy?

Of course not. It only increases the debt in the name of giving politicians like Kelliher influence and power while catering to the special interests (e.g. trade unions and government worker unions) that support her candidacy in the first place.

If this deep and massive economic crisis has demonstrated anything, it's that Democrats are so brazen and cynical not even the threat of permanent damage to the economy and our democratic institutions will keep them from spending money on their political friends.

For shame.

July 26, 2010

Public Policy Commentary

In This Issue:

1. The Scorecard has Landed.

It's the most wonderful time of the year. Okay, maybe not that special but the Dog always looks forward to the latest edition of the Taxpayer's League of Minnesota annual legislative scorecard. This week's Monday Commentary is devoted to taking a closer look at the scores of various legislators in whom many Minnesotans have a greater than normal interest either because they are running for higher office or are involved in a noteworthy race.

RUNNING FOR GOVERNOR

Rep. Margaret Anderson Kelliher

2010: 0%

lifetime: 10%

Rep. Tom Emmer

2010: 87%

Lifetime: 91%

RUNNING FOR CONGRESS

Sen. Tarryl Clark

2010: 8%

Lifetime: 8%

Rep. Randy Demmer

2010: 87%

Lifetime: 77%

DFL Leaders

Speaker Margaret Anderson Kelliher (See above)

Senate Majority Leader Larry Pogemiller

2010: 8%

Lifetime: 7%

GOP Leaders

Senate Minority Leader Dave Senjem

2010: 50%

Lifetime: 68%

House Minority Leader Kurt Zellers

2010: 87%

Lifetime: 89%

HEROES OF THE TAXPAYER (100% 2010 score)

Sen. Ray Vandever

Rep. Bruce Anderson

Rep. Mark Buesgens

Rep. Steve Drazkowski

SENATE DISTRICT 12 GOP PRIMARY

Sen. Paul Koering

2010: 50%

Lifetime: 61%

THE OVERRIDE SIX (NOW TWO)

Rep. Jim Abeler

2010: 40%

Lifetime: 52%

Rep. Rod Hamilton

2010: 93%

Lifetime: 66%

DFL SENATOR WITH HIGHEST 2010 SCORE

Sen. Jon Doll: 42%

GOP SENATOR WITH LOWEST 2010 SCORE

Sen. Steve Dille: 17%

DFL REPRESENTATIVE WITH HIGHEST 2010 SCORE

Rep. Julie Bunn: 40%

Rep. Kory Kath: 40%

Rep. Phil Sterner: 40%

## GOP REPRESENTATIVE WITH LOWEST 2010 SCORE

Rep. Jim Abeler: 40%  
Rep. Larry Howes: 40%

## SCORES OF 5 VULNERABLE DFL SENATORS

Sen. Kathy Saltzman  
2010: 25%  
Lifetime: 19%

Sen. Sandy Rummel  
2010: 25%  
Lifetime: 20%

Sen. Lisa Fobbe  
2010: 25%  
Lifetime: 23%

Sen. Jim Carlson  
2010: 17%  
Lifetime: 10%

Sen. Ann Lynch  
2010: 17%  
Lifetime: 10%

## SCORES OF 10 VULNERABLE DFL REPRESENTATIVES

Rep. Gail Kulick Jackson  
2010: 20%  
Lifetime: 13%

Rep. Jerry Newton  
2010: 6%  
Lifetime: 3%

Rep. Al Doty  
2010: 20%  
Lifetime: 9%

Rep. Paul Gardner  
2010: 6%  
Lifetime: 8%

Rep. Phil Sterner

2010: 40%  
Lifetime: 30%

Rep. Paul Rosenthal  
2010: 33%  
Lifetime: 27%

Rep. Dave Olin  
2010: 13%  
Lifetime: 6%

Rep. Will Morgan  
2010: 13%  
Lifetime: 9%

Rep. Marsha Swails  
2010: 20%  
Lifetime: 15%

Rep. Maria Ruud  
2010: 20%  
Lifetime: 25%

August 2, 2010

Public Policy Commentary

In This Issue:

1. The Electric Lemon.
2. The Swamp Gets Deeper.

### THE ELECTRIC LEMON

Government Motors (GM) is finally bringing the Chevy Volt to market. The Volt, or course, is GM's sacrifice to the Green Gods and a Return on Investment, such as it is, to Uncle Sam, now a significant investor in a troubled auto maker that no rational venture capitalist would touch, given GM's wacko labor costs, tired product lines, and moribund leadership.

The Volt is nothing short of emblematic of the Obama administration and liberalism itself. In short, the car massively overpromised and under-delivered. No rational human being wants anything to do with the Volt except the true believers who will shell out big bucks for a crappy product not because it's a great car but because they feel a duty of loyalty to GM, Obama, or the UAW. And just like liberalism, the Volt requires massive government spending in the form of subsidies to get the car off the production line and induce a larger audience to stomach the deficiencies, much like one can lard Cool Whip on a cow tongue to make it taste just a bit sweeter.

Start with the price. At \$41,000 bucks a pop, the Volt is at a competitive price point with a well-appointed BMW 3 series sedan, a 300C series Mercedes, or a Lexus IS350. Geez, which car do you think the average American would rather drive? Nothing says "I've arrived" like pulling into your parking stall at work in a sweet new Chevy Volt. Pick her up in a new BMW? No way, the Volt is the way to her heart, especially if she the type to eschew leg razors, deodorant, and a good rib eye.

And while a BMW, Mercedes or Lexus comes with a host of luxury items standard, the Volt is more like a Trabant or a Soviet armored personnel carrier in its features. The Volt only seats four, requires premium gasoline, and has limited head and leg room. In fact, the Volt offers less head and leg room than the Chevy Cruze, a mediocre sedan that costs only \$17,000.

Worse, the Volt was born of massive front and back end subsidies to get the vehicle off the production line and then induce Americans to buy it. Take the \$50 billion the feds have dumped into GM. Then the \$240 million in Energy Department grants to GM for this green machine. Plus \$150 million in tax breaks to the Volt's Korean battery supplier (What? Outsourced jobs?). Then there's the \$1.5 billion in consumer tax breaks and incentives to drive this glorified golf cart and you have an idea of what it takes to get people into a Volt.



Thus, the Volt is also emblematic of Obama's economic policy, which ignores the merits of free markets in favor of crony capitalism in which favored groups (in this case the UAW and enviro-weenies) get massive subsidies to distort markets and the decisions of market participants.

Obama could have saved taxpayers a few billion and just let GM and the Volt go away. The ultimate virtue of free markets is that limited resources are constantly directed and re-directed to the most efficient uses, giving society access to the best possible goods at the best possible prices. Instead, our kids and grandkids are indebted to our Chinese creditors in the name of propping up a massive business enterprise that is inefficient, bloated, and uncompetitive in the global marketplace. GM's resources will no longer be re-directed to a more efficient market participant but will instead be retained by GM to be further wasted on products like the Volt.

There is no shortage of car manufacturers and hybrid/electric sedans in the marketplace. Toyota and Nissan make similar cars in this market niche and compete with each other to produce a decent car at a decent price point. Moreover, many Americans have a vested financial interest, directly or indirectly, in both cars. These citizens are now forced to finance a competing product against their will, thanks to an overreaching federal government led by a president who lacks a fundamental grasp of elementary economics.

The result is a car the private sector would never have built and the public would never buy - but for massive subsidies financed with foreign debt.

May the Chevy Volt be just as successful as another Chevy auto that started with a "v." That car, of course, was the Chevy Vega.

(Editor's Note: This essay was based upon a review of the Volt by Edward Niedermeyer).

THE SWAMP GETS DEEPER  
Big money weave a mighty web  
Big money draw the flies  
-Geddy Lee

When uber liberal Nancy Pelosi ascended to the chair of House Speaker, she spoke solemnly of running an ethically sound Congress. She herself would get out the K Street plunger and plumber's snake to "drain the swamp" as it were.

And just like many of Nancy's promises, this one went up like a match-lit fart at a teen slumber party.

Far from chasing the money changer lobbyists from the temple of democracy, Pelosi and company wrote a sham ethics "reform" bill and went about business as usual in Washington.

In fact, it may be worse. While multiple members of Congress are facing scrutiny by the Ethics Committee, two of them are facing public charges of unethical behavior - Democrats Charles Rangel and Maxine Waters.

But the Dog isn't going to go postal on Democrats for their ethical lapses. The real story isn't one of Democrat problems while running the Congress.

Republicans have had their share of ethical problems as well. David Vitter, Tom DeLay, Bob Ney, Duke Cunningham and Mark Foley come to mind.

Instead, this sorry state of affairs proves up Lord Acton's observation regarding absolute power corrupting absolutely.

The federal government has grown so big and so powerful that an atmosphere conducive to corruption flourishes. Combined with gerrymandered districts that favor incumbents (the incumbent re-election rate is often well over 90%), the federal government becomes a Leviathan where corruption and the abuse of power become expected.

Of course, this situation in no way offers an excuse for the members of Congress who have found themselves on the wrong side of ethics laws. They must be held accountable.

By the same token, the constant drum beat of ethics trouble demonstrates that changing a few members of Congress or even giving Republicans control won't spell the end of these troubling issues.

As long as Washington has the power to regulate every aspect of our lives, ethics issues will be abundant. As long as Washington has unchecked power to spend trillions, even if the treasury is empty, we will have these problems. And so long as members of Congress cakewalk into re-election decade after decade, we'll see ethics take a back seat.

The Framers instituted a government of checks and balances and limited, enumerated powers precisely because they understood human nature. They clearly understood that all men had a propensity towards evil, avarice, and power. In other words, they didn't set up a system that divided and clearly enumerated federal powers because they believed men were angels.

Year after year, decade after decade, those checks and balances and enumerated powers have slowly eroded, creating a bigger and bigger government that has tended to corrupt those with their hands on the levers of power.

Yes, throwing the bums out is a solution, albeit a temporary one. As long as the same atmosphere prevails in Washington there will be men and women who succumb to the temptations of power.

The real goal of all good patriots and lovers of liberty should be a return to the constitutional government of the Founders and a few new rules to tighten things up a bit.

First, it's time to rediscover federalism. It's high time the Supreme Court starting limiting the federal government to the enumerated powers spelled out in the Constitution.

Second, it's time to interpret the Commerce Clause in a meaningful way. The perverted and expanded Commerce Clause recognized in current jurisprudence is a joke and nothing the Framers would recognize. They can start by pitching out Obama's individual health care mandate.

Third, it's time for a Balanced Budget amendment to the constitution. The boogeyman of natural disasters and war is a distraction from the real problem, which is the inability of the Congress to part with the ability to print monopoly money in the basement of the Capitol.

Fourth, let's get term limits. Yes, there is value to having members of Congress with experience. On the other hand, people spending their entire adult lives in the cocoon of Washington doesn't benefit the country. Congress should never, ever, be a career choice.

Finally, give the president line-item veto authority. As long as Congress can tack funding for a mule tannery museum to war funding bills, we need to give the chief executive the power to stop that kind of buffoonery.

The lesson to take away from these ethics problems is not that any party or individual is the root of the problem. The root of the problem is that we have a runaway government that has virtually no limits on its power to tax, spend, regulate, make war, and circumscribe individual liberty. Until we start enforcing the original rules and institute some new ones, we can expect more of the same from Washington, even with Republicans in control.

August 9, 2010

Public Policy Commentary

In This Issue:

1. Primary Day!
2. Emmer Hits the Reset Button.
3. ObamaCare and GAMC.

#### PRIMARY DAY!

Tomorrow is primary election day, the election where many races with more than two candidates see only the top two vote getters move onto the general election in November. Or, in the case of partisan contests, only one person captures the partisan endorsement and moves on to face the endorsed candidate from other parties in the general election (e.g. the governor's race).

While most people think of the DFL primary contest for governor, there are a number of important primary races happening at the local level across the state. Remember that the first duty of a watchdog is to vote for the candidate of your choice on election day. It's a sin not to exercise your constitutional right to participate in the electoral process. It's a right that millions of Americans have fought to protect since the founding of the greatest nation the world has ever known.

Moreover, the nation is sadly at risk of financial collapse, thanks to feckless politicians at all levels who have spent us into oblivion, leveraging us like a banana republic in the name of buying off multiple special interest constituencies who demand unsustainable governmental payoffs we can't possibly hope to pay back in our lifetime. The legacy of the current crop of entrenched politicians is a massive Chinese IOU that will be given to our children and grandchildren, jeopardizing their opportunity to achieve the American dream.

Voters are rightly concerned, even angry, about the current state of affairs. Many incumbent politicians will be given their pink slip this year, rightly told by their constituents that it's time for new, principled leadership that is unafraid to say "no!" to the countless special interest groups suckling at the teet of a government sow run dry.

It's about time to re-introduce people to the concepts of personal responsibility, rugged individualism, and personal liberty. It's time to elect men and women who believe in constitutional government, who believe that government has enumerated powers and is limited in power. The time has arrived to elect citizens who recognize that liberty is inherent in people and not government. That government only has those powers that are loaned to it by the consent of the governed and that that power may be recalled at the ballot box at the next election.

But none of this will happen unless you, the citizen, take your own measure of personal responsibility by casting an informed vote at the polls, starting tomorrow. It will only happen if you get involved in the political process by sharing your time and resources with candidates dedicated to governing for the common good and not for personal gain and power.

If you haven't gotten your duff off the couch yet, it all starts tomorrow.

This edition of the Watchdog is your primer for tomorrow's election. It's your country, watchdogs, take it back!

## WHERE TO VOTE

Finding your polling place is easy. Simply visit the Secretary of State's [precinct finder](#) to find out where to vote. The precinct finder also provides maps to the polling location, a sample ballot, and a list of candidates running in your area. This list will show you which races in your area have a primary.

The Secretary of State's [election web site](#) also has useful information regarding other election issues like voting registration.

See you at the polls!

## EMMER HITS THE RESET BUTTON

GOP gubernatorial candidate Tom Emmer finally overhauled his struggling campaign over the weekend, bringing in a new campaign manager and a policy advisor to resurrect his quest to keep the governor's office in GOP hands.

Even the most diehard GOP activist would have to admit the Emmer campaign has been underwhelming thus far. The Watchdog hasn't come across a Republican donor, activist, strategist, or delegate who thinks the campaign was going strong.

To right the ship, Emmer jettisoned Tom Mason and hired GOP Senate Caucus chief of staff Cullen Sheehan to manage the campaign and brought in Goff and Howard PR executive Chris Georgacas to advise the campaign regarding policy.

With Emmer down in the polls and the election less than 3 months out, the new team will have to hit the ground running and work hard to capture the support of traditional constituencies that have so far been somewhat reluctant to get behind Emmer.

Recent polls have shown, for example, that gun owners have been lukewarm to Emmer. Even more troubling, there has been a good deal of rumbling among wealthy Republican donors who didn't have strong connections to Emmer from the start.

Despite these troubles, Emmer picked an outstanding duo in Sheehan and Georgacas to turn things around. Both are highly respected political minds with a wealth of campaign experience under their belts. Look for a new attitude, culture, and product out of Team Emmer from day one.

Moreover, the race is going to come sharply into focus Wednesday morning after Emmer's DFL opponent emerges from the primary. Then, voters will confront a choice between Emmer's views and those of his DFL opponent (no, Tom Horner doesn't count). It will be no new taxes or a bunch of new taxes. It will be pro-life versus abortion on demand. It will be less regulation versus more regulation. More liberty versus more government. There will be no more shadow boxing. The choice will be clear and then we'll see how many Minnesotans are comfortable putting the word "governor" in front of Mark Dayton or Matt Entenza's or Margaret Kelliher's name.

There's a lot of game left to play, folks.

#### OBAMACARE AND GAMC

The state of Missouri was the latest jurisdiction to put the lie to the Obama Administration's claim that we would all learn to love ObamaCare once it was passed into law.

This past week, Missouri voters went to the polls to vote on Proposition C, a measure that would amend the state's laws to prohibit penalties for failing to buy health insurance. Of course, the "individual mandate" is that most-hated feature of ObamaCare that forces people to buy health insurance or face a penalty.

Voters in the Show Me state rejected the individual mandate by passing Prop C by a whopping 71%-29% margin.

And right here in Minnesota, an ObamaCare fight is being waged. Readers will recall that Governor Pawlenty recently reached a compromise with the DFL legislative majority to revamp the General Assistance Medical Care (GAMC) program, reforming the program and cutting costs.

As with any true health care reform, Democrats have renounced it and have worked hard, along with the mainstream media, to bad mouth the program.

Instead, DFL leaders are calling for "early expansion" of another state-federal health care program called Medical Assistance (MA), which is Minnesota's name for Medicaid.

As part of ObamaCare, some states like Minnesota can now sign up folks who weren't eligible for MA before, an option that is available right now to Minnesota and some other states but will be available to all states in 2014.

\*The DFL would love to ship people out of GAMC and into MA.\*

The only problem for Democrats is that the law allows Governor Pawlenty to opt out of "early enrollment," which he did via letter in June.

More importantly, the next governor will have the same option, something voters ought to keep in mind and something Tom Emmer has thus far failed to talk about (hint, hint).

Thus, a steady drumbeat has been building in favor of early expansion MA and against GAMC. Here's what all watchdogs need to know about the perils of early expansion MA.

First, there is no reform of our broken welfare healthcare system under MA. It's a traditional "fee for service" racket that offers a generous benefit set and is thus far more expensive than GAMC.

Second, Minnesota would indeed receive \$1.4 billion in federal monies to pay for the early enrollees. The only problem is that Washington doesn't have that kind of money. Hell, Washington doesn't have two nickels to rub together. So, this is yet another swipe of the Chinese credit card.

Third, this is a state-federal program that requires matching state money. While some cuts are proposed to help pay for this expansion, some \$430 million of additional state spending would be required. And just like Washington, Saint Paul is broke and doesn't have any spare change.

Finally, Washington is famous for expanding programs temporarily and then leaving states holding the bag. There is no guarantee that Minnesota won't be left to pick up a larger chunk of this new program expansion down the road.

And that's what the mainstream media won't tell your about this complex and sometimes tough to understand issue.

August 16, 2010

Public Policy Commentary

In This Issue:

1. Post-Primary Observations.
2. Federal Workers Feast at the Trough.
3. Canada Gets It, Why Doesn't Obama?

#### POST PRIMARY OBSERVATIONS

This is what the Minnesota Watchdog took away from the primary night election:

- Mark Dayton, with his erratic behavior and spotty private sector work record, is the best possible candidate for Tom Emmer to face in November. We know many Republicans who agree with us because they voted for Dayton, too.
- The DFL endorsement continues to mean little. The candidacy of Margaret Anderson Kelliher was historic for the DFL in many ways and in the end, it didn't matter. In fact, the DFL has had only one uncontested primary election for governor in the modern era. That was in 1970, when Wendell Anderson got a skate through the primary.
- Matt Entenza's old lady must have a lot of money. He blew \$5 million of her fortune on a hail Mary bid for governor that everyone knew he wouldn't win. Entenza's spent \$62 for every one of the 80,000 votes he got on primary night. Note to Lois Quam (Matt's wife): your husband needs a new, less expensive hobby. Maybe not. If Dayton wins, he'll be helping himself to a chunk of your wealth.
- Margaret Kelliher lacks the killer instinct. Every internal and external tracking poll we know of showed Dayton in the lead yet Kelliher never attacked Dayton in a meaningful way. Sorry, Marge, but the only way you gain ground on a front-runner is to go negative. If you would have, you would probably still be on the trail. You can hold your head high, but you'll be doing it at your kitchen table as you polish up your resume.
- John Gunyou was a dumb pick for running mate. Kelliher's choice of the arrogant, smug Gunyou offered no upside for a primary race. Gunyou has no cache within the DFL, brought no geographic balance, and certainly no charisma. Our takeaway is that being city manager of Minnetonka must be part-time job.
- Conversely, Dayton's pick of Duluth state Senator Yvonne Prettner-Solon was a brilliant move. She delivered the Iron Range and Saint Louis County, which proved decisive in Dayton's victory. Dayton is a wily campaign veteran and he pulled out a classic play from the DFL playbook.



