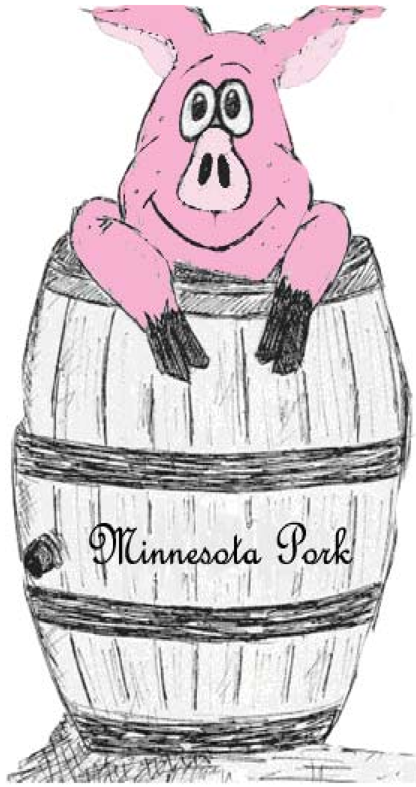
The Taxpayers League Foundation and Citizens Against Government Waste



2006 MINNESOTA PIGLET BOOK

"The Book St. Paul Doesn't Want You to Read"

TAXPAYERS LEAGUE FOUNDATION

CITIZENS AGAINST GOVERNMENT WASTE

TAXPAYERS LEAGUE FOUNDATION

The Taxpayers League Foundation's mission is to educate, motivate and mobilize citizen response on issues related to taxes and government spending in Minnesota. Our activities include holding public policy forums and conducting original research for publication and mass distribution.

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CITIZENS AGAINST GOVERNMENT WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than $758 billion.

CAGW's official newsletter is *Government WasteWatch*, and the group produces special reports, and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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Introduction

In 2001, The Taxpayers League Foundation published "Back to Basics: A Guide to Getting Minnesota State Government Spending under Control" which highlighted questionable state spending.

In 2003, Governor Pawlenty and the state legislature used many of the report's recommendations to help balance the $4.5 billion budget shortfall, without raising taxes. The state's economy has rebounded strongly since then, with a subsequent boom in tax revenues. The state budget is now firmly back in the black, posting a $1.3 billion budget surplus for the current biennium with a $1.1 billion surplus projected for the 2008-09 biennium.

Predictably, as revenues have increased so has the temptation to spend. The state's budget increased 11.3 percent to $50.9 billion in the 2006-07 biennium – which works out to a spending rate of $809 per second. In the past two years, the legislature has approved $2 billion in new bonding projects. During the 2006 legislative session, an off-budget year, the legislature still managed to spend $440 million (in new spending) out of the projected 2008-09 surplus.

A whole slew of new pork projects have received funding in the past two years, and some of the programs we identified as waste which were eliminated in 2003 (including the Boxing Commission, Humanities Commission, and Film Board) have been resurrected.

In reaction to this reckless spending of tax dollars, The Taxpayers League Foundation and Citizens Against Government Waste present the *2006 Minnesota Piglet Book,* which highlights **$636 million in wasteful or questionable state spending**. Throw in the $776 million Twins Stadium, which was approved by the state but will be funded entirely by Hennepin County taxpayers, and the tally balloons to over $1.4 billion in wasteful spending. The source for most of these programs is the appropriations bills that were passed in 2005 and 2006 which apply to the 2006-07 biennial budget. In some cases we had to dig deeper, if the spending was part of a larger, general budget item or if the program was funded through "off-budget" funding sources (such as fees) that individual agencies control. Additional research was conducted to verify the terms of the appropriation and actual program activities. Resources for the *Piglet Book* include consultation with legislative fiscal analysts, policy and finance committee staff, and state agency officials.