- The Tea Party didn't fare so well as two favorites, Rudy Takala (HD 8B) and Kerry Stoick (HD 29A) lost.
- GOP state Senator Paul Koering lost his primary fight with Paul Gazelka. While Koering's status as an openly gay senator probably didn't cost him his seat, his dining with a gay porn star probably did. In Koering's Brainerd-area seat, that kind of behavior is frowned upon.
- Also give credit in the three GOP races described above to GOP honcho Tony Sutton and his deputy Mike Brodkorb. They worked hard to protect the endorsed candidates, losing only one race in a very volatile year, especially on the GOP side of the house.
- We totally underestimated the depth of anger among DFL activists in Senator Satveer Chauhary's suburban district. We figured the base would have to be pretty angry to give the primary win to the always-surlly and ever fact-challenged former state Rep. Barb Goodwin. Chaudhary lost 70-30. Ouch.

#### FEDERAL WORKERS FEAST AT THE TROUGH

We hope you didn't miss this little tidbit in USA Today last week. A study by the Bureau of Economic Analysis shows that federal government workers earn double what their private sector counter parts earn in pay and benefits. DOUBLE!

In 2009, the average federal bureaucrat took home an average of \$81,258 in pay and \$41,791 in benefits, for a total compensation package of \$123,049.

Comparably, the average private sector working stiff (the folks who pay the taxes to pay the bureaucrats) earned an average salary of \$50,462 and an average benefits package of \$10,589.

Notice that federal benefits are on average a whopping four times those found in the private sector.

Also don't forget that during the recession, the number of federal employees making more than \$100,000 has exploded, going from 14% of all federal employees to 19%, and that's before overtime and bonuses are counted.

So what has the Community Organizer in Chief done about this? He has offered a pay raise to federal workers costing \$2.2 BILLION this year.

So, as private sector workers lose jobs and as others see their pay and benefits dwindle, the federal bureaucratic class lives a handsome lifestyle, waving away concerns and explaining away the issue in a condescending tone that federal workers are special folks who deserve every penny because of the unique skills and talents they possess, unlike the hoi polloi in the private sector.

The Watchdog says this: when government lives far better than the people who fund government, voter anger and resentment should rightly be expected.

The crass, profane arrogance of these bureaucrats and the servile politicians who protect them is astounding. It's not as if these folks have been held harmless through the recession. They have received multiple pay and benefit increases!

When Obama said change was coming, he was two years too early and probably had a different kind of change in mind.

The Watchdog has to laugh when we read of articles saying that Democrats are prepared for an angry electorate, unlike 1994 when they were surprised.

If the majority in Washington is well aware of the voter mood, then why are still driving towards the cliff in a Corvette with the pedal to the floor? These pay packages, the ethics problems, the pushing of ObamaCare. No wonder the polls all flash red warning lights at the Democrats.

Seeing the knockout punch is one thing. Stepping out of the way is apparently another.

#### CANADA GETS IT, WHY DOESN'T OBAMA?

All too often, Americans view Canada as simply a land of cold winters and unadulterated liberalism.

Not so fast. While liberals crow about the fact that Canada has weathered the recession better than America, it is really Canada's pro-growth, pro-capitalist economic policy that is driving growth, according to a recent editorial in the Wall Street Journal.

With the debate over jobs front and center in so many elections this year, it's helpful to take a look at what Canada has done and compare those policies to ours.

Canadian pro-growth economic policy has its roots in actions taken back in 1995, when the federal government cut spending by 10% and reduced federal government employment rolls by 14% (imagine Obama getting that by AFSCME!).

By 2008, federal spending was just under 40% of GDP, down from 53% of GDP in 1992. By comparison, the U.S. was at a comparable 39% of GDP in 2008, with that number zooming skyward under Obama.

A huge difference with the U.S., however, is in the area of corporate taxation. The Canadian corporate tax rate used to be 28%. It is currently 18% and scheduled to go down to 15% in 2012.

And the U.S. corporate tax rate? 35%. And don't forget the Minnesota corporate tax rate of 9.7%

And we wonder where all the manufacturing jobs went.

And Canada has been cutting other taxes as well. The capital gains tax has been cut twice to 14.5% while the national sales tax has been reduced from 7% to 5%.

And yes, individual income taxes have been cut as well.

It's true that the nationalized health care system has yet to be reformed. It's also true that we have no national sales tax.

But the more important point is that while Obama and Pelosi talk of tax increases and new taxes like a Value Added Tax (VAT), the Canadian government has been reducing taxes, particularly the corporate tax and the capital gains tax, two taxes to which job creators are sensitive.

Our leaders in Washington and Saint Paul, at least the DFLers, want to pretend that tax rates don't matter. They want to pretend that capital isn't hyper-mobile and ready to move on short notice. They want to hide behind cynical appeals to patriotism, howling that staying in America to be punished by confiscatory taxation is a duty.

There's nothing more American than the desire to be successful. It's American as hell to pursue the entrepreneurial dream, which requires maximizing profits and shareholder value. Competition is an American value as well. And if other nations are kicking our butts in that area, the answer is to beat them at the game, not complain about the rules. That's the American way (memo to Joe Biden).

August 23, 2010

Public Policy Commentary

In This Issue:

1. Where's the Credit?
2. "Funemployment" at Your Expense.
3. "Hot Women" Controversy Not so Hot.

#### WHERE'S THE CREDIT?

"I give credit where credit is due, McMahon!" Such was Jesse Ventura's retort whenever Vince chastised Jesse for praising a brilliant move by a villain wrestler.

And so it should be with the liberals, who ought to give credit to Pawlenty even though he is a villain in their eyes.

In July, Minnesota's economy gained 9,800 jobs, making for an unemployment rate of 6.8%, nearly 3 full points below the national rate of 9.5%.

Even better, the state shed 9,100 government bureaucrat jobs during that period, lightening the load on taxpayers.

Since the start of the year, Minnesota has added nearly 41,000 jobs. In the past 12 months, the state has seen job growth rise 1.1% while the national average has stayed flat.

So where's the credit for our chief executive? The liberals are right there on cue in the "comments" section of any Internet news story about the Governor, leveling their criticism and spewing ignorant venom.

It looks like our governor can create the conditions for job growth even while traveling. Of course, politicians don't create jobs, at least not the kind of jobs that create wealth. But they can influence the conditions under which job creators operate and Pawlenty has been great, blocking tax increases and other job-killing, DFL-inspired legislation.

Maybe President Obama could take a lesson and stay away from Washington a bit more. He would be surprised what the free market can do when it isn't being strangled by special-interest driven government programs and regulations.

#### "FUNEMPLOYMENT" AT YOUR EXPENSE

Once again, conservatives were proven right. As the Obama administration has larded weeks upon weeks of unemployment benefits for out of work Americans, the more the program has created a classic moral hazard. Essentially, a moral hazard arises when consequences are eliminated regarding poor choices. In this case, the moral hazard is

one of removing negative consequences from the choice not to seek or take employment.

Of course, the Left went bonkers when some Republican lawmakers pointed out the moral hazard when voting against the extension of benefits and shouted charges of insensitivity against those lawmakers.

But conservatives are usually right when it comes to these things because conservative thought is informed by the observation of natural human behavior. When you pay people not to work, many will choose not to work because it is far easier than working. It's a natural human behavioral choice.

So it has come as no surprise now that the media is starting to profile these folks, many of whom are enjoying themselves so much that they call their jobless-with-sweet-benefits status "funemployment."

Now, if you're "funemployed" by virtue of a nice severance package, that's one thing. What we're talking about here are folks who are on the government hammock enjoying nearly two years' worth of benefits and not seeking work because of over-generous benefits.

It's a fact that this is happening in America and the news stories prove it. As you would suspect, the Wall Street Journal has been pointing out this problem for months.

Take the following anecdotes from a recent Journal article, which are a microcosm of the larger issue:

An Oregon manufacturing company needed six engineers for jobs paying \$60,000 annually. A recruiting firm calling unemployed engineers could find help because the unemployed prospects they called said the job didn't pay enough. Many requested to be called back once their unemployment ran out.

One unemployed person stated that he received a number of offers while on unemployment compensation but they paid mostly what he made when he first got out of college.

One staffing company estimates that 2-3% of all unemployed workers they attempt to recruit tells them outright that they make more money on unemployment than the \$8-14 dollars per hour they are offered for work.

There is scientific data to support this proposition as well. Never in American history have un-employment benefits been so lengthy yet the number of long-term jobless Americans has never been higher.

Even in the deep 1980s recession, unemployment benefits never extended beyond 55 weeks. Today, these benefits can last up to 99 weeks.

Now, over 1/3 of the jobless have been out of work for better than a year.

One study suggests adding a year of benefits adds 4 to 10 weeks to the amount of time a worker is jobless.

Long history in socialist European economies supports this observation as well. One feature of the European welfare state is persistently high unemployment coupled with generous welfare benefits, including unemployment.

To reiterate, one doesn't really need scientific studies or a master's degree in European history to know that many folks will fail to work if the government pays them not to work.

Of course, unemployment won't make a person rich, and many people who want to work are trying very hard to find a job in Obama's America, but the simple fact is that many are more than willing to take an unemployment check if it means not having to get off the couch and face the day.

#### "HOT WOMEN" CONTROVERSY NOT SO HOT

The media, the liberals, and unfortunately even some Republicans got all bent out of shape this week over a video that purported to show some "hot" GOP women as compared to their "less than hot" DFL counterparts.

The politically correct hand-wringing and teeth gnashing bordered on the hysterical.

"The video is sexist and offensive," DFL Chairman Brian Melendez howled.

GOP legislative candidate Kathy Lohmer exclaimed the video was "terrible and very unprofessional."

And, of course there was a comment from some overpaid professor at the U of MN Center on Women and Public Policy who lectured us that, "Portraying women as either sexually attractive or sexually unattractive demeans their leadership ability."

Let us be a voice in the wilderness and say, "BIG DAMN DEAL."

First, the Left would like to confuse the issue by melding the concepts of leadership and beauty.

One has very little to do with the other. To say a person is beautiful is not to suggest that person is a capable leader. Conversely, to observe that one is coyote ugly is not to suggest that the person lacks leadership ability.

And what did we just note in the story above about Democrats ignoring human behavior? Human beings have been exploring the concept of beauty since the dawn of creation. Face it, humans are very cognizant of another's looks and appearance. Hell, we obsess over looks and appearance. We spend billions on products and services to make us look more attractive. Like it or not, we are judged by our appearance and we always will be. To deny this is to deny an aspect of our shared humanity. There isn't a single civilization anywhere in human history that did not establish folkways and mores based on its definition of "beauty."

This video did nothing more than capture the collective (and partisan) judgment of the GOP base that some of our leaders meet our shared definition of "beauty," including our own Michele Bachmann, while taking a swipe at the other side of the aisle.

So get over it.

And for those who want to be PC and ignore human nature, go ahead and be the first one to avoid bathing until election day. After all, any doctor will tell you that bathing has little to do with hygiene and much to do with smelling nice. Go for it. We'll probably see you at some seminar at the Center for Women and Public Policy or the DFL state convention.

After all, the DFL state conventions are "fragrance free."

August 30, 2010

Public Policy Commentary

In This Issue:

1. Horner's Budget is DOA with Public and Legislature.
2. Dayton's Promise?
3. The Surge is a Failure - Not!

#### HORNER'S BUDGET IS DEAD WITH BOTH PUBLIC AND LEGISLATURE

The geeky, bespeckled, and bow-tied Tom Horner unveiled his budget "plan" this past week with all the pedantic, condescending rhetoric we've come to expect from the guy who plays the classic role of the nerd we all picked on in grade school who has come home to roost as our intellectual superior.

Lest we digress, the purpose of this essay is point out the fatal flaws, borne of fatal conceit, of Horner's grandiose "plan."

We have put "plan" in quotations because the budget proposal is short on details, which nonetheless doesn't stop Horner from thumping his chest and browbeating his opponents for their claimed lack of a plan.

So let's take a look at the plan and see what's under the hood.

#### TAXES

Right off the bat, note that Horner is calling for a \$2.15 BILLION tax increase. Yes, state government needs an additional \$2.15 billion dollars, which represents about a 7% increase in state spending. Even in the worst economy since the Great Depression, Horner thinks government just can't live without a 7% bump. Do you think taxpayers will be getting a 7% pay raise next year?

Horner plans to generate the money by expanding the sales tax to clothing and not-yet-named services.

Horner ought to understand that the legislature will never vote to tax Minnesotan's underwear so state government can have more money. That idea has been floated and shot down many times in the past. In addition, the Mall of America is one of the state's economic drivers and is successful in part because people can buy clothing here tax free. Finally, the sales tax is regressive and hits the poor the hardest. Whether you make a million a year or 20k, you need to buy underwear and there is no choice, unless you're Jesse Ventura.

It's strange indeed that Horner calls clothing "non-essential" spending, unlike food and medicine.



Second, Horner's expansion of the sales tax to services lacks specifics regarding which services will be taxed. Here's where a coalition of average citizens will band together with business interests to oppose this kind of tax. For example, both the Auto Dealers Association and average citizens will oppose paying a sales tax to have cars repaired.

The state Bar Association will pair up with citizens to oppose taxes on legal services.

Bankers will team up with citizens to oppose sales taxes on financial transactions.

Finally, Horner makes much of the fact that he will cut the sales tax 1% in exchange for a broader base. Never mind the fact that the net change is a \$2 billion money transfer from citizens to government.

But it's just as important to note that Horner also authorizes counties to impose a .5% sales tax of their own. So if you shop in a county with this new tax, the sales tax cut is only .5% and not the full 1%.

More than that, Horner is also proposing to lift levy limits, so local units of government can raise their property taxes as much as they want.

So Horner wants to tax our underwear and let counties and cities impose their own sales tax and raise property taxes as high as they want.

## SPENDING

Horner also proposes increasing new spending by \$360 million. This is called "new" spending because it is spending that goes beyond the billion in projected spending increases that are built into the next budget.

It's extremely important for Watchdogs to understand that if Minnesota simply spent in the next budget only what was spent in the current budget, we would have a surplus, not a deficit.

The deficit is based upon billions in additional spending from programs like welfare healthcare that will grow on auto-pilot.

Horner proposes a new \$2 billion in tax increases to help cover this additional spending AND his new spending of \$360 million.

And surprise, surprise. Horner lists K-12 education as one of the areas for new spending.

## DEBT SPENDING

Next, Horner proposes a \$400 million debt bill, also called "bonding." As Watchdogs know, this is capital projects spending financed by issuing debt.

Traditionally, these types of bills are only taken up in even-number years, just like the one signed into law this year.

There is no need to issue yet more debt in a year when bonding isn't supposed to be done. Unless, of course, Horner is like the liberals who believe that all this deficit spending creates jobs and wealth.

It doesn't, which is why Obama and the Democrats spent \$870 billion in "stimulus" and have nothing to show for it except 9.5% unemployment and a fist full of Chinese IOUs.

Moreover, the state has already passed billions in bonding projects the past few years and there are literally hundreds of millions worth of projects in the pipeline.

We don't need more debt, Mr. Horner (and Dayton and Emmer for that matter).

## SIN TAXES

Horner predictably turns to "sin taxes" to the tune of \$600 million to help sate the appetite for state government spending. Tobacco taxes are the most regressive taxes out there, hammering the poor.

So while Horner seeks to cut taxes for corporations (a good thing), he is taxing Joe Six Pack's six pack.

Instead of regressive sin taxes, Horner would be well served to simply cut spending.

## RACINO

Horner proposes to pass the "Racino" gambling expansion that has failed many times before. The simple fact is that the tribes have donated millions to the DFL and unless Republicans win both Houses, Racino isn't going to happen.

In short, Horner's budget plan essentially offers nothing other than warmed over ideas that have been tried and defeated. It's also an 8 page "outline" and far from a budget blueprint. Moreover, it's a plan that in certain respects is naive in the extreme. Racino and taxing underwear are two ideas that are going nowhere fast.

## DAYTON'S PROMISE?

So Mark Dayton runs around telling everyone that we need billions in income tax increases because property taxes will rise if we don't jack up income taxes.

Let's go with this for a moment. If we take Dayton at his word, will he promise that property taxes won't rise if he gets his way?

We want to see that one in writing!

**THE SURGE IS A FAILURE - NOT!**

This past week, U.S. forces handed control of Iraq back to the Iraqis. U.S. House Minority Leader John Boehner used the occasion to congratulate our troops and also to remind America of what the Democrat triumvirate of Obama, Reid, and Pelosi said of the surge, lest we voters forget.

Watch [here](#).

September 7, 2010

Public Policy Commentary

In This Issue:

1. Union Bullies the Disabled.
2. Where are Those DFL "Moderates?"
3. Local Governments Spend Big on Lobbyists

#### UNION BULLIES THE DISABLED

Government employee unions have long been just as entrenched, aggressive, and ruthless as their private-sector brethren. The Watchdog has long kept an eye on these unions as their outrageous demands for unrealistic pay and benefits has generated billions in pension and other liabilities that very well may force the bankruptcy of some jurisdictions.

Despite our jaundiced view of what these unions represent and the tactics they employ to achieve those goals, we admit we were stunned when Politics in Minnesota reported earlier this week (registration required) that the state AFSCME union has promised to sue the state of Minnesota to stop disabled people from being employed in a small shop that handles recycling needs.

According to the article, the state has a statutory mandate to increase the number of disabled workers employed in certain job areas like waste collection and recycling.

To help fulfill that mandate, the state will either move or lay off four state employees out of the recycling office and instead hire a non-profit that employs the disabled to do the work at a substantial cost savings.

Predictably, the AFSCME response was bombastic and vapid all at the same time. Union honcho Eliot Seide declared that the move was illegal and contrary to the union contract. Seide even promised a lawsuit to keep the disabled from working in the recycling office.

Of all the stunts AFSCME and other unions have pulled over the years, this one takes the cake.

Sicking their lawyers on a state program that helps the disabled know the value and dignity of earning a paycheck is a low blow to these folks. Never mind the massive cost savings. This hardly something that will raise the union's standing in the eyes of many citizens.

No wonder you can't find any mention of this issue on the union's web site.

To AFSCME: May November 2nd bring you Governor Emmer.

## WHERE ARE THOSE DFL "MODERATES?"

With Democrats in full retreat over Obama's failed policies, Democrats everywhere are running away from both the Community Organizer in Chief and his signature policies, like health care "reform."

Nowhere is this more true than in the suburbs, where Democrats have made gains in recent cycles, underpinning their swollen majorities.

These Democrats have been successful by portraying themselves as "moderates" who will govern from the center and not be the extremists they claim Republicans to be.

So is this claim of moderation true or is it just more empty rhetoric from the party of no ideas except to tax and spend more and more.

This question is even more important since suburban DFLers are making this claim the centerpiece of their strategy to avoid being blown into oblivion on November 2nd.

Let's consult the trusty Taxpayer's League of Minnesota scorecard [archive](#) to show us just how "moderate" these DFL suburbanites really are:

Rep. Joe Atkins (Inver Grove Heights)

2010: 7%

Lifetime: 9%

Rep. John Benson (Minnetonka)

2010: 7%

Lifetime: 9%

Rep. Karla Bigham (Cottage Grove)

2010: 0%

Lifetime: 0%

Rep. Paul Gardner (Shoreview)

2010: 7%

Lifetime: 8%

Rep. Rick Hansen (South Saint Paul)

2010: 7%

Lifetime: 9%

Rep. Melissa Hortman

2010: 0%

Lifetime: 10%

Rep. Kate Knuth (New Brighton)

2010: 0%

Lifetime: 0%

Rep. Carolyn Laine (Fridley)

2010: 0%

Lifetime: 0%

Rep. Leon Lillie (North Saint Paul)

2010: 0%

Lifetime: 9%

Rep. Tom Tillberry (Spring Lake Park)

2010: 0%

Lifetime: 0%

Rep. Ryan Winkler (Golden Valley)

2010: 7%

Lifetime: 6%

Geez, one would think "moderate" would mean scores in at least the 30-40% category. While these scores represent the worst of the suburban DFL scores, even the vast majority of the best only get into the high teens and 20s.

The verdict? Claims of moderation are so much bunk. These DFLers are died in the wool liberals.

#### LOCAL GOVERNMENTS SPEND BIG ON LOBBYISTS

Why is it that every time some mayor or city council members utters a hue and cry about service cuts and budgets sawed down to the bone that we see another example of profligate government waste?

Such is the case again as our friends over at the Freedom Foundation of Minnesota uncovered unrestrained spending by these local governmental units (LGUs) on efforts to lobby the federal government for a chunk of Chinese-financed debt.