Highlights of the 2006 edition of the *Minnesota Piglet Book* include:

- The state bailout of the Minneapolis Teacher's Retirement Fund, which puts state taxpayers on the hook for $972 million in unfunded liabilities;
- A new $776 million Twins Stadium to be paid for with a Hennepin County sales tax increase (approved by state legislators with no voter referendum)
- $97.5 million for the Northstar Commuter Rail line;
- $34 million in subsidies to ethanol producers that have seen a 300 percent increase in profits in the last year;
- $30 million for bear exhibits at the Minnesota and Como Zoos;
- $12 million to renovate the Shubert Theater in downtown Minneapolis;
- $1 million for a replica Vikings ship in Moorhead;
- $500,000 for a skating rink in Roseville;
- $310,000 for a Shakespeare festival in Winona; and
- $129,000 for state art grants for North Dakota museums and theaters.

When compiling the *2006 Minnesota Piglet Book*, five basic principles were evaluated:

1. Whether or not the service could best be done by the private sector.
2. If the government program provided perverse incentives.
3. If the government program was duplicative of an existing program.
4. If the government program is corporate welfare.
5. If the program existed because of political correctness

1. Crowding Out the Private Sector

The first question to ask of any government expenditure is whether or not it crowds out the private sector from providing the same service. If the service could better be provided by private enterprise, government should not be involved. In some cases, the program or service duplicates services or goods already available in the private sector. President Ronald Reagan called this “the yellow pages test;” if the business can be found in the yellow pages, it should not be done by the government.

2. Perverse Incentives

Economists often judge programs and policies by how they impact behavior. A government program that is poorly designed can create perverse incentives that distort behavior in such a way as to mitigate against the program’s desired outcomes. An example of this is the state’s Integration Revenue Program, which provides grants to school districts for integration programs. This program provides a disincentive to integrate because the grant award is reduced the more integrated a district becomes.

3. Duplication

Many government programs duplicate each other. The state is big and complex and often bureaucrats in one agency don’t know that there are bureaucrats in another agency working on the same subject matter. There is an urgent need to address these overlaps, which would both stop the waste of hard-earned taxpayer dollars and ensure that state policies and programs are carried out fairly and consistently.

4. Corporate Welfare

Much of what is passed off as “economic development” by the state simply provides a windfall to select companies. Development subsidies rarely create any net new jobs for the state; they simply shift jobs from one part of the state to another. Most of the time, they underwrite investment that would have been made without the subsidy. Government’s role in economic development should be to provide the basic public goods conducive to economic growth (such as transportation infrastructure and education) and low tax rates on business. In fact, many economists argue that the optimal tax rate on businesses is zero.

5. Political Correctness

Just because something is “nice” to do doesn’t mean that taxpayers should be footing the bill. There are plenty of ways that private, nonprofit organizations make Minnesota a better place to live. Their donors choose to support their efforts. Taxpayers are not donors; they do not choose to give up their money. Government should get out of the charity business and provide for basic needs that cannot be met by individual citizens or private sector contributions. Government largesse also crowds out private charity giving when donors can rely on government contributions rather than their own.

Root Causes of Wasteful Spending

Bureaucratic Blackmail

Blackmail, or "hostage taking," occurs when budget cuts are legislatively mandated but do not specify that essential or popular programs or services are not to be affected. Bureaucrats then cut back these programs, even if they do not bring much in the way of cost savings and blame legislative action for the cuts. In this way, they can create a public backlash (from the constituents of the program or service). Example: The Department of Natural Resources (DNR) doesn't get the funding it asks for. Instead of cutting back on administrative costs it threatens to shut down some campgrounds and cancel moose-hunting season. The public then demands that money be spent on all DNR programs—whether or not they are effective or necessary.

Dependency

The term dependency is often used in the context of the welfare debate, when welfare benefit recipients are said to become dependent on government checks and do not seek employment. But dependencies are also created with all kinds of groups under a variety of circumstances. Public-private partnerships can be a source of dependency, for example, if it is unlikely that the private sector will ever take over the responsibility for funding the objective of the partnership for a project that could be funded privately simply because the government aid is there. In times of budget surplus, legislatures may be pressured to fund "quality of life" projects or programs such as sports or arts facilities, which will continue to require infusions of funding on a permanent basis. Once these activities are funded, a constituency for the activity will arise which will continue to demand funding each budgetary cycle.

Confusing Private and Public

People of good will can disagree about what should be administered through government programs and what should be handled by the private sector. When public money is used to fund private nonprofit institutions to provide services to the public, there is a blurring of public and private. Public, sometimes monopoly, powers are delegated and citizens have no recourse to complain, to vote, or to know how their money is spent.

Heartstring to Purse String Legislation

The worst time to pass laws is when legislators think there is a crisis. Witness the new "meth" laws, aimed at curbing the production and use of methamphetamines. The new laws make it ridiculously difficult for law-abiding citizens to get cough, cold, and allergy medications, and do little or nothing to actually stem the tide of methamphetamines being sold. It is now much easier to pick up an Oxycontin prescription at the pharmacy than to get Actifed in Minnesota, and that's just not right. Too much money, too many regulations, and too many diminutions of our freedoms occur because legislators feel the need to express their feelings through laws.

Other People's Money is Yours, Too

Federal funds are often used by the state to create a clientele that previously did not exist or was served by private funding. This can be done in a variety of ways: Seed money is provided to start a program but funding cuts off at some point in the future; or money is made available for a program but the state must reapply each year or multi-year period. If federal funding cuts off, does the program go away? No, the state is asked to pick up the tab. The temptation to take federal money is great—"Hey, if we don't take it some other state will get it…" but there are costs which aren't covered by federal money or which will occur in the future. Recent transit "investments," such as the Hiawatha Light Rail and the Northstar Commuter Rail projects, would never have been approved without the 50 percent federal subsidy.

Gilding the Lady Slipper

Taxpayers' money is wasted when a good idea started by a Minnesotan or Minnesota community gets state government support and becomes a grandiose government project, straying farther and farther from the original need or purpose. An example: The River Falls Fishing Museum started out as one Minnesotan's collection of fishing lures and is now part of the state-promoted "Great River Road Tourist Attractions," complete with a multimedia center for environmental education presentations.

Sculpting Matching Funds

A small town wants a new museum or a new arts center. Local politicians promise to raise a percentage of total funding privately; the state agrees to match it if they can raise it by a certain date. What happens when they don't make the match amount? Often, the match amount required is lowered significantly but much later, after the debate on the merits of the project has occurred. In the case of the Judy Garland Museum in Grand Rapids, the required match of non-state resources was lowered from $1.2 million to $200,000, making the state's contribution to the museum jump from 17 percent to 50 percent of the total amount of state-non-state resources needed. The Shubert Theater, which promised to raise all of its funds privately (after spending millions of tax dollars to move its building), is now costing taxpayers another $12 million.

The Shell Game

Bureaucrats hide the most controversial program appropriations or programs with escalating and uncontrollable costs in a general appropriation for a whole department. This ensures that the only recourse that legislators will have to address questions about spending is a confrontational hearing with a commissioner who will inevitably blame partisan politics for an aggressive line of inquiry and give as little information as possible. Any explanation given will be attributed to (a) a natural disaster or act of God, (b) cost increases that everyone already blames such as "the rising cost of healthcare" or (c) "you didn't give us enough money last time." Although there may be an element of truth in these explanations, bureaucrats from the commissioner on down have considerable discretion in setting priorities within their agencies. There is an even more advanced version of this game—a sort of shell game level II where the department gets the legislature to agree to a separate funding source, such as funds from a fee or tax where revenue generated goes directly into the coffers of the agency to use at its discretion. The funds are not part of the general fund and often receive much less scrutiny. For example, the Becoming an Outdoorswoman program run by the DNR receives most of its funding from the Game and Fish Fund, which receives revenues from hunting and fishing license fees and surcharges, lottery revenues, fines, and federal funds.