Since 2006, Minnesota LGUs have spent over \$5 million lobbying Washington, DC for funds. Even worse, the trend has gone upwards, with 2010 poised to be a record-breaking year. So while the rest of the economy contracts, government is busy spending more money on lobbyists.

So who are the biggest offenders? Here is your top 10 in cumulative dollars spent since 2006:

1. Scott County: \$815,000
2. City of Moorehead: \$620,000
3. Hennepin County: \$405,000

4. North Metro Mayor's Coalition: \$375,000
5. Anoka County Regional Rail Authority: \$369,000
6. Northstar Corridor Development Authority: \$363,000
7. City of Minneapolis: \$310,000
8. Anoka County: \$280,000
9. Metropolitan Airports Commission: \$220,000
10. City of Saint Cloud: \$180,000

When you've got government spending tax dollars to lobby government for more tax dollars, you've got a system on the brink.

Congressman John Kline offered a noteworthy pearl of wisdom regarding this lobbying nonsense:

County commissioners could save their constituents tens of thousands of dollars by meeting with members of the Minnesota delegation in their Minnesota offices.

Amen, Colonel!

September 13, 2010

Public Policy Commentary

In This Issue:

1. Dayton and Horner do the Fuzzy Math.
2. Ramsey County Gives Taxpayers What They Deserve.
3. MPR and Public Subsidies.
4. Must Watch Video.

#### DAYTON AND HORNER DO THE FUZZY MATH

Mark Dayton and Tom Horner have teamed up with an all-too-willing mainstream media to kick the crap out of GOP-endorsed gubernatorial hopeful Tom Emmer for not providing a detailed budget to resolve the state's projected \$5.8 billion budget deficit.

Never mind the fact that Horner's "budget" is little more than an 8-page outline that leaves important questions to unanswered, such as which services would be subject to a brand new sales tax he proposes or what Horner means by "streamlining" state agency operations.

And never mind the fact that Dayton's plan to "soak the rich" is so incomplete that even he admits that "I have not concluded how entirely to achieve that objective (resolving the \$5.8 billion deficit) , and my campaign lacks the computer modeling capabilities to do so in entirety."

As the Watchdog has noted, Horner comes off as professorial, nerdy, pedantic and condescending as he solemnly tells us the he knows better than we plebeians how to run government.

Now it turns out that that the guy with the bow tie ought to don a matching dunce cap because his vaunted 8-page budget outline contains a \$421 million math error. In the immortal words of Scooby Doo, "root row."

According to an article in [Politics in Minnesota](#), Horner didn't know that some \$421 million of a \$1.8 billion school payment shift wasn't counted against the projected \$5.8 billion in the next biennium. Thus, pushing back the repayment only saves about \$1.4 billion, not \$1.8 billion.

Yes, that can be some dense budget math that fails to excite the average voter. Having said that, it's fair to kick Horner over this mistake because of the holier-than-thou budget attitude he's copped vis-a-vis Emmer and his plan.

If you want to claim you're at the head of the class, you better be able to add and subtract.



And Mark Dayton is no better. Like Horner, he thinks it's good political theater to pretend he has a budget plan and Emmer doesn't. Just like Dayton pretends he knows what it's like to work and live in the real world where folks worry about their job, the mortgage, and whether their kids will be able to live a prosperous life while attempting to pay back a \$13 trillion swipe of the Chinese credit card.

Dayton has claimed he's going to raise \$4 billion by taxing the "rich," meaning any household where husband and wife together make more than \$150,000. (By the way, a husband and wife who are public school teachers could easily top \$150,000 in household income.)

So what would it really take to extract \$4 billion from the hide of these richie riches?

According to an analysis by Politics in Minnesota, Dayton would have to jack up Minnesota's top income tax bracket to more than 15%, which would be the highest rate in the nation by far, even higher than California and New York.

To raise the rate to this level would about double the current top Minnesota income tax rate of 7.85%.

To almost double income tax rates to the highest in America is laughable. The small business owners and other job creators who would suffer this income tax increase would flee Minnesota in record numbers, taking their jobs with them.

Moreover, Dayton has said he doesn't want to raise the top rate beyond 11%, which is just about the outer limit among states.

And how much would 11% raise? A top marginal rate of 11.55% would net \$2 billion, just half of what Dayton wants to raise.

Moreover, these numbers use "static" scoring as opposed to "dynamic" scoring. A static analysis, even under Dayton's 11.55% scenario, presumes everyone subject to the tax would remain in Minnesota and suffer the tax. A dynamic model, which is more in tune with human behavior, would also factor in the number of job creators who would move to other more business friendly jurisdictions, thus lowering the revenue estimate.

The next time your Horner-backing or Dayton-loving co-workers or neighbors start razzing Tom Emmer for a lack of budget specifics, ask them why Horner's 8-page outline has a \$400 million hole and why Dayton's plan is about as realistic as listing "win Powerball" as a budget solution.

#### RAMSEY COUNTY GIVES TAXPAYERS WHAT THEY DESERVE

Ramsey County this week voted to impose a 2.7% property tax levy hike next year because the county commissioners apparently believe that economic conditions,

including the jobs situation and property tax values, indicate that taxpayers in that county are in a position to give county government more of their hard earned money.

Of course, this comes on top of the board's arrogant, galling move to give themselves a pay hike this summer that jacked their salaries to \$84,000 for a part-time job.

But the Watchdog has not an ounce of pity or sympathy for taxpayers in Ramsey County. Back in 2008, the county board gave itself an obscene pay increase of 25% and the taxpayers let them get away with it at the ballot box by re-electing these jokers.

Thus, when they raise their pay and your property taxes in the midst of a deep recession, all we can do from our world headquarters in Anoka County is look at you across the county line and say, "we told you so."

Will our brothers and sisters in Ramsey County wake up and smell the coffee this November? Probably not. Two of four seats up for election have the incumbents running unopposed.

Ramsey County is starting to look a lot like Saint Paul and Minneapolis, where one party rule is producing less than ideal results as politicians who face no real threat of defeat are emboldened to make radical public policy decisions because consequences are non-existent.

One party rule has the same results whether in Ramsey County, Chicago, or Venezuela.

#### MPR AND PUBLIC SUBSIDIES

Minnesota Public Radio chief Bill Kling announced this week he is leaving to pursue other endeavors.

The news reminded the Watchdog that MPR still receives public subsidies even though the state faces a whopping budget deficit in the next biennium.

Do citizens really believe that absent these public subsidies that we wouldn't have access to news and information? Do we really believe that MPR wouldn't be able to broadcast without public subsidies?

Of course not.

And just what is the public subsidizing at MPR? For starters, they're subsidizing Kling's \$600,000 salary.

## MUST WATCH VIDEO

Check out the trailer for the most anticipated documentary in many years. "Waiting for Superman" is produced by the same talent that gave us "An Inconvenient Truth" and shines a similarly bright light on our failed public schools. Waiting for Superman chronicles the stories of young children who struggle to obtain a decent education in a government schools monopoly run by the teacher union cartel.

Next, watch rising superstar New Jersey Governor Chris Christie absolutely destroy a teacher union hack who tries her hand at arguing with the former federal prosecutor.

Christie lays the smack down with a combination of logic and unapologetic straight talk. Mess with bull, you get the horns!

September 20, 2010

Public Policy Commentary

In This Issue:

1. Congressional Update.
2. We Thought Bush Only Helped the Wealthy.
3. Loafing in Saint Paul.
4. Washington County Leads the Way.

#### CONGRESSIONAL UPDATE

How about those conservatives? With anger over liberal policies rising, it's interesting to see the mainstream media and their enablers wring their collective hands over the success Republican candidates are experiencing.

#### DISTRICT 1

State Representative Randy Demmer, running against incumbent Tim Walz, received welcome news this week when it was announced that his race had been elevated to "Young Guns" status by the National Republican Congressional Committee (NRCC).

This designation means that the NRCC has elevated this race to "top tier" status and has data to demonstrate that Demmer has a good chance of winning.

The NRCC will now devote resources to helping Demmer defeat Tim Walz.

This news is most welcome because of the contrast it paints with the mainstream media. Just this week, the New York Times gave Walz a 96% chance of winning re-election.

How ironic that the same week the NRCC elevates Demmer to a top tier candidate that the "objective" New York Times says he only has a 4% chance to win.

Who do you believe?

#### DISTRICT 2

Do we really need to spill any great amount of ink on this one?

Conservative stalwart, Marine Corps veteran and incumbent John Kline has no real competition to speak of this cycle.

Democrats are so dispirited and demoralized that they have pinned their slim hopes on Shelly Madore, a former state representative so extreme she couldn't win re-election to the Minnesota House in 2008, a landslide year for Democrats.

Her DFL neighbors were so impressed they decided to give her the nod for Congress.

Congratulations on your re-election, John!

### DISTRICT 3

Anyone who pays even slight attention to politics got a good laugh this week when Hamline University Professor David Schultz opened the window from his ivory tower penthouse and decreed that Erik Paulsen is perhaps vulnerable to his DFL opponent.

Never mind the following:

- The district has been represented in Congress by the GOP for decades;
- Erik Paulsen won as a first-time candidate in a horrible year for Republicans;
- His opponent is a bad candidate - period;
- No reputable pundit (e.g. Cook, Rothenberg) even has this on their radar;
- Paulsen has over a million in the bank while his opponent has \$30k, \$30k!!!
- The GOP has a big tailwind this year, especially among the independents who populate the 3rd CD.

Schultz was probably just looking for some press by making such outlandish remarks.

### DISTRICT 6

Every two years, the DFL gets sucked into the fantasy of beating Michele Bachmann. In their dream, one of their bad candidates (El Tinklenberg, Patty Wetterling, Tarryl Clark) somehow hoodwinks the district into electing them over Bachmann, even though their politics don't fit the district at all.

Such is the case again this year. Leaning Republican to begin with, the district is fiscally and socially conservative.

Moreover, Bachmann won in 2008, the best chance the DFL is probably ever going to have to knock her off.

This time, the DFL has put up Tarryl Clark, who is pro-choice and cast the deciding vote this year in the Minnesota Senate to increase taxes.

In short, Clark is out of step with the district.

No wonder polls show Bachmann with a sizeable lead.

Dream on, DFL.

## WE THOUGHT BUSH ONLY HELPED THE WEALTHY

The Dog can't understand what the debate is all about regarding whether or not to extend the Bush tax cuts.

For years, the Democrats have pilloried these tax cuts as "trickle down economics" and nothing more than a sop to wealthy elites that has allowed them to avoid paying their "fair share" of the tax burden.

So what's all the fuss about within Democrat congressional ranks and over at the White House? What's the debate all about?

Isn't it an article of faith with the class warfare hustlers that punishing the rich is a moral duty?

And what better way to smack down the rich than to let the Bush tax cuts expire?

Because, to put it charitably, the Democrats have been telling whoppers about these tax cuts.

It turns out that they benefit everyone, including the middle class.

According to a recent analysis by Deloitte Tax LLP, here's what the expiration of the Bush tax cuts, if allowed to expire in their entirety, would do to the middle class:

- A family of four with a household income of \$50,000 would pay \$2,900 more in taxes in 2011;
- If that same family earned \$100,000, they would pay an extra \$4,500 in 2011;

We hope you "rich" families where a husband and wife each earn \$50,000 have an extra \$4,500 to hand over to the Obama administration. Hope and change are more expensive than you think.

But don't worry, that's the only tax hike you would face in Minnesota, since Mark Dayton doesn't think you're successful enough to be punished.

But your household income is above \$150,000, look out. You could be looking at the double whammy of increased federal AND state taxes.

And don't forget about that nasty Alternative Minimum Tax (AMT). If Congress doesn't continue to pass the necessary "patches," that same family could face a triple whammy.

Isn't it funny how the rhetorical "rich" guy in Democrat campaign narratives is always a hell of a lot wealthier than the actual "rich" guy, as defined by Democrats and their tax hike proposals?

## LOAFING IN SAINT PAUL

Remember when KSTP caught those Saint Paul pothole crews screwing off in grand public employee fashion instead of earning their pay?

In the immediate aftermath, public officials in Saint Paul paid the appropriate lip service to this egregious breach of public trust.

Mayor Chris Coleman solemnly declared that the loafing was "serious stuff" and accepted the resignation of Public Works honcho Bruce Beese, who was non-union.

Not long after, it was announced that 17 workers would be suspended in the largest disciplinary action the city had ever taken against one department at one time.

But here's where the story gets typical and the accountability breaks down.

Once the suspensions were handed down, the public employee union representing the 17 loafers went to work , filing grievances against the city.

So what become of the much ballyhooed suspensions for the "serious stuff" that led to baddest a\*\* kicking a mayor has ever laid on the union in Saint Paul?

The Pioneer Press reports that of the 59 days worth of suspensions handed down, just 5 days have been served.

Records for 13 of the 17 workers show that in 10 cases - every one where a union made a challenge - the discipline originally planned by the city was reduced or eliminated entirely.

Four supervisors not targeted with suspensions were given written reprimands that were reduced to "verbal reprimands" following grievance proceedings. Two of those supervisors were TEMPORARILY PROMOTED at the same time they were being disciplined.

"We are in a unionized work environment," said Jason Schmidt, the city's labor relations manager who has been involved in the sanctions. "We issue discipline, but it is subject to a grievance process, and this is how it has turned out."

Yes, Jason, you sure are in a union work environment and the results show it, just like in our public schools.

Let's hope taxpayers remember this typical union whitewash when Saint Paul and other cities come crying to the legislature next session about local government aid cuts.

WASHINGTON COUNTY LEADS THE WAY

Congratulations to Washington County Commissioner Bill Pulkrabek for leading the charge and corralling his wayward colleagues into supporting a ZERO percent increase in the county's tax levy for 2011.

We bet Washington County also demands accountability from their pothole crews as well.



September 27, 2010

Public Policy Commentary

In This Issue:

1. ObamaCare on Steroids.
2. DFL Senator Thinks Constituents are Dumb, Especially the Elderly.
3. Saint Paul Schools Don't Have a Money Problem.
4. The \$1 Billion Question.

### OBAMACARE ON STEROIDS

Have you ever heard of the Minnesota Health Act? Probably not, but it's a piece of legislation you should get to know, especially if you think ObamaCare is bad.

The Health Act is everything liberals would love to have in a government-run health care system that ObamaCare couldn't accomplish.

Introduced at the Minnesota legislature in both the House and Senate, this bill would establish a guaranteed right to health care under a single-payer European welfare state model.

While the Act wasn't passed last session, it could very well become law next year, especially if Mark Dayton is elected governor and the DFL keeps control of the House and Senate.

What's so interesting about this radical piece of legislation is that it wasn't sponsored only by Minneapolis and Saint Paul radical liberals who will be elected no matter what they do or say.

It was also sponsored by supposed suburban and rural "moderates" who campaign and portray themselves as "common sense" legislators who occupy the mushy, non-controversial middle.

Is your legislator one of the supposed moderates who supports this shocking bill? If so, let them know that you oppose both ObamaCare and their attempt to outdo the president when it comes to government-run health care:

- Sen. Sharon Erickson Ropes (DFL-Winona)
- Sen. John Doll (DFL-Burnsville)
- Rep. David Bly (DFL-Northfield)
- Rep. Tina Liebling (DFL-Rochester)
- Rep. Andrew Falk (DFL-Murdock)
- Rep. John Ward (DFL-Brainerd)
- Rep. Al Doty (DFL-Little Falls)
- Rep. John Benson (DFL-Minnetonka)

- [Rep. Rick Hansen](#) (DFL-South Saint Paul)
- [Rep. Tim Faust](#) (DFL-Mora)
- [Rep. Bev Scalze](#) (DFL-Little Canada)
- [Rep. Sandra Masin](#) (DFL-Eagan)

Watchdogs living in these districts should be asking these legislators why they think doubling down on ObamaCare is such a good idea. These legislators should be asked if they think government-run health care is something their constituents want.

Funny, the Watchdog hasn't seen these legislators running on this bill. It's almost like they would everyone to forget about it, kind of like the way liberals want us all to forget about that whole global warming thing.

Those of us old enough to remember Gilda Radner on Saturday Night Live recall her famous routine where she would misunderstand a subject and once she was educated would look at the camera and sheepishly say, "Never mind."

Rest assured, these legislators will remember this bill if they are returned to Saint Paul in November!

DFL SENATOR THINKS CONSTITUENTS ARE DUMB, ESPECIALLY THE ELDERLY  
DFL Senator [Sandy Rummel](#) is one of those "moderate" legislators representing a Republican area (Shoreview, Lino Lakes) that will likely turn red once again this November. In other words, she is one of the cookie cutter DFL candidates who was found through public school connections and convinced to become one of the almost faceless DFL army of suburban "moderates".

This cookie cutter recruitment strategy has worked well in the recent past but, much like a flea flicker or naked bootleg in football, the play doesn't fool anyone after a time and taxpayers are on to the trick.

A [video of Rummel](#) at work at the Capitol has been circulating on the Internet of late and features another more permanent feature of liberal legislators, namely an arrogance and supreme confidence that government knows better than the citizens what's good for them.

In this case, Rummel testifies in support of a bill that would eliminate the current requirement that school districts get voter approval to continue a property tax levy.

In her testimony, Rummel insults her constituents by declaring that many of them "have no idea what the reality is" in their local school. Rummel goes on to single out the elderly as especially out to lunch on this "reality." She also declares that these voters "can't be counted on."

Watchdogs in Senate District 53 should be sure to ask Rummel when she asks for your vote why she thinks you're incapable of intelligently weighing the merits of a continued property tax levy.

If voters are casting ignorant votes against a school levy in Senate District 53, maybe they're also casting ignorant votes in favor of the incumbent state Senator.

### SAINT PAUL SCHOOLS DON'T HAVE A MONEY PROBLEM

Ah, Saint Paul, a land of one party rule where liberalism and Big Government are like a old pair of Levis - never out of style.

As school boards, teacher unions, and other players in the Education Industrial Complex have spun their well-financed tale of woe regarding the "lack of funding" and "cuts" to our underperforming government-run schools, stubborn and nettlesome facts about runaway spending keep popping out like an unwelcome fart during high mass.

Shhh! Bishop Dooher is delivering a sermon about the need for more money and less accountability in our churches, er, schools!

The latest toot to interrupt the sermon was cut by the Saint Paul public school board, where they recently voted to use debt to fund \$15 million in capital improvement projects for schools within the district.

During this time of severe "underfunding," the school board funded critical projects like:

- New main entrance (Como Elementary \$1,400,000);
- More office space and storage cubbies (Mississippi Elementary \$600,000);
- Tennis courts and teacher storage cabinets (Como High \$593,000)
- Improve stage lighting (Central High);
- Install cable TV (Central High);
- New main entrance (Chelsea Heights Elementary);
- New drinking fountains (Cleveland Elementary);
- Upgrade to LCD TVs (Eastern Heights Elementary);
- Improve stage lighting (Frost Lake Elementary);
- Install teacher storage units and shelving (Hancock Elementary);
- Replace stage curtain (Highland Park High);
- Playground equipment (Jackson Elementary);
- Lay asphalt for hopscotch and foursquare (Parkway Elementary);
- Remodel staff bathroom (Randolph Heights Elementary);

Read the entire approved capital project list [here](#).

The Watchdog challenges the school board to justify how these projects help students compete in a global economy or even improve graduation rates.

Oh yeah, the school district is millions in the red this year.

The real insult to Saint Paul taxpayers was that two days later, the school board voted to raise property taxes!

#### THE \$1 BILLION QUESTION

Mark Dayton spent a lot of time this campaign season smugly criticizing Tom Emmer for not having a complete budget.

Then Dayton learned that his centerpiece tax increase plan would "only" raise \$2 billion instead of the \$4 billion he sought.

Dayton went back to the woodshop to craft an amended budget.

While there are many things that could be said in critiquing this budget, the most important point is that Dayton only solves to about \$4.8 billion, leaving a nearly \$1 billion hole in his budget plan.

So, Mr. Dayton, what of this \$1 billion? Will it be \$1 billion cuts? Or \$1 billion in tax increases? That's the billion dollar question.

October 4, 2010

Public Policy Commentary

In This Issue:

1. Birthday Bash Wrap Up.
2. Locker Room Bulletin Board Material.
3. Pawlenty Earns an "A."
4. Health Care Costs Rising?

#### BIRTHDAY BASH WRAP UP

It was an awesome night of good food, great candidates, and even better conservative fellowship.