One-Time Funding Means "See You Next Year"

Many of the programs documented in the *Piglet Book* were stipulated in the law as "one-time funding" and "not added to the agency base." This doesn't mean that such an entity won't get funding in the future; it only means that future appropriations have to be requested in the same way in the next session. Some of these "onetime" appropriations may in fact, if not in law, be ongoing. Examples of onetime funding include the BioBusiness Alliance, the Boxing Commission, Character Development, Legislative Effectiveness Forums, and Let's Go Fishing.

Index of Wasteful Programs:

PROGRAM	$ AMOUNT
2005 Legislature Special Session	$ 2,250,000
Archery in the Schools Grants	$ 75,000
Art Grants to North Dakota	$ 128,825
Avian Flu Preparedness	$ 5,000,000
"Bears of the Ussuri" Exhibit (Minnesota Zoo)	$ 20,640,000
Becoming an Outdoorswoman	$ 45,000
Bemidji Regional Events Center	$ 3,000,000
Big Island Campsite	$ 2,000,000
BioBusiness Alliance	$ 467,000
Bioscience Development Grants	$ 28,500,000
Birding Maps	$ 100,000
Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design	$ 1,570,000
Boxing Commission	$ 50,000
Central Corridor Light Rail	$ 13,050,000
Character Education	$ 1,500,000
Clean Energy Resource Teams/Wind Energy Rebate Program	$ 700,000
Critical Habitat License Plate Promotion	$ 26,000
Ethanol Producer Payments	$ 34,013,000
FarmAmerica	$ 256,000
Film & TV Board	$ 500,000
Film Production Incentives	$ 1,700,000
Get Ready, Get Credit	$ 4,133,000
Giants Ridge Golf & Ski Resort	$ 1,768,537
Hiawatha Light Rail operating subsidy	$ 9,350,000
Integration Revenue Program	$115,337,000
Ironworld Discovery Center	$ 1,550,794
Itasca County Steel Plant infrastructure	$ 23,500,000
Job Opportunity Zones (JOBZ)	$ 16,900,000
Legislative "Effectiveness" Forums	$ 37,000
Let's Go Fishing	$ 325,000
Medicare Prescription Drug (Part D) Program	$ 3,600,000
Met Council Livable Communities Grants	$ 8,184,000
Metro Greenways	$ 500,000
Minneapolis Teachers Retirement Fund bailout	$ 36,000,000
Minnesota Agricultural Interpretive Center	$ 200,000
Minnesota Horticultural Society	$ 35,000
Minnesota Humanities Commission	$ 800,000
Minnesota International Center	$ 85,000
Minnesota Inventor's Congress	$ 120,000
Minnesota Planetarium & Space Discovery Center	$ 22,000,000
Minnesota Twins Stadium	$776,093,378
Mountain Iron Renewable Energy Park	$ 500,000

Index of Wasteful Programs (continued):

PROGRAM	$ AMOUNT
Northeast Minnesota Rail Initiative	$ 1,300,000
Northstar Commuter Rail	$ 97,500,000
Ordway Center for the Performing Arts	$ 7,500,000
Perpich Center for Arts Education	$ 15,380,000
Polar Bear Exhibit (Como Zoo)	$ 9,000,000
Private Detective Board	$ 252,000
Public subsidy for campaigns	$ 3,610,000
Quality Compensation (Q-Comp) Aid	$ 85,941,000
Red Rock Commuter Rail	$ 1,000,000
Rehabilitation of private shooting ranges	$ 300,000
Renewable energy inquiries	$ 75,000
Roseville Skating Oval	$ 500,000
Rural Transportation Assistance Program/Bus “Roadeo”	$ 143,542
Rushford Institute for Nanotechnology	$ 600,000
Shubert Theater	$ 12,000,000
Southwest Regional Events Center	$ 11,000,000
Taconite Aid to Non-Taconite School Districts	$ 3,014,248
Taconite Economic Development Fund	$ 20,784,000
University of Minnesota Landscape Arboretum (land acquisition)	$ 650,000
Winona Shakespeare Festival	$ 310,000
Unlicensed Complementary/Alternative Health Care Regulation	$ 130,000
Union Depot Transit Station	$ 3,500,000
Workers Memorial	$ 100,000
WomenVenture	$ 300,000
Vikings Ship	$ 1,000,000
STATE SPENDING TOTAL	**$636,385,946**
with Twins stadium (state-approved, locally-funded)	***$1,412,479,324***