Nearly 300 Watchdogs gathered at Majestic Oaks in Ham Lake for an old fashioned political revival meeting, hearing from leaders in the vanguard of Minnesota's conservative movement, including gubernatorial candidate Tom Emmer, Secretary of State candidate Dan Severson, House Minority Leader Kurt Zellers and Anoka County Commissioner Rhonda Sivarajah.

The excitement level was high and the same energy that has motivated voters across the country to elect conservative leaders like Scott Brown in Massachusetts and Chris Christie in New Jersey was on full display.

Oh yeah, the cake was pretty darn good, too.

Harold Hamilton thanks all the Watchdogs out there who took time out of their schedules to join him in celebration. He appreciates your readership and your involvement in shaping America's future.

Here's to many more years of the Watchdog!

See you on the high ground on election day!

#### LOCKER ROOM BULLETIN BOARD MATERIAL

Anyone who has played sports knows the bulletin board in the locker room has a space reserved for the things the other team says about your team. Usually, it's some trash talk by the other team about your team's talent or ability. It's often the type of statement that is regretted later on by the clown who said it, especially if the trash talker gets whooped on the playing field.

Watchdogs now have some prime bulletin board material courtesy of the senior senator from Massachusetts, one John Kerry.

The always arrogant and out of touch Blue Blooder from Boston took time out from his efforts to evade luxury taxes on his yacht to opine on us ignorant goobers from fly over country who have been screwing up Democrat designs to ruin the country by electing conservatives and preparing to lay the ultimate beat down on Democrats come November.

The condescending Kerry recently noted:

"We have an electorate that doesn't always pay that much attention to what's going on, so people are influenced by a simple slogan rather than the facts or the truth or what's happening."

Oh, so we aren't paying attention? We're influenced by simple slogans instead of facts and the truth, eh?

Senator, we are paying attention to what you and Democrats are doing in Washington and Saint Paul. We do know the truth and the facts, and they aren't pretty. Your agenda is tearing at our constitutional foundation, weakening American prosperity, and sentencing our children to a lifetime of government debt repayments that will harm their ability to achieve the American Dream.

Here's a simple slogan for you, Senator Kerry: Don't tread on me!

Watchdogs, post this quote on your bulletin board and take a look at it every day until election day.

#### PAWLENTY EARNS AN "A"

The libertarian Cato Institute recently released their ranking of America's governor's based on fiscal responsibility.

It's no surprise that our own Governor Tim Pawlenty earned an "A."

Cato said of TPaw's fiscal governance:

In his first few years in office, Governor Pawlenty backed tax increases on corporations and cigarette consumers. However, the governor has changed course in recent years, consistently supporting tax cuts and opposing tax increases. In 2008, he vetoed a large gasoline tax increase. In 2009, he twice vetoed giant tax packages passed by the legislature, which included increases in the top personal income tax rate and increased taxes on gasoline, beer, wine, and liquor. In 2010, he again vetoed an income tax rate increase. Pawlenty has also proposed substantial business tax cuts to make the state more competitive, and he wants the corporate tax rate reduced from 9.9 percent to 4.8 percent. Under Pawlenty, state general fund spending rose 22 percent between FY03 and FY08, which was less than the average state increase. The governor's proposed spending for FY11 is down 10 percent from the FY08 peak. Pawlenty has proposed a

constitutional amendment to limit annual growth in the state's general fund spending over the long term.

#### HEALTH CARE COSTS ARE RISING?

Wait just a darn minute. We thought that whole nationalizing of the health care system was going expand access to all, raise quality, control costs, let us keep our health plans and our doctors, cure global hunger, and bring an NFL championship to Minnesota.

So what's happening? According to an [article](#) in Newsweek, health care insurance premiums in 2011 are projected to rise by an average of 8.8% for employers, the biggest rise in five years.

For employees, the amount they will be asked to contribute towards these rising costs will average \$2,209.

We thought ObamaCare was supposed to fix all this.

So, let's keep track of what middle class families are looking at from the Democrats.

- An expiration of the Bush tax cuts that will cost families thousands;
- Higher health care costs that will equal thousands out of pocket;
- Higher proposed taxes from Mark Dayton on any family making more than \$150,000;
- Massive federal deficits and deficit spending that will cripple future generations;
- A massive expansion of the government workforce, which will burden an already unstable pension system that has billions in unfunded liabilities.

Good work. We'll grade the results in November.

October 11, 2010

Public Policy Commentary

In This Issue:

1. Hennepin County Cuts Healthcare - But Not to Illegal Aliens.
2. Making a Buck off the Taxpayers.
3. Horner and Dayton Understate Tax Increases.
4. Obama Sees Dead People.

#### HENNEPIN COUNTY CUTS HEALTHCARE - BUT NOT TO ILLEGAL ALIENS

Our good friend and counterpart over in Hennepin County, Commissioner Jeff Johnson, has a great piece in his blog this week about his efforts to keep taxpayers in the county from footing the bill for free health care for folks who are breaking the law by being in the country illegally.

Here's what Jeff had to say about the issue over at Hennepin County Taxpayer Watchdog:

*Golden Hydrant goes to Hennepin County for providing free non-emergency health care to illegal immigrants*

Today the county board voted on some significant changes to Hennepin County Medical Center's (HCMC) admissions policy, including changes to whom HCMC provides free subsidized non-emergency care. Hennepin County taxpayers subsidize HCMC to the tune of over \$30 million each year to cover free and reduced-cost services to the poor.

The new policy proposed to deny free non-emergency services (federal law requires all hospitals to provide emergency services to everyone, regardless of ability to pay) to those who do not live in Hennepin County. In the past, HCMC has provided services to anyone who walked in the door, regardless of residence or ability to pay. Under this new policy, HCMC would continue to provide free services to ANYONE who claims to live in Hennepin County, including illegal immigrants.

I offered an amendment to the policy stating simply:

"Free and Discounted Care provided through Hennepin County Medical Center will be limited to U.S. citizens or legal noncitizens except as otherwise required by state or federal law..."

My proposal failed on a vote of 6 - 1. The latest Golden Fire Hydrant goes to HCMC's decision - and the county board's blessing of that decision - to spend taxpayer dollars to provide free non-emergency health care services to illegal immigrants.



## MAKING A BUCK OFF THE TAXPAYERS

There's nothing like fat taxpayer subsidies to help a private, for-profit corporation make huge profits.

When the legislature allowed Hennepin County to jam a regressive sales tax increase down citizen's throats in that county, the Twins received a spiffy \$350 million stadium subsidy to enhance the Pohlads family's bottom line at the expense of all who purchase taxable goods in the county.

The subsidy has paid off handsomely for the owners.

While the Twins don't share their finances with the public, even though the public paid for most of the stadium, experts estimate that the Twinks will boost revenue by at least \$70 million per year with the new stadium.

A firm called Team Marketing estimates that it costs a family of four an average of \$207 to see a game at Target Field.

That's a whopping 22% over what it cost that same family to see a game last year at the Dome.

At least those families had a choice in subsidizing the team's profits.

It also looks like they may need a subsidy to buy off the Yankees!

## HORNER AND DAYTON UNDERSTATE TAX INCREASES

Two of the three candidates for governor believe that government must have more of your money to survive. They believe that you must involuntarily give up more of the fruits of your labor to the government, thereby demonstrating that they value the government budget more than the family budget.

As the Dog pointed out in a recent issue, Mark Dayton has a \$1 billion gap in his budget plan that has to be filled with tax increases, cuts, or a combination of the two. Since it's highly doubtful he would opt for all cuts, he is understating his tax increases by refusing to spell out which taxes he would raise and by how much.

It now appears that Tom Horner has a similar gap in his budget plan.

An article in the Star Tribune this week notes that Horner has a \$1.3 billion gap in his plan.

While Horner has made much of his proposal to tax clothing to raise funds for our underfunded, cut-to-the-bone government, he must extend the sales to other goods and services that are now exempt from the sales tax if he is to balance his budget.

The list of goods and services that may need to be taxed is long and would no doubt engender little enthusiasm among legislators, especially when those partisan legislators wouldn't owe Horner any loyalty.

To get the numbers to add up, Horner would have to subject things like funeral caskets and car repairs to the sales tax.

The real icing on this urinal cake is that Horner has not - and will not - tell the public which goods and services he proposes to tax to make up the billion dollar gap.

Instead, he pulls a weenie move and says he will leave those decisions up to the legislature.

For a guy who professes to be an outsider and a political neophyte, Horner sure knows how to duck the tough questions like an old pro.

Dayton and Horner have much in common. They both want to raise taxes, they both have budget math that doesn't add up, and both no doubt know what kind of additional taxes they need to raise but won't be forthright with the voters.

On the other hand, Tom Emmer has a pretty simple idea: No tax increases.

#### OBAMA SEES DEAD PEOPLE

Why is it that just about every federal program is plagued by waste, fraud, and abuse? Why can't Washington get it right?

More importantly, why do liberals place so much faith in government's power to solve our problems and spend our money wisely in the face of so much evidence to the contrary?

It's the Great Mystery to conservatives and it has only grown more mysterious in the face of the Obama administration's hyper-acceleration of government growth and intervention.

The Stimulus has been an utter failure (confirming conservative's belief that government can't solve our problems).

Now this week comes another example of how the Stimulus continues to confirm conservative's second doubt about government, that it can't spend money wisely.

As reported in the WSJ, an audit has revealed that Uncle Sam sent out 89,000 stimulus checks worth over \$22 million to dead people and people in jail.

What's even worse is that the stimulus law doesn't provide any kind of a mechanism for the government to recover the erroneous payments.

To date, over \$12 million of your improperly issued tax dollars are still unrecovered.

Anyone for another round of stimulus?

October 18, 2010

Public Policy Commentary

In This Issue:

1. Obama's in the Red Zone.
2. One is the Loneliest Number.
3. Turning Over a New Leaf?

EDITOR'S NOTE: Watchdogs, please be patient waiting for those always stylish and in-demand t-shirts. The coming conservative wave this election cycle has created unprecedented demand. Shirts are on back order and will be sent out just as soon as we get them in. Harold promises!

#### OBAMA'S IN THE RED ZONE

The red ink zone, that is. After setting a record for fiscal irresponsibility by posting the largest budget deficit in American history in 2009 (\$1.4 trillion), the Community-Organizer-In-Chief got religion and has slashed the 2010 deficit to a mere \$1.29 trillion, the second largest budget deficit in American history.

But don't fear Watchdogs, our intellectually and morally superior president will surely have the budget under control in 2011, right?

Wrong. The 2011 budget deficit is predicted to be \$1.4 trillion.

Okay. Surely our intrepid leader has a long-term plan to put the nation on the path to fiscal stability. Wrong again! Over the next decade, the deficit is projected to be a whopping \$8.5 trillion dollars.

Today, 37 cents of every dollar the federal government spends is financed through borrowing from creditor nations like China. Every day, our Treasury Department goes through the humiliating exercise of going into the international debt market to ask other nations to loan us some dough so we can pay for "stimulus," ObamaCare, welfare programs, Social Security checks for dead people, and raises for federal government employees who have experienced wage growth and outstanding benefits while those who pay the taxes see their wages cut, if they're lucky to have a job at all.

All these deficits have contributed to the enormous federal debt, the accumulated red ink from all the federal government's unbalanced budgets.

Today, each household in America owes \$74,000 to our creditor nations to repay the federal debt.

To give readers an idea of the depth and breadth of Obama's deficit spending plans, consider this sobering fact:

Obama's budget plans would add more to the federal debt than any other president from George Washington to George Bush, COMBINED.

These debts place a crushing burden on future generations and amount to an appalling example of generational theft.

President Obama stands on the cusp of a stinging rebuke at the polls for all his broken promises.

Here's another one:

*"I didn't come here to pass our problems on to the next president or the next generation-  
-I'm here to solve them."*

Really? He is truly a failed president.

#### ONE IS THE LONELIEST NUMBER

One is the loneliest number that you'll ever do...

- Cory Wells and Danny Hutton

Jane Robbins of Pine City must be the loneliest woman in Minnesota, or at least in Minnesota's Eighth Congressional District.

Ms. Robbins enjoys the dubious distinction of being the only individual donor to Congressman Jim Oberstar's campaign who actually lives in his district.

The other donors are lobbyists, PACs, special interests, Tribal interests, and people who live outside the district, like Hollywood elites.

In the June - September reporting period, Oberstar pulled in over \$233,000, with just \$500 coming from Robbins.

Put another way, just .2% of Oberstar donations came from individuals he represents while 99.8% of the campaign donations came from other sources.

Oberstar is emblematic of the problem with Washington. He's an entrenched, powerful member of Congress who has grown arrogant and out of touch with the people for whom he works.

The Chairman of the powerful Transportation Committee, Oberstar has been hanging out in Washington since 1974 and has never had a serious challenge to his reign. Before that, Oberstar was a congressional staffer, meaning that he hasn't experienced the real world since sometime around the invention of the television.

In short, Oberstar has come to epitomize the stereotype many voters have of a Congressional power broker. He is emblematic of an arrogant, back room wheeler-dealer who is more comfortable in Washington than back home in Duluth or on the Iron Range.

Oberstar could lose on election night. If this deep blue district turns red that night, Democrats will likely suffer their worst defeat in over a century. If Oberstar isn't safe, very few Democrats are.

#### TURNING OVER A NEW LEAF?

Speaking of feeding the cynicism and nihilism of the voters, did you see this week that DFL House Speaker and losing gubernatorial candidate Margaret Anderson Kelliher has been hired as the new president of the Minnesota High Tech Association (MHTA)?

According to the MHTA web site, the association supports the growth and stability of the state's technology-based economy.

In other words, this is a pro-business, pro-jobs group.

For the Watchdog, we're scratching our heads trying to figure out how MHTA squares Kelliher's voting record and her agenda as House speaker with the MHTA's pro-business agenda.

Let's take a look at Kelliher's record, as viewed by organizations that promote a pro-business agenda.

- The Taxpayer's League of Minnesota gave Kelliher a perfect "zero" rating for the 2010 legislative session and a lifetime score of just 10%. In fact, in 2009, Kelliher was named a "Foe of the Taxpayer," singled out for her advocacy of job killing tax increases.

Here's what the League had to say:

Speaker Kelliher presided over a "do nothing" legislature that spent four-and-a-half months complaining about Governor Pawlenty's budget proposal but couldn't produce a balanced budget proposal of their own. In the end, the House passed \$34 billion in spending but only \$31 billion in estimated revenue. Leaving a \$3 billion budget gap, Speaker Kelliher had to twist arms in her own caucus to pass tax bill after tax bill, only to have their \$1 billion tax increase vetoed by the Governor. But even with their billion dollar tax increase there would have been a \$2 billion budget hole. Remedial math should be on Speaker Kelliher's summer agenda.

- So you say the Taxpayer's League is a bit too conservative for you and perhaps not the true voice of business? Take a look at the Minnesota Chamber of Commerce's legislative scorecard.

For the 2010 legislative session, Kelliher earned a perfect anti-business score of "zero," the same score she earned from the Taxpayer's League.

During the 2009 session, the Chamber scored 13 critical pro-business votes. Kelliher voted with the Chamber just twice, casting an anti-business vote on the other 11 key issues.

. So how about one more? The National Federation of Independent Business (NFIB) is the advocate for small, "main street" businesses across Minnesota and is known for having a rather lenient, soft scorecard.

For the 2009-2010 legislative session, the NFIB gave Kelliher just a 10% score.

But perhaps the most damning indictment of Kelliher's feckless indifference to the state of our economy during her Speakership comes from the MHTA itself.

In their press release announcing Kelliher's hire, the MHTA stated that, "In the face of historic economic challenges, Kelliher created a Jobs Task Force, recognizing the need to invest in job creation and training skilled workers for the new economy."

So in the face of the worst economy since the Great Depression, the best the Speaker of the House could do is convene a group to talk about solutions?

At least the group talk was far less harmless than her actions to pass billions in tax increases during her tenure as Speaker.

As we said, a real head scratcher.

October 25, 2010

Public Policy Commentary

In This Issue:

1. Obama Waxes Arrogant and Elitist - Again.
2. Chip!
3. Why Limited Government is the Best Government.
4. What Bureaucrats Earn.

#### OBAMA WAXES ARROGANT AND ELITIST - AGAIN

Well, gosh darn and aw shucks. We hayseeds here in flyover country have once again roused the anger of our erudite and intellectually superior community organizer in chief.

While we were busy clinging superstitiously to our guns and religion like New Age talismans in 2008, we are now thinking illogically and incoherently in 2010.

Or so it goes, according to Barak Obama.

In Obama's world, voter anger has nothing to do with his massive overreach and expansion of government into the private sector (see Government Motors and health care). It has nothing to do with double digit unemployment. And it just can't be the trillions and trillions of debt racked up in just two short years.

As the president sees it, we're just running scared. We're reacting out of pure emotion completely uncoupled from rational thought. Just like a scared kid hiding under the covers during a thunderstorm.

"Part of the reason that our politics seems so tough right now and facts and science and argument does not seem to be winning the day all the time is because we're hardwired not to always think clearly when we're scared."

To the contrary, Mr. president, we yokels out here in the heartland are thinking very clearly. We still believe in the constitution. We believe in representative government that's accountable to the people. We don't support crony capitalism, bailouts for inefficient corporations, bailouts for irresponsible homeowners, or taxpayer-financed benefits for people who are in our beloved country illegally.

We want a government that isn't fiscally leveraged to the hilt like some piss poor banana republic. And we want a bright future for our kids and grandkids, which means not handcuffing them to a mountain of debt or sentencing them to crappy government schools run by union thugs.

Unlike you, Mr. president, we understand facts and science very well. Milton Friedman laid out the science of capitalism many years ago. We have a deep knowledge of the



social sciences and know that people will help themselves to the government trough whenever its offered. And we understand history, seeing the many great nations led to ruin through statist, collectivist policies.

And, ultimately, we know that there is no such thing as a free lunch. You've had the lunch counter open for two long years and we're stuck with the tab. See you at the polls, Mr. president.

CHIP!

Let's hear it for Chip Cravaack. The long-shot candidate is making things very interesting for Rep. Jim Oberstar, the poster child for everything that's wrong with Washington.

It's obvious that Oberstar is irritated that he actually has to campaign this year and at least feign interest in the people whom he represents.

Chip has racked up some impressive tactical victories thus far, raising more money than Oberstar from within the 8th district, crushing Oberstar in a recent debate, garnering the endorsement of Minnesotans Concerned for Life (MCCL) and also securing the endorsement of the Duluth News Tribune.

Oberstar, of course, reacted to the newspaper endorsement in typical fashion by lashing out at the Tribune, claiming that the outcome was predetermined because the new ownership group was conservative leaning.

What Oberstar didn't mention is that the Tribune and its new ownership had endorsed Oberstar in previous races. Where was Old Jim's peevish dismissal of the Tribune then?

The Tribune's endorsement was an a strong indictment of Oberstar and his entrenched careerism:

"The 17-term incumbent is hardly the embodiment of financial restraint and new direction."

"Washington doesn't need another insider."

"At the candidate forum last week at the Duluth Entertainment Convention Center Auditorium, Cravaack's character shone. Oberstar, meanwhile, retorted at least eight times to some of the rudest of the 1,800 in attendance, provoking even more catcalls."

Cravaack is still the underdog in this race, but we may have an upset in the making.

But even if Oberstar manages to get re-elected once more in this deep blue district, Republicans still win. Chip will undoubtedly drive excited voters to the polls to vote him and other Republicans on the ballot, thereby diminishing the big margins Democrats are counting on in the district for statewide contests.

Watchdogs in the 8th should be fired up and ready to vote!

## WHY LIMITED GOVERNMENT IS THE BEST GOVERNMENT

Sometimes the best lessons are taught with the simplest narratives or very simple concepts.

This past week, KSTP did a feature on local government that is emblematic of the concept that limited government is the best government.

The feature concerned municipal liquor stores. Municipal liquor stores are owned and operated by government, practicing a monopoly or near monopoly on liquor sales in that particular jurisdiction.

In theory, these government run booze outlets are supposed to keep liquor sales closely regulated and limited while also acting as an "enterprise" operation, meaning that the store is supposed to make money to fund other government activities like parks and recreation.

As one might imagine, it doesn't always work out that way. If you can believe it, there are many cities in Minnesota where government can't even make a profit selling booze!

For example, the tiny city of Biscay, Minnesota lost nearly \$133,000 in the 2008 trying to sell liquor. Howard Lake lost about \$70,000 that same year. All told, some Minnesota cities lost approximately \$900,000 trying to sell liquor in 2008.

While some cities do indeed earn a profit, the lessons to be learned from the money losing operations are legion.

First, selling liquor for a profit shouldn't be that hard. Of course, government has a hard time doing it precisely because government lacks the one thing that makes the private economy work - the profit motive.

When a private liquor store fails to earn a profit, that operation closes its doors and exits the market, leaving the demand for the product to be met by competitors who are more efficient and offer superior pricing. This "creative destruction" allows the market to constantly redeploy limited resources in a fashion that gives consumers the best product or service at the best price.

In a government-subsidized operation, this concept is absent. While the bureaucrats in charge may be making a good faith effort to turn a profit, there is no economic penalty for failure. The city council merely steps in with a bailout, thereby keeping an inefficient operation in business, all to the detriment of consumers, taxpayers, and the overall economy. No profit? No problem!

This is why government should confine its activities to true core functions and not get involved with "enterprise" activities like golf courses, community centers, and liquor stores. Private sector entities can do it better. And if there are no private sector businesses willing to set up shop in a particular area, that should serve as a warning signal to government that the local market can't support the activity in question.

In Minnesota, there is also a larger implication for these liquor store bailouts. Many of these cities that run booze stores also receive general state aid, called "local government aid" or LGA. LGA comes from the state general fund, meaning it comes from all the taxpayers in the state. When Biscay bails out the municipal liquor store, it is using city general fund money that is supplemented with our LGA tax dollars.

Finally, there is a legitimate question to be raised philosophically with respect to government directly peddling a product that causes death, illness, and visits misery on many who use it.

Alcohol abusers often use police services, ambulance services, social services, court services, and place a burden in general on government and the taxpayers. Why is government then facilitating demand for these services by selling the product that is the root cause in so many cases?

If society is going to declare that the consumption of alcohol is going to be legal (which is just fine in the Watchdog's libertarian world), then open that market to private sector, taxpaying, wealth creating competition instead of government monopolies, the very worst economic model.

The failure of these municipal liquor stores serves as a microcosm of what happens whenever government runs any market sector.

#### WHAT BUREAUCRATS EARN

Many readers have asked us how they can find out how much elected officials and government employees earn.

One way is to contact the particular unit of government and ask. Under the Minnesota Data Practices Act, the salary of state and local government employees is public information.

A second way is to simply use Internet resources.

Yet a third way that the Watchdog recommends is to access the Pioneer Press' "[Data Planet](#)" web site, which contains a treasure trove of public salary data in addition to other data sets in fields like crime and real estate.

Thanks for all the salary inquiries. Keep em' accountable!

November 1, 2010

Public Policy Commentary

In This Issue:

ELECTION SPECIAL!

THE TIME FOR TALK IS THROUGH. TOMORROW, YOU HAVE THE OPPORTUNITY TO EXERCISE YOUR INVIOALATE RIGHT TO SELECT YOUR POLTIICAL LEADERSHIP.

YOU HAVE AN OPPORTUNITY TO TAKE BACK YOUR COUNTRY!

ON TUESDAY, NOVEMBER 2ND, GO TO THE POLLS AND SUPPORT CANDIDATES WHO BELIEVE IN LIMITED GOVERNMENT, INDIVIDUAL LIBERTY, THE RULE OF LAW, AND FREE MARKET CAPITALISM!

VOTING MECHANICS

Before you can vote, you need to know the where to vote, how to vote, and who is on your ballot.

[Where Do I Vote?](#)

[Who's On My Ballot?](#)

[Am I Registered To Vote?](#)

[Check Status Of Your Absentee Ballot.](#)

[Election Day Registration.](#)

[Minnesota Voter's Bill of Rights.](#)

FEDERAL CANDIDATES

There is no United States Senate race in Minnesota this year but all 8 House congressional seats are on the ballot.

Pro-liberty candidates by district;

District 1: [Randy Demmer](#)

District 2: [John Kline](#)

District 3: [Erik Paulsen](#)

District 4: [Teresa Collett](#)

District 5: [Joel Demos](#)

District 6: [Michele Bachmann](#)

District 7: [Lee Byberg](#)

District 8: [Chip Cravaack](#)

CONGRESSIONAL SCORECARDS

One way to learn about the records of incumbent members of Congress is to review scorecards from watchdog groups based in Washington, D.C. These scorecards move beyond the rhetoric by scoring actions, not words.

Check out the National Taxpayer's Union (NTU) [scorecard](#).  
Also see the Citizens Against Government Waste Pig [Book](#).

## ENDORSEMENTS FROM PRO-JOBS ORGANIZATIONS

Another way to gather information about candidates is to see which organizations have endorsed them, especially true pro-jobs groups.

National Federation of Independent Business (NFIB) [endorsements](#).

The U.S. Chamber of Commerce is a great organization but the Watchdog is calling them out for making their candidate endorsement list available only to Chamber members and not the public. Dumb idea, guys.

## ENDORSEMENTS FROM BIG GOVERNMENT ORGANIZATIONS

Another way to analyze candidates is to see whether or not Big Government groups have endorsed their candidacies.

[AFL-CIO Minnesota](#).  
[AFSCME Minnesota](#).

## MINNESOTA STATEWIDE CANDIDATES

Governor: [Tom Emmer](#)  
Secretary of State: [Dan Severson](#)  
State Auditor: [Pat Anderson](#)  
Attorney General: [Chris Barden](#)  
Congress Sixth District: [Michele Bachmann](#)  
Congress Third District: [Erik Paulsen](#)  
State Supreme Court: [Greg Wersal](#), [Tim Tingelstad](#)  
Minnesota Court of Appeals: [Dan Griffith](#)

## LEGISLATIVE CANDIDATES

All 201 seats in the Minnesota legislature are on the ballot (67 Senate, 134 House) tomorrow. Space doesn't permit listing the web sites of every candidate, you should use the candidate finder above to guide you to the legislative candidates in your area and then visit their web site and to find other information.

Also use the information below to review the records and endorsements of legislative candidates.

## PRO-JOBS ENDORSEMENTS

Check the Minnesota Chamber of Commerce PAC [endorsements](#) to see candidates considered truly pro-jobs.

## BIG GOVERNMENT ENDORSEMENTS

Review these endorsements to see which candidates pandered to the Big Government crowd.

[Education Minnesota.](#)

[AFL-CIO.](#)

[AFSCME](#) (Be sure to scan to the bottom to see local endorsements for Anoka County)

[Teamsters.](#)

## LEGISLATIVE SCORECARDS FROM PRO-JOBS/CONSERVATIVE GROUPS

[Taxpayer's League of Minnesota.](#)

[Minnesota Legislative Evaluation Assembly](#)

[Minnesota Chamber of Commerce](#)

[NFIB](#)

## LEGISLATIVE SCORECARDS FROM LIBERAL-BIG GOVERNMENT GROUPS

See which candidates earned praise for voting for Big Government and against liberty.

[AFL-CIO.](#)

[AFSCME.](#)

[Sierra Club.](#)

## INSPIRATION

We don't know Gary Hubbell, but he has penned one heck of a column in the Aspen Times way back in February that perfectly captures the mood of so many Americans as we head into the election tomorrow. The whole [column](#) can be read here. Here's an excerpt:

Average Americans who have quietly gone about their lives, earning a paycheck, contributing to their favorite charities, going to high school football games on Friday night, spending their weekends at the beach or on hunting trips - they've gotten off the fence. They've woken up. There is a level of political activism in this country that we haven't seen since the American Revolution, and Barack Obama has been the catalyst that has sparked a restructuring of the American political and social consciousness.

Think of the crap we've slowly learned to tolerate over the past 50 years as liberalism sought to re-structure the America that was the symbol of freedom and liberty to all the people of the world. Immigration laws were ignored on the basis of compassion. Welfare policies encouraged irresponsibility, the fracturing of families, and a cycle of generations of dependency. Debt was regarded as a tonic to lubricate the economy. Our children left school having been taught that they are exceptional and special, while great numbers of them cannot perform basic functions of mathematics and literacy. Legislators decided that people could not be trusted to defend their own homes, and stripped citizens of their rights to own firearms. Productive members of society have been penalized with a heavy burden of taxes in order to support legions of do-nothings who loll around, reveling in their addictions, obesity, indolence, ignorance and "disabilities." Criminals have been arrested and re-arrested, coddled and set free to pillage the citizenry yet again. Lawyers routinely extort fortunes from doctors, contractors and business people with dubious torts.

We slowly learned to tolerate these outrages, shaking our heads in disbelief, and we went on with our lives.

But Barack Obama has ripped the lid off a seething cauldron of dissatisfaction and unrest...

November 4, 2010

Public Policy Commentary

In This Issue:

**SPECIAL POST-ELECTION UPDATE**

**SHOCK THE WORLD EDITION!  
GOP CRUSHES DFL! WATCHDOGS WIN BIG!**

Watchdogs made history Tuesday night by initiating a tsunami that rolled across the country, resulting in a net gain of 61 seats in the U.S. House of Representatives (11 races remain undecided).

In the Senate, the GOP picked up 6 seats to get to 46 seats to the Democrat's 52 (two races, Washington and Alaska, still undecided). With the likely outcome of those two being a split (Washington to the Dems and Alaska to the GOP), the final result would be a 53-47 Senate, leaving the Democrats 7 votes short of the magic number of 60 to invoke cloture and end a filibuster.

President Obama stands rebuked by the American people, with an approval rating below 50% and the phrase "Obama generation" rendered a cruel joke, much like the term "stimulus."

To think of what was just two short years ago. The Democrats had 60 votes in the Senate and could end a filibuster. In the House, the Democrats had 257 seats. On the other end of Pennsylvania Avenue, the most liberal president perhaps in American history enjoyed enormous popularity and goodwill.

Yes, things sucked.

Never in American history has a political party in power squandered such a reservoir of goodwill so fast.

The down fall of the Democrats is nothing short of stunning.

Republicans were given a second chance in Washington Tuesday. If they don't govern as they campaigned, they will back in the minority in 2012.

**BIG NEWS IN MINNESOTA**

Minnesota also rode the massive wave on Tuesday. Here are the three biggest stories from the Northstar state.



## REPUBLICANS TAKE BOTH HOUSES OF THE LEGISLATURE

The Republican takeover of the Minnesota House and Senate rightly evokes the strongest of adjectives. "Stunning," "breathtaking," "shocking," and just plain "sweet," describe the situation.

In the 67 seat state senate, Republicans picked up 16 seats to gain a 37-30 advantage.

In the 134 seat state House, Republicans picked up 25 seats to gain a 72-62 advantage.

The scope and historical significance of the victory is enormous.

Consider that prior to election night, the GOP minorities in each body were so small that the Senate Republicans couldn't even uphold a Tim Pawlenty veto.

Also consider that the Republicans haven't controlled the state Senate for even one day since party designation was re-instituted in Minnesota in 1972.

This is the first time in 38 years that Republicans will control both bodies.

Republican control will mean many good things for the people of Minnesota.

Of course, there will be no tax increases to solve the state's \$5.8 billion deficit. Government will have to live within its means, just like the rest of us.

This is an especially welcome development since the majority of governors across America are Republicans who will lead their states in a pro-jobs, pro-business direction.

If Minnesota is to be competitive, we must follow suit.

It is also important to note that legislative Republicans will have a hand in the redistricting process. There was a fear prior to the election that the DFL would control the governor's office as well as keep the majority in the House and Senate, meaning that they would redraw district boundaries in a manner that would harm Republicans.

Moreover, with Republicans in control of both houses, constitutional ballot questions can be brought to voters regardless of who is in the governor's office. Under Minnesota's constitution, ballot questions are passed by each body directly to the ballot, bypassing the governor's review.

Even if Mark Dayton is governor, Republicans can put constitutional amendments on the ballot without DFL interference.

Yet another benefit to having Republican control of the Senate is the power of confirmation of gubernatorial appointments.

Especially if Mark Dayton is governor, Republicans in the state Senate can exercise veto power over his appointments.

And if Tom Emmer is governor, those Republicans can protect his picks, unlike what the DFL would have likely done to them.

But the euphoria over the Republican takeover also contains notes of caution. Remember that it was a national wave that helped legislative Republicans and not just their own efforts.

This national wave was sparked in large part by independents who are not motivated by social issues like gay rights but are instead concerned about taxes and spending, particularly government debt.

Moreover, these voters did not so much vote in favor of Republicans but against Democrats, particularly Barack Obama.

If Republicans misread their victory and spend too much time and energy focused on social issues and not the economy, there could be yet another wave election just like 2006, 2008, and 2010.

Soon-to-be House Speaker Kurt Zellers has struck the right tone by focusing on jobs and the economy.

Senate and House Republicans will hold leadership elections tomorrow and Saturday, respectively.

The Legislative session kicks off January 3rd.

These are indeed historic times.

CHIP CRAVAACK

Political neophyte Chip Cravaack comes out of nowhere to knock off 18-term incumbent Jim Oberstar.

The area now known as the Eighth Congressional District has seen a Republican congressman since World War II.

Cravaack's win is all the more remarkable given that every other incumbent in the Minnesota congressional delegation cruised to relatively easy victories, including Tim Walz of the First District. Walz was considered the most vulnerable of the eight incumbents.

Cravaack won by running a flawless campaign and also by taking advantage of Oberstar's entrenched, out-of-touch attitude.

Oberstar had not run a serious campaign since 1992 and it showed.

He was equally dismissive of polls showing him in danger and his constituents, who had grown tired of his infamously porky ways and since of entitlement regarding his job.

The turning point in the campaign was a debate in Duluth where Oberstar lashed out at constituents who disagreed with him, at one point accusing them of being the "flat earth society." He came across as rude, arrogant, and condescending.

The combination of the national mood and Oberstar's hubris brought down the dean of the Minnesota delegation. And our democracy is the healthier for it.

## GOVERNOR'S RACE GOES TO RECOUNT

Here we go again. Just two years after a massive recount effort in the Coleman-Franken race, we're apparently back at it again in the Emmer-Dayton race. Dayton is currently ahead of Emmer by about 9,000 votes.

For those new to the whole recount thing, here is a thumbnail sketch of the process. Between now and November 12, counties will officially tally the votes, which will likely change the numbers somewhat but not significantly.

On November 23rd, the state canvassing board will meet to receive the aggregate totals from the counties. If there is a difference between Dayton and Emmer of .5% or less (about 10,300 votes), there will be an automatic recount. If there is more than a .5% difference, a candidate may request a recount but will have to pay for it.

Either way, a recount would probably take 4-6 weeks. At that time, the canvassing board would meet again to certify the recount numbers, a process that would take a few days at most.

The process is then concluded unless a candidate then mounts a legal challenge, which could take many months.

Of course, the legislative session begins on January 3rd. If no winner is declared by that point, Governor Pawlenty would stay on until one is declared.

There are a few interesting possibilities and scenarios should this happen. First, Republicans could pass a number of bills, including a budget, and send it to Pawlenty to sign, knowing that if Mark Dayton were governor he would probably veto them.

Also, the special session budget bill from this past spring gave the new governor until January 15, 2011 to opt into some aspects of ObamaCare before the customary drop into health care hell in 2014.

If Pawlenty is in office on January 15, surely he won't opt in and Dayton, who has supported this so-called "early enrollment" will have missed his chance should he ultimately prevail.

Like other elections in the recent past, this one featured the Independence party once again playing the spoiler. Had Tom Horner not been in the race, it is likely Emmer would have prevailed. For example, Emmer woefully underperformed Olmsted County, home to Rochester and an area famous for moderate Republicanism. Emmer underperformed Pawlenty in Olmstead by a significant margin while Horner did quite well.

Every election, we as a state engage in this fantasy that Independence Party candidates are legitimate and have a chance to win.

BS. They only play the spoiler and references to Jesse Ventura don't change that fact. He was a unique candidate at a unique time.

Perhaps it's time for Minnesota to have run-off elections for state-wide office where if no candidate reaches 50%, the top two move on to a December run-off.

There are pros and cons to run-offs, but they do put an end to the ridiculousness of the Independence Party pretending it's real each election and then garnering between 10 and 12 percent of the vote.

Finally, the Republican Party delegates need to engage in a little soul searching over the gubernatorial race. Let's face facts here. In an evening when a Republican hurricane blew the DFL off the map, there is no way Mark Dayton, a deeply flawed candidate, should have come in ahead of Tom Emmer. It shouldn't have been close, even with Horner in the race.

Now it's true that Emmer may ultimately prevail, but that doesn't change the fact that this should have been a cakewalk race for the GOP.

A 9,000 vote deficit is huge in the recount universe (recall that Coleman-Franken was mere hundreds of votes), so barring some major discovery of voter fraud or administrative error, Mark Dayton will probably be our governor.

Dayton and Franken, yeesh!

Having said that, the Dog doesn't want to end on a negative note. We won the legislature and Jim Oberstar has been retired.

It was a good night!

November 15, 2010

Public Policy Commentary

In This Issue:

Editor's Note: With the election over, we're back in the swing of things with commentary on news and events of the past week and even some older stuff that merits analysis!

1. Pawlenty Owned the DFL.
2. Pawlenty Calls Out Irresponsible Polls.
3. Corporate Welfare Right Here at Home.
4. What Recession?

#### PAWLENTY OWNED THE DFL

As Governor Pawlenty winds down his two-term tenure as the state's chief executive, it's rather amazing to contemplate all he did to protect taxpayers, especially the last two years in office, when the DFL enjoyed overwhelming majorities in both houses of the legislature, including the ability of the Senate to override Pawlenty vetoes without any GOP votes.

Pawlenty outmaneuvered the DFL time again, including the master stroke of signing their spending bills in 2009 and then vetoing the tax bill to pay for the spending. The result was a situation in which the governor could then unilaterally cut spending through a process called unallotment.

So you say Pawlenty got slapped down when the state Supreme Court invalidated his unallotments?

Nope. He simply got the DFL legislature to ratify the unallotments anyway in the 2010 special session, which once again saw Pawlenty balance the budget without raising taxes.

Now that a mirror image situation has arisen in which we will likely see a DFL governor facing a GOP-dominated legislature, some are wondering if the dynamic will look the same, with a potential Governor Dayton owning Speaker-to-be Kurt Zellers and Majority-Leader-to-be Amy Koch.

That's highly unlikely because the players will be different. Unlike Kelliher, Zellers isn't running for governor and eager to do whatever it takes to avoid a special session next year or even a government shutdown if a budget showdown comes to it.

Zellers will no doubt be stronger and stoutly committed to fighting any budget solution that raises taxes.

Koch for her part will be much the same. Although new to her leadership position, she is smart and savvy and will no doubt work in concert with Zellers to create a unified Republican front.

If Democrats in the legislature want to pass their own tax increase bill, they would have to find six GOP members in the House and four GOP members in the Senate to join every single DFLer in a tax increase.

That's highly unlikely both because many GOP legislators learned their lesson after the 2006 transportation override vote and because some moderate DFLers (e.g. Senator Terri Bonoff) either understand the need to make government live within its means or they fear their constituents on the issue.

Moreover, Mark Dayton is no Tim Pawlenty. The guy who shut down his Senate office and fled town over perceived terrorist threats just doesn't have the political skills of the current governor or the nerves of steel it takes to play political poker at this level.

It was great to see Pawlenty finally talk some well-earned trash to the DFL over his mastery of the negotiating game.

Last week Pawlenty was asked what advice he would give Dayton regarding negotiations with a legislative majority from the opposite party.

Said Pawlenty, "I got most of what I wanted during the years with a Legislature of the other party, so I don't know that I would give him any advice on that front. But it worked for me."

Worked for you it did indeed, Governor!

#### PAWLENTY CALLS OUT IRRESPONSIBLE POLLS

Governor Pawlenty held a press conference on November 4th to discuss the election outcome in the governor's race.

While the media rightly focused on the recount issue, it's unfortunate that they devoted scant attention to the governor's remarks regarding polling.

Pawlenty essentially called out the polls that all showed Dayton leading Emmer by substantial margins.

He remarked that these polls are irresponsible and affect the psychology of the race with respect to fundraising and voter sentiment regarding the candidates.

He called on those responsible to get to the bottom of the reasons for the inaccurate polling and either address the problems or get out the business of polling.