Program Descriptions[1]

2005 Legislative Special Session – $2.25 million

The legislature provided $2 million to prepare for a government shutdown and $250,000 for special session costs. In 2005, there was a 23-day special session. As the name indicates, special sessions are not planned; therefore the expenses for such a session are not expected. Legislators collected $136,000 in per diems and expense reimbursements during the 2005 special session. Another $111,765 was spent on temporary employees to staff the session. In addition, it cost several thousand dollars to print bills and documents. An estimated $2 to $3 million was spent preparing for the eight-day government shutdown that resulted from the special session, including erecting barriers at highway stops, shutting down and restarting computer systems, staff time, and legal costs.

Archery in the Schools Grants – $75,000[2]

The state of Minnesota funds grants to school districts for archery programs. Of this funding, $40,000 is for archery equipment and $35,000 is for training salaries. While funding an archery program sounds like fun, it is a superfluous expense that should be borne by individual school districts and not state taxpayers.

Art Grants to North Dakota – $128,825 (2006)[3]

The state of Minnesota has taken art funding to a whole new abstract level by funding museums, an opera house, and a performing arts school in North Dakota. Minnesotans should not be subsidizing North Dakota art.

Avian Flu Preparedness – $5 million[4]

This was a one-time appropriation for avian pandemic preparedness. The H5N1 strain has been around since the 1950s and there has not been a single documented case of human-to-human transmission of the virus. Sure, there's a chance it could mutate into pandemic form, but that's true of all viruses. The oft-repeated concern that "we're due for a pandemic" is an example of the "gambler's fallacy"—the fact that we've gone so many years without a pandemic doesn't make a pandemic any more (or less) likely today. And the truth is that there's not much government can do right now given that there is no known vaccine and antivirals have not proven to be effective. A little perspective is needed. Less than 200 people have died from bird flu in nine years. But 35,000 people die from the regular flu bug every year in the U.S. In the developing world, measles kills 500,000 and diarrhea kills 2 million annually. Remember the Swine Flu of the 70's?

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[1] All dates are 2005 unless otherwise noted.
[2] Source: Minnesota Department of Natural Resources budget office.
[3] Statutes 129D.04; http://www.arts.state.mn.us/grants/2006/orgs.htm.
[4] Session Laws 2006, Chapter 282, Article 22, Section 3, Subdivision 3.

"Bears of the Ussuri" Exhibit – $20.6 million[5]

This funding for a Russian bear exhibit at the Minnesota Zoo should be provided through increased ticket prices and/or private contributions. According to the construction company building this exhibit, this $20.6 million project, expected to open in 2008, will feature "a cove that functions as a 'shipwreck' habitat for sea otters, eagles and brown bears. Following one of several streams from the oceanfront shipwreck, visitors encounter the Russian brown bears in a seemingly barrier-free environment of forest and waterfalls."[6]

Becoming an Outdoorswoman – $45,000[7]

A series of workshops and classes for women on hunting, fishing and other activities, including "dutch oven cooking" and "food dehydrating." These types of classes are already being provided by the private sector.

Bemidji Regional Events Center – $3 million[8]

The money went for bonding for a Regional Events Center in Bemidji. Convention centers are a very poor economic investment. The Minneapolis Convention Center loses millions of dollars every year. How can a town of 11,000 in a remote corner of Minnesota expect to break even? Taxpayers will be footing the bill for this boondoggle for years to come.

Big Island Campsite (Lake Minnetonka) – $2 million[9]

This grant to the city of Orono is for the purchase of a privately-owned campsite on Lake Minnetonka's Big Island. If the city of Orono wants to purchase this land, it should use its own money.

BioBusiness Alliance of Minnesota – $467,000[10]

The funds went to a private business group to provide "bioscience business development programs that will work to grow and create bioscience jobs in this state and position Minnesota as a global biobusiness leader."[11] As Minneapolis Federal Reserve economist Art Rolnick pointed out, "If Minnesota truly is a good place for biotech, companies don't need help from the state."[12]

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[5] Session Laws 2005, Chapter 20, Article 1, Section 12.
[6] http://www.mortenson.com/projects/project_profile.html?projects__id=242.
[7] Minnesota Department of Natural Resources.
[8] Session Laws 2006, Chapter 258, Article 1, Section 21, Subdivision 11.
[9] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 18.
[10] Session Laws 2006, Chapter 282, Article 11, Section 2, Subdivision 2.
[11] Ibid.
[12] "Pawlenty: Minnesota poised to be biotech leader," *Minnesota Public Radio*, May 12, 2003, http://news.minnesota.publicradio.org/features/2003/05/12_horwichj_biotech/.

Bioscience Development Grants – $28.5 million
($18.5 million in the 2005 bonding bill and $10 million in the 2006 bonding bill)[13]

The grants went to cities to lure bioscience companies. Government is notoriously bad at picking winners and losers. The appropriate role for government in economic development is to provide the basics for economic growth – basic infrastructure, education, and low taxes on businesses.

Birding Maps – $100,000[14]

This money was for a new birding trail guide for the North Shore region and for the reprinting of guides for three existing trails. The guides should be paid for by user fees.

Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design – $1.6 million[15]

This board examines, certifies, licenses and regulates individuals employed in the aforementioned professions. Although engineering, architecture, and land surveying may need regulation and/or certification since they have a public safety component, there is little or no reason for interior design or landscaping to have extensive government regulation or certification. In addition, fees should cover all of the licensing expenses.

Boxing Commission – $50,000[16]

The commission regulates the sport of boxing in Minnesota. This commission has been resurrected after being knocked out in 2003. It should have stayed down for the count. A 1999 report[17] by the Legislative Auditor criticized the commission as not having enough work to justify its existence and for improper procedures. If the boxing industry really wants or needs such a commission, it should come up with the funds to pay for it.

Central Corridor Light Rail – $13.1 million
($5.25 million in the 2005 bonding bill and $7.8 million in the 2006 bonding bill)[18]

Funding to conduct environmental studies, preliminary engineering and design work for the proposed $890 million Central Corridor light rail line connecting the Minneapolis and St. Paul downtowns. University Avenue is home to a healthy immigrant and minority business district. The Route 16 bus is the most cost-efficient bus line in the Twin Cities. Why mess with success? This is simply a gentrification scheme cooked up by planners and developers. State taxpayers should not be on the hook for this project.

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[13] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 12; Session Laws 2006, Chapter 282, Article 1, Section 21, Subdivision 7.
[14] Session Laws 2005 (1st Special Session), Chapter 1, Article 2, Section 11.
[15] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 13.
[16] Session Laws 2006, Chapter 282, Article 11, Section 5.
[17] http://www.auditor.leg.state.mn.us/ped/1999/pe9905.htm.
[18] Session Laws (1st Special Session), Chapter 20, Article 1, Section 19, Subdivision 3; Session Laws 2006, Chapter 258, Article 1, Section 17, Subdivision 4.

Character Education – $1.5 million[19]

These grants go to school districts to implement "character development" curriculum. Teachers don't need a special curriculum to teach students how to be upstanding members of the community. This is an example of "heartstrings to purse strings" legislation.