Just like in previous elections, the pollsters almost universally had the DFL gubernatorial candidate up bigger on the Republican than the actual vote tally, which in 2002 and 2006 the Republican won.

For example, a late Minnesota Public Radio poll showed Dayton up by 12 points. A Star Tribune poll showed Dayton up by 7 points.

In 2006, a U of M poll on October 31 showed Hatch up on Pawlenty by 6 points. A Star Tribune poll released just prior to the election showed Hatch up by 3.

Time and again, these polls show the GOP candidate either tied or behind the DFL candidate by big numbers.

Pawlenty was absolutely right to call out these biased, garbage polls.

#### CORPORATE WELFARE RIGHT HERE AT HOME

Suzlon is a company headquartered in India that makes wind turbines, including a wind turbine blade manufacturing plant in rural Pipestone, Minnesota.

Suzlon benefitted from a number of market distorting tax breaks to locate in Pipestone but that wasn't enough to keep the plant open.

Suzlon, which rode a wave of artificially created market share via government mandates, still can't make it work, apparently.

In the recent years, wind farm production has dropped substantially.

Suzlon laments this development and offers as a solution a federal renewable energy mandate.

The company notes that a federal gun-to-head mandate to utilities to buy wind power would "provide strong impetus to future growth."

Yes, and a federal mandate for every citizen to buy buggy whips or Beta max recorders or a brand new Studebaker would also provide a strong impetus for growth in those moribund markets.

Falling natural gas prices and the discovery of more oil reserves as well as abundant domestic coal resources have all worked to expose wind energy for what it is. Namely, an expensive, unreliable source of power.

When it comes to the allocation and use of resources, the market is a much more efficient selection mechanism than government, which is inevitably influenced by lobbyists, dirty money, and the vapid sloganeering of special interest groups.

With wind energy mandates here in Minnesota, tax payers have been stuck with the bill for Suzlon's benefits as well as higher energy prices to pay for wind energy.

It all adds up to what we call Crony Capitalism. Thanks, government!

#### WHAT RECESSION?

If you somehow, some way, weren't yet convinced that the federal government was out of touch with reality, you must have missed USA Today's stunning article about federal employee pay.

Since 2005, the number of federal employees earning more than \$150,000 has increased TENFOLD and has DOUBLED since Obama took office.

In 2005, 7,420 federal bureaucrats earned more than \$150k annually. In 2010, the number has increased to a whopping, eye-popping 82,034.

That's obscene by any reasonable standard of analysis.

Since 2000, federal pay and benefits have increased 3% above inflation every year while private sector pay and benefits have increased by just .8% each year. In other words, federal workers have done more than 3 times better than private sector working stiffs every year this decade.

No wonder Obama and Pelosi got pounded on election night. And let's not forget to hold George Bush accountable for this crap as well. It happened on his watch, too.



November 22, 2010

Public Policy Commentary

In This Issue:

1. Jim Oberstar, L'Socialiste.
2. Government Motors Wins, Capitalism Loses.
3. TSA Madness.

JIM OBERSTAR, L'SOCIALISTE

You can tell a lot about a person by seeing how they react to adversity. For Jim Oberstar, there is undoubtedly no bigger set back then getting kicked out of office. For a career politician, it's a fate worse than death to experience a true democratic election, especially one that results in the other guy winning.

So how did old Jim deal with the devastating news that citizens in the Eighth Congressional District no longer required his services?

He went to France.

Yep, he went to the Mecca of socialism to lick his wounds. France, home to the 35 hour work week, early retirements, dogs in restaurants, and a lack of personal hygiene.

Oberstar then returned to hold a press conference in which he extolled the virtue of French thinking regarding transportation while condemning American thinking on the subject.

He began by noting that French trains move people "cheaply" and "efficiently" around the country. Give us a break. Frog trains don't move people more cheaply and efficiently than American roads. Moreover, the population density of European countries is far higher than in Minnesota, making mass transit at least less wasteful than say, oh, Northstar commuter rail, which has already proven critics correct.

Oberstar really proved how out of touch he is by expressing admiration for higher French gasoline prices, which are almost exclusively the result of higher taxes.

Really, is he nuts? It wasn't that long ago that we saw what higher fuel prices did to the American economy.

Consumers had less disposable income, which meant they had less money to spend on other things both necessary and perhaps not so necessary.

And even though consumers have less money in their pockets, those same higher fuel prices makes staples like food more expensive. Farmers pay more for fuel and

fertilizers. The transportation industry pays more to bring those goods to market. At the retail end, consumers pick up the tab as those costs are passed on.

And you may think that it's not a big deal that consumers with less disposable income don't have the money to eat out or take a vacation. Tell that to a waitress who gets laid off or the retail clerk who has her hours cut but still has to pay higher costs to get to work and pays more to buy bread and milk.

It was pathetic and laughable to hear Oberstar then conclude that the French are "eating our lunch" when it comes to transportation infrastructure.

The Watchdog will take America's transportation infrastructure and our economic model over what France offers any day.

The only thing he got right was the fact that our roads and bridges are crumbling. But the reason isn't low gas tax revenue. The real reason is the multi-billion diversion of gas tax and other transportation revenues into European-style trains, bike trails, and pedestrian bridges.

As Chair of the House Transportation Committee, Oberstar was the cheerleader-in-chief for this theft. His tribute to the European transportation system and the European way of life proves that America and Minnesota are better off without his "leadership."

Au revoir et salut, representative Oberstar.

#### GOVERNMENT MOTORS WINS, CAPITALISM LOSES

Desperate for a victory to bolster his beleaguered presidency and the fortunes of his demoralized party, President Obama this week crowed about the initial public offering (IPO) of Government Motors stock, noting that GM is now "back on track" and capable of "going toe to toe with any manufacturer in the world."

Uh, not really. The massive governmental intervention in the automotive marketplace wasn't a victory for anyone save the United Auto Workers, Wall Street and other beneficiaries of this crony capitalism.

In fact, the losers were far more numerous than the victors in this sordid tale.

Loser number one is the taxpayer. First, GM was bailed out with debt-financed dollars that added to the national debt, added to federal interest payments that crowd out other budget priorities, and erode our national sovereignty by forcing us to go hat-in-hand to international credit markets to beg other nations for a loan.

Moreover, although the IPO reduced the taxpayer stake in GM, it didn't eliminate it and actually put taxpayers in line to take a loss on the entire bailout, contrary to all the happy talk coming out of the White House.

The IPO offered shares a \$33 each. To break even, the share price would have to rise to \$50 each. In short, GM sold off the company at a loss, with taxpayers unlikely to ever break even and recoup their "investment."

And that's not all. GM also got a sweetheart deal through bankruptcy that allows the company to offset its past losses against future tax liability for years to come, unlike other companies that go through such changes in ownership. This hole in tax revenues left by GM will either result in more borrowed federal money or some other taxpayer being forced to pay more. Moreover, there is a moral "horizontal equity" issue here. Simply put, it's unfair to allow GM to get tax breaks that aren't available to other auto manufacturers or other companies in the same financial situation. Experts estimate that this sweetheart tax break could cost taxpayers \$45 billion.

The next casualty in this capitalist charade is the rule of law. Like the Chrysler bankruptcy, the GM restructuring rewrote the rule of bankruptcy law by defeating the legitimate legal expectations of bondholders in a bankruptcy as "secured" creditors by giving a better deal to "unsecured" creditors, namely the UAW. Put another way, bondholders are normally in front of other unsecured creditors like employees to recoup a portion of their losses in a bankruptcy. In this case, the government put the UAW ahead of the bondholders, giving the UAW a better deal.

The rule of law is, among other things, designed to offer certainty to investors and let them know what their legal rights are should bankruptcy arise. Injecting this kind of uncertainty into the process creates fear and has a chilling effect on the willingness of others to invest in the same or similar enterprises. Perhaps this is another reason why GM's IPO was well below the break-even amount. Finally, capitalism itself was under assault in this sorry affair.

The Obama administration short-circuited the most important and dynamic feature of our capitalist economy, name it's "creative destruction" component.

Capitalism is a dynamic economic system that constantly undergoes a cycle of destruction and renewal as enterprises that become inefficient or obsolete go away to be replaced by better, more efficient market participants.

The beta max is replaced by the VCR which is replaced by the DVD that is replaced by Blu Ray. The Atari is replaced by Xbox. The flip phone is replaced by the 4G smart phone.

It is imperative that this process not be slowed or stopped because all resources are limited. Whether its raw materials or human capital, there is only so much to go around. When inefficient companies are using resources, efficient ones don't have access to those resources.

While short-term pain is involved when inefficient players leave the market place, long-term benefits are gained through new, better products and the relocation of workers and capital to industries with a better future.

The efficient allocation of resources is also a moral good in that it minimizes waste and is based on a meritocracy where all compete on an equal footing and rewards are gained on an objective basis for those who offer the best product for the best price.

Compare that to the kind of crony capitalism that has characterized the GM bankruptcy.

Government, influenced by political relationships and devoid of any consideration of merit, decided to save a business that should have gone away. On what moral basis was one man's job at GM saved while another's at Bear Stearns was not?

On what moral basis will GM be allowed to continue to inefficiently use resources at the expense of more efficient market players like Ford?

Does anyone really believe jobs were "saved" under this plan? Surely, GM's resources, including human capital, would have been reallocated to other auto market players or even other industries. Here, government could have played a legitimate, measured role by having a hand in job re-training or helping match displaced workers with new employers.

The Obama Administration's economic ignorance combined with its penchant for Chicago-style crony capitalism has been poisonous to our economic climate, reflected in the continued lack of jobs and the reluctance of job creators to take risks to start a new business or expand an existing one. As long as the rule of law and the basic principles of capitalism are subject to the capricious whims of the community-organizer-in-chief and his henchmen from the Chicago machine, job creators will sit on the sidelines.

## TSA MADNESS

Much has been written about the TSA and their invasive airport security screening procedures, with the Hobbesian choice of either exposure to the radiation machine that shows your birthday suit or allowing agents to cop a feel to make sure you haven't crotched a nuke or hidden 20 pounds of C4 in your rectum.

This shredding of the Fourth Amendment is sad and pathetic on a number of fronts. But, really, why are these guys always a step behind? Ever notice that the terrorists try new methods? Box cutters, shoes bombs, shampoo bombs, crotch bombs. Leave it to TSA to fight the last war instead of the next one.

The most aggravating aspect of this whole circus is that the answer is easy and proven. By necessity, the Israelis are pros at securing airplanes and airports. They don't feel up and humiliate disabled girls, cancer survivors, or anyone else for that matter. They don't expose people to porno machines that reveal their "naturalness."

They profile. They profile and they do it well. And it works. All the government needs to do is outsource this business to Israelis and we can all move on. Problem solved.

November 29, 2010

Public Policy Commentary

In This Issue:

1. Al Gore Exposed.
2. The High Cost of Government Mandates.
3. Dayton Pretends to Care.
4. Higher Taxes Don't Work.

#### AL GORE EXPOSED

Exposing the hypocrisy of Al Gore is a bit unfair, like fishing with dynamite or picking out liberals at the Wedge Co-Op.

The law school drop-out who invented the Internet, served as the inspiration for "Love Story" and then dumped his old lady after darn near frenching her to death in front of the TV cameras has been scamming a gullible American public for years. We should have known long before the whole climate change thing that this guy was a huckster, what with him talking out of both sides of his mouth about tobacco and abortion.

As Ronald Reagan used to say, here he goes again. Al Gore, once an enthusiastic supporter of ethanol, now admits that these subsidies are misguided. FINALLY! A modicum of truth from Al. Yes, ethanol subsidies are poor public policy. Even a broken clock is right twice a day.

Gore flat out admitted last week that he supported ethanol subsidies solely to pander to agriculture interests in Tennessee and Iowa, which is of course an important state in the presidential primaries.

Said Gore, "One of the reasons I made that mistake (ethanol) is that I paid particular attention to the farmers in my home state of Tennessee, and I had a certain fondness for the farmers in the state of Iowa because I was about to run for president."

This guy's entire biography is nothing but half-truths, scams, and lies. Can we please be done with the whole Al Gore thing? Please?

#### THE HIGH COST OF GOVERNMENT MANDATES

Speaking of the whole global warming hysteria, it looks like the wind energy and "renewable" energy mandates the state imposed on its electricity consumers are like the proverbial chickens coming home to roost.

In early 2007, the legislature passed into law a bill mandating that utilities in Minnesota generate 25% of their power from renewable sources by 2025.

And we all know what happens when government interferes in markets, whatever those markets may be.

Consumers reap higher costs, fewer choices, and more inefficient delivery of goods and services.

And so it goes with the marketplace for energy in Minnesota.

Minnesota Public Radio last week ran an article which correctly identified this mandate as a primary cause of a huge spike in power prices in rural Minnesota.

Coming as a shock to no one, wind energy is unpredictable. It gets generated when mother nature decides, not when the utility decides. Thus, there are periods of time when a utility has large amounts of power even though demand is low.

This wind generated power must therefore be sold on occasion when demand is soft and prices are low. Since it costs a lot of money to generate wind power, there is a big spread between the cost and the revenue regarding wind power. This deficit is covered in the form of surcharges which are passed on to consumers, all of whom need power and have no choice but to pay up.

Minnkota Power, for example, has taken a \$20 million hit on wind energy costs. For 2011, Minnkota customers are looking at a rate increase of as much as 17%.

All in the name of a bogus climate change scare and the market distortions and mandates we're all living with because of it.

Yet one more example of how markets are much more efficient allocation mechanisms than government.

The Watchdog salutes the 10 state Representatives who had the courage to vote against Minnesota's version of cap and trade:

Rep. Bruce Anderson (R-Buffalo)  
Rep. Mark Buesgens (R-Jordan)  
Rep. Matt Dean (R-Dellwood)  
Rep. Chris DeLaForest (R-Andover)  
Rep. Tom Emmer (R-Delano)  
Rep. Mary Liz Holberg (R-Lakeville)  
Rep. Paul Kohls (R-Victoria)  
Rep. Mark Olson (R-Big Lake)  
Rep. Ron Shimanski (R-Silver Lake)  
Rep. Kurt Zellers (R-Maple Grove)

## DAYTON PRETENDS TO CARE

Yeah, this is a good one. Last week, Lockheed Martin announced plans to close its Eagan, Minnesota facility, displacing about 1,000 workers and shuttering an employment anchor in the south Metro.

Ripping a page out of the Obama playbook, Mark Dayton didn't waste this mini-crisis and immediately gave us a preview of his leadership skills by not offering any solutions but instead blaming Governor Pawlenty for Lockheed's business decision.

"Seems to me this is fundamentally a responsibility of Gov. Pawlenty and his administration," Dayton said. "If I'm governor, I'll pick up the pieces and do as best I can from that point forward."

Now that's rich. Mark Dayton, the white knight for private-sector defense companies. Mark Dayton, friend to job creators and grower of wealth.

Geez, Mark, maybe Lockheed got wind of your much-publicized plans to raise taxes on job creators. Or maybe they got wind of your out-of-the-box thinking on public education. You know, that brand new DFL idea to jack up spending without any demand for increased accountability, results, or parental choice.

Or maybe they took a look at your failed tenure in the U.S Senate and shuttered to think that now you're likely going to be the chief executive of Minnesota. Quick! Lock up the office and flee! Rumor has it Wisconsin is going to invade! Troops are massed on the Saint Croix! Someone raise the lift bridge!

Let's take a look at Senator Dayton's record of job creation during that failed Senate tenure:

National Taxpayer's Union: Dayton earned an "F" each and every year.

National Federation of Independent Business (NFIB): 12% average approval rating over six years.

U.S. Chamber of Commerce: 33% average approval rating over six years.

Citizens Against Government Waste: 12% average approval rating over six years.

Why is it we think Dayton will continue to be hostile to job creators if he's installed as governor?

Lockheed may have gotten out just in time.

Hmmm...

## HIGHER TAXES DON'T WORK

Yes, we're telling you what you already know. Preaching to the choir if you will. As folks like Mark Dayton and the Community Organizer in Chief call for tax increases, we need to revisit the issue.

On cue, the Wall Street Journal published a column recently telling us why higher taxes don't resolve budget deficits or boost the economy.

Studies updated through 2009 demonstrate that for every dollar collected by Washington in new taxes, there is \$1.17 in new spending.

So, instead being used to reduce deficits, the new tax revenue is spent and then some.

Let this empirical data be your ready retort when the liberal at the water cooler talks about the need for "revenue enhancements."

Tax a dollar, spend \$1.17.

Are you surprised?



December 6, 2010

Public Policy Commentary

In This Issue:

1. The Mythical Budget Deficit.
2. Looking Gubernatorial.
3. Quislings Get Spanked.
4. Vikes Stadium Story is Good News.

#### THE MYTHICAL BUDGET DEFICIT

Liberals across Minnesota tore at their hair, gnashed their teeth and donned sack cloth this week when the state's most recent budget forecast projected a \$6.2 billion budget deficit for the upcoming bi-ennium.

Before all the libs pitch themselves off the roof of the Wedge Co-Op or engage in the ecologically unsound practice of self-immolation (requires fossil fuel, emits carbon footprint, requires hazmat clean up), we here at the Watchdog bring glad tidings and good news.

The budget deficit doesn't exist. It's mythical. Not true. Made up. A bad nightmare, like the boogie man or Sammi Curr.

Let's check the numbers because the numbers don't lie.

Fact #1: For the current two-year budget cycle, the state is projected to bring in \$30.493 billion in revenues.

For this same budget cycle, expenditures are projected to be \$30.266 billion.

This makes for a SURPLUS at the end of the budget cycle of \$399 million.

Fact #2: For the upcoming two-year budget cycle, revenues are projected to be \$32.004 billion. This is a \$1.5 billion INCREASE in projected revenues from the current budget cycle. Put another way, revenues are projected to grow 5% from this budget cycle to the next one.

Expenditures for the upcoming budget cycle, however, are expected to increase by \$8.324 billion. Put another way, expenditures are projected to GROW by 27%!

Thus, if the legislature either held spending flat or simply allowed it to grow by 5%, we would have a balanced budget.

It is only because spending is on an auto pilot increase of 27% that we have this so-called budget deficit and budget crisis.

Only in government would we call a 5% increase in money at 22% deficit.

How many taxpayers are getting a 27% pay increase? Heck, how many are getting a 5% raise?

AGAIN, IF STATE GOVERNMENT LIMITS EXPENDITURE INCREASES TO SOMETHING UNDER 5%, THE BUDGET IS BALANCED, WITH MONEY ON THE BOTTOM LINE AND THERE IS NO DEFICIT.

This should be a no-brainer. Make sure you contact your legislators and tell them you expect the government to live within a 5% raise. A 27% increase in spending is simply outrageous and irresponsible.

Thus, the deficit is really like a unicorn, Bigfoot, or a quality Gopher football coach. It's a fiction that exists only in the head of some folks, in this case Mark Dayton and Lori Sturdevant.

Get over it, liberals. The era of big government is over. Not because Republicans say so, but because we have simply run out of money.

#### LOOKING GUBERNATORIAL

Did you see the Star Tribune headline this week, "In D.C., Dayton gets a chance to look gubernatorial?"

We couldn't help but notice the irony of the headline juxtaposed against a photo of Mark Dayton looking just as wild eyed, incoherent, and er, erratic, as ever.

Mr. Dayton looks like he just received word of a vague and undefined threat against the U.S. Senate that would cause any reasonable Senator to do, well, nothing.

In Kurt and Amy we trust.

#### QUISLINGS GET SPANKED

The Republican Party State Central Committee finally got fed up with disloyal Republicans this past weekend and meted out a temporary punishment to 18 former GOP office holders who had endorsed Tom Horner for governor over the endorsed candidate Tom Emmer.

Of course, some disagree with this punishment.

We happen to agree. despite our belief that a big tent party is a good thing for Republicans.

A political party is united by a sense of common and shared values. While unanimous agreement is impossible, there must on the whole an agreement regarding what it is government should do or refrain from doing.

Moreover and perhaps more importantly, a political party is much like any other social arrangement in which people come together to promote a common cause. This means that at a certain point, the entire group closes ranks and pursues the selected course of action, even if the course chosen isn't the one advocated by some.

This precisely the problem with the Horner endorsement and these 18 wayward Republicans.

Perhaps the point is best illustrated by former Governor Al Quie, one of the punished Republicans.

Quie is quoted as saying that he was punished for engaging in dissent, which is unhealthy because dissent encourages debate and reflection and produces better ideas.

Quie is wrong on this point. To our view, he wasn't punished for the act of dissenting as much as for failing to cease in his dissent.

The Republican Party offered countless opportunities to dissent regarding the choice of endorsed candidate for governor.

Starting with precinct caucuses up through the endorsing convention, all Republicans were given the choice (and responsibility) to engage in the process and promote the candidate of their choice.

But once the duly elected state convention delegates conferred the endorsement on Tom Emmer, it became the duty of Republicans to cease dissent and close ranks around the endorsed candidate.

To fail to do so bespoke a certain selfishness, arrogance, and elitism. To endorse Horner was a condescending public act that showed disrespect for the Party and the majority of delegates who believed Tom Emmer was the right man.

In other words, supporting the Party's endorsed candidate is a fundamental act of loyalty that is necessary for the unity critical to party success. Those who cannot abide by this critical and fundamental requirement may have a right to go another way, but those who remain behind have rights as well.

It is a rational and reasonable response for those who have been betrayed to take action. Those who believe in the organization's mission have a responsibility and obligation to protect the organization and maintain its integrity.

To protect the party and the endorsement process by taking action against those who undercut it is not an act of extremism. It's a natural reaction to those who cannot bring themselves to remain in common cause with the party.

In short, if call yourself a Republican, then demonstrate it by engaging in the basic act of supporting the endorsed candidate.

Even a big tent needs a roof, flaps, and door.

Moreover, some of the 18 offenders are recidivist offenders in both quantity and quality.

Take former Governor Arne Carlson for example. Here's a guy who hasn't lifted a finger to help the party in many years. He has gone out of his way to support Democrats and undercut Republicans.

He endorsed the liberal Rebecca Otto over mainstream Republican Matt Dean for a seat in the State House. Dean lost that year but has come back to be the incoming House Majority Leader (congrats, Matt!).

Carlson endorsed Tim Walz over Randy Demmer for Congress.

Carlson even endorsed Barack Hussein Obama for president. Carlson said of Obama:

Here are some pearls of wisdom Carlson offered regarding Obama:

"Senator Obama has been a remarkably disciplined and focused leader who will become a truly great president. There is no doubt that Senator Barack Obama is the right choice for president in these challenging times."

Carlson said Obama is better equipped than John McCain to handle the struggling economy, foreign policy and to make the nation more energy independent.

He compared Obama's leadership style to that of presidents Franklin Roosevelt, John F. Kennedy and Dwight D. Eisenhower.

When it comes to Arne Carlson, a lifetime ban would have been more appropriate.

VIKES STADIUM STORY IS GOOD NEWS.

We read with mild amusement the Star Tribune story offering a rather implausible and even preposterous scenario for a Vikings' football stadium.

According to the story, the Vikings are considering building a new stadium in Ramsey County on the site of the old Twin Cities Army Ammunition Plant (TCAAP). The deal would apparently be locally financed, with Anoka and Washington counties chipping in dollars.

Before Watchdogs get uptight about this story, let's see it for what it is, which is nothing more than a public relations stunt to keep the stadium debate alive in the media and among the general public while attempting to put pressure on Hennepin County and Minneapolis, the only jurisdictions that can realistically offer a tax base capable of handling the project.

Think about it. In Anoka County, the story quotes Dennis Berg and Steve Novak. Berg is on his way out the door to retirement and Novak's future is clouded by an incoming county board that may not see the value in paying a former DFL state Senator more money than the governor makes.

It is doubtful the incoming Anoka County Board would pony up county tax dollars for a new stadium under any circumstances, much less for a stadium in another county.

Funny, we didn't see a quote from our incoming Board Chairwoman, Rhonda Sivarajah.

And over in Washington County, Watchdogs are fully in control of the county board and highly unlikely to support this kind of bunk. Even Commissioner Dennis Hegberg confessed that the talks regarding this plan failed to produce a viable financing plan.

Washington County taxpayers have a true friend in Commissioner Bill Pulkrabek. When we hear Commissioner Pulkrabek say nice things about the Vikings and their stadium plans, then we'll worry for our friends in that county.

In short, this is yet another ham handed fool's errand run by lobbyist Lester Bagley, who has been a spectacular failure as a stadium pitchman for the past five years.

This story tells the Watchdog that the Vikings still have no stadium site, no local partner, no viable financing plan and no legislative champions.

In that respect, this was the feel good football story of the week.

December 13, 2010

Public Policy Commentary

In This Issue:

1. GOP Backsliding Has Already Begun.
2. American Idiots.

### GOP BACKSLIDING HAS ALREADY BEGUN

The euphoria of election night has already given way to concerns about how this new GOP majority is going to govern, and they haven't even taken over yet.

A threesome of concerning news items hit conservatives this week as Republicans in Congress made dubious decisions that should cause alarm bells to ring in the heads of those who remember the days of 1994 and 2002 when the GOP was put in charge, only to ultimately disappoint.

The first item of concern is the tax deal that Republicans cut with President Obama to not only extend the Bush tax cuts but also to cut taxes via a payroll tax holiday as well as extend unemployment benefits.

Before we get to the concerns, we will take a moment to bask in the glory of Barack Obama and Bill Clinton singing the praises of the Bush tax cuts they once derided as a "giveaway" to millionaires who were shirking the responsibility to foot more of the bill for a bloated and inefficient welfare state. To hear them cheerlead for tax cuts to create jobs is pretty sweet indeed.

Yes, tax cuts do stimulate economic growth and create wealth-producing private sector jobs. We at the Watchdog are all for tax cuts.

But the problem is that those tax cuts weren't accompanied by spending reductions, which will only drive up the deficit and the nation's debt. Republicans in Congress had a moral obligation to demonstrate the courage to match the tax cuts with spending cuts, preventing an increase in the federal deficit and federal debt.

According the Congressional Budget Office (CBO), the tax cut deal will add \$855 billion to the federal deficit, making it more expensive than the \$787 billion "stimulus" bill.

Just this past month, the budget deficit for the month was \$150 billion. The federal budget deficit for fiscal 2011 is expected to top \$1 trillion.

Currently, the federal debt stands at an astounding \$13.8 trillion.

Every day, the federal government spends \$3.5 billion more than it takes in, meaning that we go hat in hand to the international credit markets on a daily basis to help cover the gap.

This sobering news did not escape concerned voters who on election day gave Republicans control of the U.S. House and substantial gains in the U.S. Senate precisely because of those concerns.

Americans of all political persuasions are concerned by this fiscal crisis and are demanding action from their elected officials.

Republicans are playing a dangerous game by jacking up the deficit, even if done in the name of a laudable goal like tax cuts. The Republican base is just as concerned with federal spending as it is with federal taxing.

That's why true conservative statesmen like Senators Jim DeMint (R-SC) and Tom Coburn (R-OK) are out front in expressing concern.

Moreover, the Social Security payroll tax holiday will only accelerate this program's headlong rush towards insolvency.

The Social Security payroll tax that employees (but not employers) pay will be cut from 6.2% to 4.2%, which will deprive the trust fund of \$120 billion.

There is also a feeling that the one-year temporary cut may become permanent as members of Congress may be reluctant to let this cut expire, lest they be seen as raising taxes.

Look, Social Security is just another bloated entitlement program on a pathway to bankruptcy and this move will only accelerate the day of reckoning.

Having said that, it's a weenie move on the part of Republicans to go along with this charade.

They should have the courage to push strongly for meaningful alternatives to Social Security. Taking on Social Security is no longer the "third rail" of politics, as most Americans realize the program is a sham and a Ponzi scheme.

Grow a pair, Republicans and demonstrate the leadership needed to get this country out from under decades of liberal ruin.

Finally, the extension of unemployment benefits is a backslide because Republicans have consistently and rightfully opposed previous extensions because they were financed by debt and not paid for.

In sum, adding \$855 billion to the budget deficit is a reckless move that exposes Republicans to the charge that they weren't serious about their most fundamental campaign promises and therefore aren't serious about governing.

This could be fatal in 2012 for a party that won in 2010 not on their own merits but by default as the only legitimate alternative to Democrat Party bereft of any real ideas beyond more government larded upon more government.

The second area where Republicans caused conservatives to do a double take was in the Senate where Republicans joined Democrats to defeat a resolution by Senator Tom Coburn banning ear marks.

Ear marks have rightfully become synonymous with government abuse and excess. Republicans campaigned hard on an ear mark ban, which resonated with voters, especially the Tea Party voters who were critical to Republican victories.

To their credit, Republicans in the House will observe a total ear mark ban when they take control in January.

But that won't be the case in the Senate.

Coburn's ear mark ban, which required a two-thirds majority for approval, fell short 56-39.

Among the 39 who voted against the ban were 8 Republicans:

- Robert Bennett, UT (defeated for endorsement)
- Thad Cochran, MS (senior Republicans on the Appropriations committee)
- Susan Collins, ME (RINO)
- James Inhofe, OK
- Lisa Murkowski, AK (Voters will regret writing her in)
- Richard Lugar, IN
- Richard Shelby, AL
- George Voinovich, OH (Retiring)

The final area of concern is in the House, where, despite an earmark ban, "Prince of Pork" Harold Rogers of Kentucky will chair the Appropriations committee, ground zero for ear marks and pork.

Yes, the town drunk has been given the keys to the liquor cabinet.

The Watchdog has a long memory and clearly recalls the big spending Republicans, the unethical Republicans, and the out of touch Republicans of the recent past who were soundly booted out of office for failing to support conservative principles and values.



If this new crew fails to meet the expectations they themselves laid out to voters during the campaign, they will be swiftly booted to the curb by conservatives who put principle above party.

So far, alarm bells are ringing.

We're got our eyes on you, Republican office holders.

## AMERICAN IDIOTS

How clever of the makers of "Waiting for Superman" to adopt this Green Day classic as the theme song for their documentary detailing America's eroding educational standards and endangering our standing in the world.

This week, Americans were dealt another dose of reality in the form of yet another dismal performance of our students as measured against kids in other developed nations.

The Program for International Student Assessment (PISA) tests 15 year-old students in 65 developed countries in the core learning areas of math, science, and reading.

In the most recent assessment period, students from the United States placed a regrettable 32nd in math, well below the test score average.

In science, we came in 23rd, behind such superpowers as Slovenia and Estonia. Here American kids scored just above the average.

Reading was somewhat better with the U.S. placing 17th.

In total, the test scores are abysmal and speak volumes about the state of education in our country. It's high time to wrest our education system out of the hands of the teacher unions and get serious about reforms.

If you fear for the future of America and our superpower status, take a close look at the test scores and see where the Chinese finished (hint: right at the top in all three subject areas).

None other than Obama Education Secretary Arne Duncan said of the test results, "The United States came in 23rd or 24th in most subjects. We can quibble, or we can face the brutal truth that we're being out-educated."

If we don't get serious about education, this great nation will no longer be great.

December 20, 2010

Public Policy Commentary

In This Issue:

EDITOR'S NOTE: MERRY CHRISTMAS FROM HAROLD HAMILTON AND THE ENTIRE MINNESOTA WATCHDOG STAFF!

1. ObamaCare Unconstitutional.
2. GOP Hops in Bed With Zygmunt.
3. Low, Crude, Ignorant.
4. Those Over-Worked, Under-Paid State Employees.

#### OBAMACARE UNCONSTITUTIONAL

After months of oh-so-typical dismissiveness from the Obama Camp, all those wild-eyed, crazy folks who believe that the words in the Constitution mean something won a court battle this past week when a federal judge agreed with them in ruling the Obama Care "individual mandate" unconstitutional.

Recall that the individual mandate requires every American to purchase health insurance or face a government-imposed financial penalty.

The Obama administration has essentially argued that the federal government has the power to force us to buy health insurance under the Commerce Clause of the Constitution.

Federal Judge Henry Hudson was disagreed.

He wrote, "The unchecked expansion of congressional power to the limits suggested by the Minimum Essential Coverage Provision [the individual mandate] would invite unbridled exercise of federal police powers. At its core, this dispute is not simply about regulating the business of insurance-or crafting a scheme of universal health insurance coverage-it's about an individual's right to choose to participate."

Right on, Henry.

The Commerce Clause was only meant to give the federal government the power to create a uniform regulatory scheme across the country to prevent the confusion and delays that would arise from, for example, having each state regulate the same train or truck 50 different ways as it moved around the country.

The Commerce Clause was never intended to force an individual to participate in commerce.

Similarly, a federal judge in Florida has been skeptical of the Obama Administration's claim that the Commerce Clause allows for such an expansive reading, but has yet to issue a formal ruling.

Judge Roger Vinson of the Northern District of Florida noted during oral arguments that the Commerce Clause allows the government to regulate commercial activity, with an emphasis on "activity." He mused aloud that the decision by an individual to choose to make a purchase or not isn't tantamount to economic "activity," under the Constitution.

Ultimately, this case will be decided by the Supreme Court. And while there are other legal arguments in play, this argument about whether or not individuals may be forced to buy insurance pursuant to the Commerce Clause of the federal Constitution is at the heart of the matter.

If upheld, it would amount to a sweeping interpretation of the Commerce Clause, offering an Alice in Wonderland interpretation of "commerce" and "activity." If upheld, economic INACTIVITY, doing nothing, would be interpreted nonetheless to be an activity. In other words, not buying insurance is economic "activity" that may be subject to regulation.

So when does a word mean its opposite? When Obama says so. A ruling in his favor would not only mean ObamaCare is here to stay, it means that our Community Organizer in Chief would have free reign to use the Commerce Clause to force Americans to do all sorts of things, all under the banner of "economic activity."

Lord help us.

#### GOP HOPS IN BED WITH ZYGMUNT

Well, at least state Senator Julie Rosen has taken the plunge.

This past week, Senator Rosen, a Republican representing Fairmont, grabbed headlines and a bunch of media attention by announcing that she would introduce a bill to get the Vikings their taxpayer-subsidized stadium.

While the merits of a taxpayer-subsidized stadium deserve thorough debate and attention, it's the timing of this announcement that makes Republicans look so bad.

The new Republican majorities have yet to assume their leadership roles in the new legislature and yet we have a senior Republican senator telling Minnesotans all about a forthcoming stadium.

Republican candidates across the state took great pains during the 2010 campaign to emphasize to voters that jobs, the economy, and the state's budget were the top priorities.

Yet, here we have a Republican legislator focusing the debate on a football stadium before GOP leaders have put forth their detailed legislative agenda for jobs, the economy, and the budget.

Rosen's media stunt sends the message that Republican legislators are more interested in Zygi's stadium problem than those other campaign issues.

It sends a message that Republicans are focused on stadiums instead of jobs and the budget.

The Watchdog can't believe that incoming Senate Majority Leader Amy Koch or Senate GOP Communications Director Michael Brodkorb endorsed Rosen's publicity stunt.

Those two are far too principled and politically savvy to do so.

The Watchdog has to believe Senator Koch and incoming House Speaker Kurt Zellers are peeved about Rosen focusing the debate on exactly the wrong issue so close to the start of the legislative session.

Hopefully, the next Republican media event will be about jobs and the economy. You know, those quaint little issues that got them in the majority.

Stay focused, Republicans!

The only silver lining is that Governor-elect Dayton showed his lack of political sophistication by agreeing to meet with the NFL this coming week.

Leave it to Mark Dayton to be as politically tone-deaf as Senator Rosen was.

**LOW, CRUDE, IGNORANT**

Maybe some politicians are eager to get cracking on a new palace for our spoiled football millionaires because, according to some, this is literally a matter of life and death.

According to the operators of a web site dedicated to a new Vikings stadium, the collapse of the Dome roof is equivalent to the 35W bridge collapse that killed 13 people and injured hundreds, some of them severely and permanently.

You heard that right. The folks at savethevikes.org think the snow that tore a couple of Teflon panels and caused a football game or two to be relocated is just like an Interstate bridge collapse that killed and maimed scores of innocent people.

Some chowderhead over the web site who only goes by "Cory" wrote:

This roof collapse should serve as notice to the Minnesota Legislature this next session that the stadium debate is no longer a matter of nicer seats, larger suites and a

retractable roof. It is a matter of public safety. For years safety issues of Minnesota bridges were ignored and it took the 35W bridge collapse to get the attention of state leaders.

Disgusting. Plain and simple.

Once again, Minnesota taxpayers are subjected to all sorts of sophistry and obfuscation in the pursuit of taxpayer dollars to subsidize the Vikings, a private, for-profit enterprise. So the new argument we're supposed to swallow goes as follows: It's not about a new stadium to enhance profits. It's merely a safety issue to guarantee our fans can hit the exits if Martians attack.

BS. This is the first time the Watchdog has heard the argument that the Metrodome is unsafe. The Watchdog has contacted the Metropolitan Sports Facilities Commission to see if they agree with "Cory" and his assessment that the Dome is unsafe for football fans and other patrons.

This is apparently what some supporters are willing to do get a new stadium. Drawing the victims of the 35W tragedy into this debate is deplorable.

We have yet to see the Vikings condemn Cory's comments. They would be well served to do so, immediately.

#### THOSE OVER-WORKED, UNDER-PAID STATE EMPLOYEES

Governor Pawlenty ignited a firestorm of public employee outrage and indignation this week when he rightly called them out for their oversized paychecks and gold-plated benefits.

Of course, the Watchdog was way ahead of the game on this one. Below is a reprinted "Monday Commentary" piece from April of 2009, explaining the nice life unionized state employees enjoy. So, enjoy. Again.

So what's the truth regarding AFSCME employees? What kind of pay and benefits do they get? Should they indeed be exempt from furloughs?

To begin, it is true that AFSCME employees are among the lowest-paid in state government. There are many thousands of state employees who make more. For our case study, it thus more than fair to examine the compensation of a senior AFSCME employee.

Our hypothetical employee is Tom. Tom is a senior AFSCME employee who lives in Owatonna and works at a state facility in the south Metro. Tom works full-time for a Minnesota state agency. Tom has two children and a wife who stays at home with no outside employment.

Tom's contract may be found here.

## PAY

Tom is in the Craft, Maintenance and Labor unit and receives pay of \$27.52 per hour, or \$57,462 annually. By comparison, per capita income in Minnesota is \$29,027, just about half of what Tom earns.

The federal poverty threshold for a family of 4 in Minnesota is \$21,200. In short, Tom's family lives a comfortable, if modest, lifestyle on his income alone.

## HOLIDAYS

According to Tom's collective bargaining agreement, he gets 10 paid holidays:

Independence Day

Labor Day

Veterans Day

Thanksgiving Day

The Day After Thanksgiving Day

Christmas Day

New Year's Day

Martin Luther King Day

President's Day

Memorial Day

## VACATION

As a senior employee, Tom earns 9 hours of vacation per payroll period. Given that the state operates on a bi-monthly pay roll period, there are approximately 26 payroll periods in a year. Hence, Tom accrues 234 hours of paid vacation each year, which equates to over 29 workdays in a year.

## SICK LEAVE

The contract allows for the accrual of 4 hours of sick leave per payroll period, which is 104 hours or 13 days per year. In total, if Tom were to take advantage of every hour of vacation and sick leave in a year, plus the paid holidays, he would be paid for 52 days of work where he didn't have to show up. There are 2080 hours in a standard work year. Tom's 418 hours of paid time off are equal to about 20% of his work year.

## HEALTH CARE

Among a menu of health care options, Tom has selected the "Advantage" program from Blue Cross to cover himself and his family.

For purposes of illustration, let's assume for just a moment that Tom is single. If Tom were single, he would pay zero out of pocket for premiums, while the state would pay monthly premiums of \$447.28 on his behalf.

To cover his family, Tom pays \$130.20 in monthly premiums, while the employer share of his monthly premium is \$1315.34.

## RETIREMENT

As a government union member, Tom receives a "defined benefit" retirement from the state. By contrast, most private sector workers receive a "defined contribution" retirement.

A "defined benefit" plan gives Tom a guaranteed retirement benefit based on a mathematical formula. This benefit is primarily provided and guaranteed by the state as a fringe employment benefit, although Tom is required to contribute a small part of his pay each month to his retirement account.

A "defined contribution" retirement plan provides benefits based solely upon what an employee contributes to the plan. If the employee is lucky, his employer will match a certain percentage of what the worker invests.

Since Tom is a senior state employee who was hired in 1980, he may be eligible to retire at any age, as long as he has at least 30 years of eligible employment. For many state employees, full retirement eligibility starts at age 65, with at least three years of state service. However, some state employees hired prior to July 1, 1989, are eligible for full retirement with 30-years of service, regardless of age. Here, there is a similarity with the private sector, where General Motors has a similar retirement plan.

In sum, AFSME employee Tom has an annual salary of over \$57,000, paid time off in the neighborhood of 378 hours, a defined-benefit retirement package, and monthly health care premiums of \$130 per month.

DO YOU think Tom is fairly compensated? Should he be spared a furlough?

We think not.

December 27, 2010

Public Policy Commentary

In This Issue:

EDITOR'S NOTE: Well, Watchdogs, it's time. It's time to draw the curtain on another year of unparalleled journalistic excellence.

2010 was a truly remarkable year in the county, chock full of surprising good news as well as deeply disappointing happenings.

As you would expect, this last issue of 2010 is dedicated to recapping the top 5 stories of 2010 as selected by the Watchdog staff.

Enjoy. May this coming year be filled with joy, peace, happiness, good health, and prosperity!

#### #5: OBAMACARE

While volumes could be written regarding this unprecedented intrusion into the private health care market, we think this story from our March 29th edition in many ways sums up the fundamental problem with government acting as the resource allocation function in any market:

#### OBAMACARE BILL COMES DUE - ALREADY

Despite their best efforts to front-load the benefits and back-load the taxes and government mandates, ObamaCare is already hurting job creators and their employees in a big way.

The Wall Street Journal reported this week that some of America's biggest job providers took large financial hits because of the passage of ObamaCare.

AT&T, for example, wrote down \$1 billion in one-time charges while other like Minnesota's own 3M, took a \$90 million write down.

The charges happened because ObamaCare no longer allows companies a tax deduction for the cost of providing prescription drug coverage to retirees who are on their retirement health care plans.

Now, the non-critical thinkers out there will likely claim that this is just deserts for Wall Street and corporate America.

We beg to differ.



This large destruction of capital means that this money is no longer available to hire employees, offer better benefits, or provide a better dividend to shareholders that include pension funds and local units of government.

Ironically, this Obama tax increase will also work a hardship on retirees, including retirees who were unionized as corporate employees.

You see, AT&T took such a large write down because they not only have a large number of retirees but they also have a large number of unionized retirees who won generous company-paid post-retirement healthcare benefits in collective bargaining.

Now that Obama has worked a massive tax increase on these benefits, many companies will now have an incentive to dump the retirees into Medicare, which offers less generous benefits. Then again, the Democrats have never been opposed to making more people dependent upon government programs.

Companies will now have every incentive to dump this kind of coverage from the next labor contract.

So much for the party of the working man.

#### #4: THE NATIONAL DEBT

For years, the public showed little concern for the federal government's massive debt obligations and the increasingly large budget deficits run by the federal government each fiscal year.

Leave it to Barack Obama to snap our collective heads around to face this crisis. Obama's budget deficits dwarfed previous deficits and have put our children and grandchildren in a hole from which they may never recover.

This was our take on the matter from the October 18th edition:

#### OBAMA'S IN THE RED ZONE

The red ink zone, that is. After setting a record for fiscal irresponsibility by posting the largest budget deficit in American history in 2009 (\$1.4 trillion), the Community-Organizer-In-Chief got religion and has slashed the 2010 deficit to a mere \$1.29 trillion, the second largest budget deficit in American history.

But don't fear Watchdogs, our intellectually and morally superior president will surely have the budget under control in 2011, right?

Wrong. The 2011 budget deficit is predicted to be \$1.4 trillion.

Okay. Surely our intrepid leader has a long-term plan to put the nation on the path to fiscal stability. Wrong again! Over the next decade, the deficit is projected to be a whopping \$8.5 trillion dollars.

Today, 37 cents of every dollar the federal government spends is financed through borrowing from creditor nations like China. Every day, our Treasury Department goes through the humiliating exercise of going into the international debt market to ask other nations to loan us some dough so we can pay for "stimulus," ObamaCare, welfare programs, Social Security checks for dead people, and raises for federal government employees who have experienced wage growth and outstanding benefits while those who pay the taxes see their wages cut, if they're lucky to have a job at all.

All these deficits have contributed to the enormous federal debt, the accumulated red ink from all the federal government's unbalanced budgets.

Today, each household in America owes \$74,000 to our creditor nations to repay the federal debt.

To give readers an idea of the depth and breadth of Obama's deficit spending plans, consider this sobering fact:

Obama's budget plans would add more to the federal debt than any other president from George Washington to George Bush, COMBINED.

These debts place a crushing burden on future generations and amount to an appalling example of generational theft.

President Obama stands on the cusp of a stinging rebuke at the polls for all his broken promises.

Here's another one:

"I didn't come here to pass our problems on to the next president or the next generation - I'm here to solve them."

Really? He is truly a failed president.

### #3: PAWLENTY OUTFLANKS THE DFL - AGAIN

Governor Pawlenty's considerable political skills were on display at the end of the 2010 legislative session when he crafted a budget deal with the DFL that essentially gave him everything he wanted - including no tax increases and no early enrollment in ObamaCare.

Despite an overwhelming DFL majority and a state Supreme Court ruling against his authority to "unallot" state spending, he nonetheless masterfully out-negotiated the DFL.

Yes, Governor Pawlenty sometimes disappointed the Watchdog, but he will no doubt be revered for years to come as the most fiscally conservative governor in this state in modern times.

Here's our budget wrap-up from May 25th:

#### THE AGREEMENT

Remember that the problem to be solved was in the range of a \$3 billion deficit. Approximately \$500 million of the problem was what was left to be resolved from the current 2010 deficit of \$1 billion. \$500 million was resolved in March through the "phase I" deficit reduction bill, leaving \$500 left to be fixed.

On top of that was roughly \$2.5 in unallotments that were invalidated by the wrongly decided Minnesota Supreme Court opinion. Of the \$2.5 billion, about \$1.7 billion was a payment shift in K12 aid and about \$700 million were actual spending reductions.

Roughly, the budget agreement accounted for the \$3 billion in the following way:

- Ratify the \$1.7 billion in school payment shifts;
- Ratify \$700 million in spending reductions, primarily from 2009;
- Taking another \$600 million in one-time monies and shifts.

Plainly, this agreement is comprised mainly of payment shifts and one-time monies that do nothing to reduce the projected deficit in the next budget cycle.

For the current budget cycle, things look good, with a small surplus of \$6 million left on the bottom line.

For the next fiscal cycle, the deficit is projected to be a whopping \$5.7 billion. The only saving grace is that the state did not book potential federal aid of \$408 million, meaning this money will fall to the bottom line if it shows up next year.

Beyond the money, the two other major components of the deal included an agreement to tweak the GAMC health care reform agreed to earlier in session as well as the Medicaid "early enrollment" agreement whereby Pawlenty and his successor can choose unilaterally to sign up.

So who won and who lost in the deal?

#### GOVERNOR TIM PAWLENTY: WINNER

Out of all the Capitol players, Pawlenty was the biggest winner.

For Pawlenty, the odds were stacked against him from the start of the legislative session. A lame duck, he faced an overwhelming and angry DFL legislative majority intent on scoring a win against him after 7 years of Pawlenty victories. The need for a

DFL win was even more important after Pawlenty revealed nascent presidential ambitions and House Speaker Margaret Kelliher won the DFL endorsement for governor.

Pawlenty was then dealt a near-fatal blow when the Minnesota Supreme Court ruled his summer 2009 unallotments illegal, giving even more momentum to the DFL in the waning yet critical last days of the 2010 legislative session.

For TPaw, the situation was desperate yet he won and won big.

First and foremost, Pawlenty resolved a \$3 billion budget deficit without raising taxes or getting caught in the "fee" trap, where he was caught in 2005 after agreeing to a "health impact fee." This was a major accomplishment and preserved Pawlenty's brand as a tax fighter.

Second, the agreement ratified all of his 2009 unallotment actions that were deemed illegal by the Supreme Court. This was a major victory for TPaw as well. Remember that the unallotment lawsuit only dealt with one small spending reduction, about \$5 million from a dietary supplement program. All the remaining parties who were impacted by the unallotment ruling were waiting in the wings to go to court to claim their judgment, which they would have won and which would have put the state into default as the money is unavailable to pay the judgments. The prospect of the state unable to pay its bill would have been a big embarrassment to a governor trying to prove his managerial credentials to a national audience. Frankly, it's a bit puzzling that the DFL didn't push for more at the bargaining table when they could clearly see they had the Governor in a box on this issue.

And by the way, now that the state has a balanced budget, the unallotment power is restored to help the next governor resolve the \$5.7 billion projected deficit next year.

Third, Pawlenty successfully avoided signing up for "Obamacare" under early Medicaid enrollment and also avoided the medical surtaxes the DFL wanted. Pawlenty has been a clear critic of Obamacare and he will continue to have credibility on the issue.

Fourth, Pawlenty avoided a special session and has now freed up his summer to travel and explore future political opportunities.

For Pawlenty, the only loss was the inability to make further spending reductions or move them into the future budget cycle, meaning a massive projected budget deficit will for the next biennium will be used against him and Republicans next year.

Given the circumstances, it is hard to imagine a better outcome for Governor Pawlenty.

#2: REPUBLICANS BY A KNOCK OUT

What else can we say? The 2010 elections were historic, reversing massive DFL majorities into GOP majorities, including one in the state Senate, which is the first GOP majority in decades.

Our post-election special edition on November 4th said of this election:

#### **GOP CRUSHES DFL! WATCHDOGS WIN BIG!**

Watchdogs made history Tuesday night by initiating a tsunami that rolled across the country, resulting in a net gain of 61 seats in the U.S. House of Representatives (11 races remain undecided).

In the Senate, the GOP picked up 6 seats to get to 46 seats to the Democrat's 52 (two races, Washington and Alaska, still undecided). With the likely outcome of those two being a split (Washington to the Dems and Alaska to the GOP), the final result would be a 53-47 Senate, leaving the Democrats 7 votes short of the magic number of 60 to invoke cloture and end a filibuster.

President Obama stands rebuked by the American people, with an approval rating below 50% and the phrase "Obama generation" rendered a cruel joke, much like the term "stimulus."

To think of what was just two short years ago. The Democrats had 60 votes in the Senate and could end a filibuster. In the House, the Democrats had 257 seats. On the other end of Pennsylvania Avenue, the most liberal president perhaps in American history enjoyed enormous popularity and goodwill.

Yes, things sucked.

Never in American history has a political party in power squandered such a reservoir of goodwill so fast.

The down fall of the Democrats is nothing short of stunning.

Republicans were given a second chance in Washington Tuesday. If they don't govern as they campaigned, they will back in the minority in 2012.

#### **BIG NEWS IN MINNESOTA**

Minnesota also rode the massive wave on Tuesday. Here are the three biggest stories from the Northstar state.

#### **REPUBLICANS TAKE BOTH HOUSES OF THE LEGISLATURE**

The Republican takeover of the Minnesota House and Senate rightly evokes the strongest of adjectives. "Stunning," "breathtaking," "shocking," and just plain "sweet," describe the situation.

In the 67 seat state senate, Republicans picked up 16 seats to gain a 37-30 advantage.

In the 134 seat state House, Republicans picked up 25 seats to gain a 72-62 advantage.

The scope and historical significance of the victory is enormous.

Consider that prior to election night, the GOP minorities in each body were so small that the Senate Republicans couldn't even uphold a Tim Pawlenty veto.

Also consider that the Republicans haven't controlled the state Senate for even one day since party designation was re-instituted in Minnesota in 1972.

This is the first time in 38 years that Republicans will control both bodies. Republican control will mean many good things for the people of Minnesota.

Of course, there will be no tax increases to solve the state's \$5.8 billion deficit. Government will have to live within its means, just like the rest of us.

This is an especially welcome development since the majority of governors across America are Republicans who will lead their states in a pro-jobs, pro-business direction.

If Minnesota is to be competitive, we must follow suit.

It is also important to note that legislative Republicans will have a hand in the redistricting process. There was a fear prior to the election that the DFL would control the governor's office as well as keep the majority in the House and Senate, meaning that they would redraw district boundaries in a manner that would harm Republicans.

Moreover, with Republicans in control of both houses, constitutional ballot questions can be brought to voters regardless of who is in the governor's office. Under Minnesota's constitution, ballot questions are passed by each body directly to the ballot, bypassing the governor's review.

Even if Mark Dayton is governor, Republicans can put constitutional amendments on the ballot without DFL interference.

Yet another benefit to having Republican control of the Senate is the power of confirmation of gubernatorial appointments.

Especially if Mark Dayton is governor, Republicans in the state Senate can exercise veto power over his appointments.

And if Tom Emmer is governor, those Republicans can protect his picks, unlike what the DFL would have likely done to them.

But the euphoria over the Republican takeover also contains notes of caution.

Remember that it was a national wave that helped legislative Republicans and not just their own efforts.

This national wave was sparked in large part by independents who are not motivated by social issues like gay rights but are instead concerned about taxes and spending, particularly government debt.

Moreover, these voters did not so much vote in favor of Republicans but against Democrats, particularly Barack Obama.

If Republicans misread their victory and spend too much time and energy focused on social issues and not the economy, there could be yet another wave election just like 2006, 2008, and 2010.

Soon-to-be House Speaker Kurt Zellers has struck the right tone by focusing on jobs and the economy.

Senate and House Republicans will hold leadership elections tomorrow and Saturday, respectively.

The Legislative session kicks off January 3rd.

These are indeed historic times.

#### #1: IS CAPITALISM STILL ALIVE?

Fundamentally, the public debate in this country is about the viability of capitalism. Barack Obama's antipathy towards capitalism and his collectivist policies have sparked an intense debate, manifested in the election, about the role of capitalism in America.

Harold Hamilton gave a speech to the Heritage Foundation this past summer regarding jobs, and by extension, capitalism.

As a job creator, Harold Hamilton is in a unique position to observe what the government should (and should not!) do regarding jobs:

#### JOB CREATION AND DESTRUCTION

Recent polls indicate that the high unemployment of almost 10% is one of the biggest problems facing the country. Actual unemployment may be as high as 17% due to people who have dropped out of the labor market and are no longer looking for jobs.

As a result, it is not just creating jobs that is important but also reducing the number of job losses that is important.

Many of the job losses over the years are due to mistakes by the Federal Government. Going back to 1930, the Smoot Halley Tariffs were imposed which raised the cost of imported goods from other countries. These countries compensated by increasing tariffs on our exports. This resulted in job losses.

The Federal Reserve raised interest rates in the early 30s and this, along with the trade problems, threw our economy into a depression which lasted for ten years. During this ten year depression, the unemployment was as high as 25%. A number of unwise policies by the Federal Government, such as price controls, also compounded the problem. This is all described in detail in a book called "The Forgotten Man" by Amity Shlaes.

During the 70s, price controls were imposed on the economy which resulted in high inflation. Most of us will never forget the gas lines at service stations. Who can forget the WIN (Whip Inflation Now) buttons from the Ford Administration? High inflation is one of the most insidious taxes on the economy. As a result of all of the problems with the economy in the 70s, Paul Volker, the new Federal Reserve Chairman in 1980, imposed high interest rates on the economy to break the back of inflation. The Fed's Funds Rate went up to around 12% and the bank rates were 21%. This is the rate our company paid in 1981 and 1982. This resulted in an unemployment rate of approximately 12%.

Just to illustrate some of the effects of inflation, a loaf of bread in 1936 cost 8 cents and now costs about \$2.70. A gallon of gas in 1936 cost 10 cents and now costs \$2.70. A new car costs \$780.00 in 1936 and now is about twenty times higher.

It is the severe recessions which cause the large number of lost jobs. The 2008/2009 recession was one of the most severe since the Great Depression in the 30s. This recession was primarily caused by the subprime housing crisis. The subprime housing crisis was primarily caused by the Community Reinvestment Act which passed Congress in 1976. This encouraged mortgage banks to make loans to potential customers even if they had no money to put down. In the late 90s and early 2000, additional measures were taken by Congress to encourage home ownership and as a result the mortgage banks took on many home loans. This large number of home loans were securitized and passed on to Wall Street. When many of these home loans went bad, this caused the '08 crash on Wall Street. These home loan bonds also caused problems all over the world, even in countries such as Norway where municipalities had bought some of these bonds which now turned out to be worthless.

The 2009 stimulus of approximately \$780 billion was meant to stimulate the economy. Unfortunately, most of this was used for pet projects for the democrat party. Very few jobs were created as a result of this stimulus. More recently, Obama care was passed with the hope that this will help spur the economy.

So far during the Obama Administration, 2.6 million jobs have been lost. As a result, we have 14,260,000 who are unemployed.



We're all hearing endlessly about the Gulf oil spill which is attributed to BP. Without doubt, BP deserves the major amount of the blame. However, Federal Government regulators failed to enforce the regulations which were supposed to be imposed on BP. It was not due to lack of regulations which caused the problem, it was due to federal employees being in bed with BP.

So far during the Obama Administration we have had a 1.3 trillion dollar budget deficit. As a result, we are now 13 trillion dollars in debt. Much of this debt is owed to the Chinese. Do the Chinese believe we are a good credit risk? This is beginning to look doubtful.

Since the Obama presidency began, the government has taken over 51% of private industry. This includes the auto industry, some of the health care industry, and financial institutions such as AIG. Today if you go to buy a car, such as a Chevy, you are undoubtedly buying it from the government. If you want healthcare, the government is going to have a lot of say about what you buy. If you want a home loan or insurance and go to AIG, you are in effect, buying it from the government.

At this rate it appears the government is well on its way to owning 75% of private industry.

Some of the mistakes made by the government are and were being made by the Federal Reserve which sets the Federal Reserve Interest Rates. The people at the Federal Reserve have difficulty determining what is going to happen to the economy. The Federal Reserve Interest Rates are set at a level dependant on what the Federal Reserve believes is best for the economy. If it appears the economy is not doing well, the Federal Reserve rates are lowered. If the economy begins to overheat, the Federal Reserve increases the interest rates to bring the economy back into line. The Federal Reserve has made many mistakes in setting these interest rates. One of the most famous economists, Milton Friedman recommended that the Federal Reserve should simply set the interest rates once at a reasonable level and quit making adjustments as they really have no idea what is going to happen to the economy.

What creates jobs and what causes job losses? As indicated above, many of the job losses are caused by mistakes of the Federal Government. This is especially true during a recession. Some recessions are normal but very deep recessions cause major job losses.

The characteristics of a recession are a decrease in consumer confidence and a reduction in consumer and business spending. This causes many job losses which only compounds the problem. As a result, recessions are a major cause of job losses.

Job creation results when the economy is expanding. The economy can be encouraged to expand by low interest rates set by the Federal Reserve and by lower taxes on

business and individuals. This results in a more positive outlook for the economy and encourages consumer and industrial spending.

New products and innovation also help create jobs. Companies such as Apple and Microsoft have created millions of new jobs and this has been largely due to innovation. Lower taxes on corporations result in more research and development and more job creation.

The gross domestic product is presently growing very slowly. During May of 2010, 440,000 new jobs were created. However, 400,000 of these were employees for the census. Creating only 40,000 new jobs during the quarter does not help expand the economy very much. There are many more people coming into the job market during this period than 40,000.

At the present time in 2010, local business is certainly increasing. This has been reported by the papers and by the press. During the recession of 2008/2009, our company, Micro Control laid off 32% of our employees. Since the beginning of January, 2010, we have increased employment by 36%. This increase is because of large increases in capital equipment purchased by our customers.

Unfortunately the Obama Administration in 2010, is not doing the things which encourage businesses to expand and consumers to spend. Business can only look forward to more taxes in 2011 because of the expiration of the Bush tax cuts and a number of other Obama expensive programs such as Obama Care.

Some of the things which companies are doing now which is different from the past, is hiring many more contract employees instead of hiring employees directly on the payroll. The reason companies are doing this is because they fear a downturn in the economy in 2011. Hiring contract employees instead of hiring them directly on the payroll does not give much confidence to the contract employees. After all, they would much rather have a job with less likelihood of termination.

Local bankers are not making the kind of loans to local businesses that one would expect in an expanding economy. Local bankers do not seem to have the kind of confidence in the economy to take on a lot more business. Also, the Obama Administration is not encouraging business loans when they caution bankers to be careful about the kinds of loans they make.