Critical Habitat License Plate Promotion Program – $26,000[20]

This is an advertising program for the critical habitat license plate. The state of Minnesota doesn't need to spend tax dollars to publicize something that everybody can already see on cars across the state.

Ethanol Producer Payments – $34 million[21]

This is a 20-cent per gallon gas tax rebate to Minnesota ethanol producers. Since the mid-1980s, the state has doled out $426 million in subsidies to Minnesota's ethanol industry ($275 million in ethanol producer payments and $151 million in blender tax credits (which were discontinued in 1998)). The industry also receives a 51-cent per gallon tax credit from the federal government. Then there's the billions of dollars of subsidies from Minnesota consumers from the state's 10 percent (soon to be 20 percent) ethanol fuel mandate, not to mention the new federal biofuels mandate. Since the supporters of ethanol claim this technology (or fuel) is both promising and profitable, why is it getting government support and a mandate for its use?

FarmAmerica – $256,000[22]

This biennial appropriation is for FarmAmerica, a "farming interpretive center" organized as a nonprofit organization. The first matter to "interpret" is that the center should raise its own funds.

Film & TV Board – $500,000[23]

This nonprofit organization promotes the Minnesota film and TV industry. Picture this: film and TV companies should pay for their own advertising.

Film Production Incentives – $1.7 million[24]

Grant to the Minnesota Film & TV Board for reimbursement of up to 15 percent of film production costs incurred in Minnesota. This is a blatant example of the state government catering to a specific industry.

[19] Session Laws 2006, Chapter 282, Article 4, Section 7, Subdivision 5.
[20] Session Laws 2005 (1st Special Session), Chapter 1, Article 2, Section 3, Subdivision 7.
[21] Statutes 41A.09, Subdivision 3a.
[22] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 10, Subdivision 4.
[23] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 6.
[24] Session Laws 2006, Chapter 282, Article 11, Section 6.

Get Ready, Get Credit – $4.1 million[25]

This program allows high school upperclassmen to take college courses for credit. As noted by St. Paul blogger Craig Westover, "Given limited state resources, is the best place to spend them on another predominantly middle-class entitlement program for kids that are at or near the top of their classes?"[26] Parents should kick in their own money to save those big bucks for college courses.

Giants Ridge Golf & Ski Resort – $1.8 million[27]

The golf and ski resort in Bibawik is owned by the state's Iron Range Resources & Rehabilitation Board (IRRRB). Giants Ridge has lost money almost every year since it opened in 1984. The IRRRB is projecting a $1,768,537 budget shortage for Giants Ridge for 2006, which will have to be subsidized by the agency. The IRRRB overestimated the potential of the golf market when it bought the resort, as did many municipalities across the state that built golf courses—another prime example of why government should stay out of for-profit businesses. Before taxpayers get even more teed off, this golf course should be sold to a private entity.

Hiawatha Light Rail operating subsidy – $9.4 million[28]

This state funding subsidizes Hiawatha light rail operating costs. Despite being proclaimed as a "huge success," Hiawatha is still a money pit. State taxpayers spent $715 million constructing the Hiawatha line. Fare revenues cover only 39 percent of operating costs, meaning state taxpayers are on the hook for hundreds of millions in operating subsidies to the line in future years.

Integration Revenue Program – $115.3 million[29]

These are grants to school districts for integration-related activities and represent another example of a government program that rewards failure. A 2005 report by the Legislative Auditor[30] found that racial concentration has increased in many of the districts that receive this revenue. The program creates a disincentive to integrate—the more integrated a district becomes, the less money it receives. In this way, the program promotes racial segregation. The auditor's report noted the vague guidelines of the program and the lack of measurable outcomes for program evaluation. Some districts use the money to boost their general budgets, including purchasing books and computers. There's no accountability for how this money is spent.

Ironworld Discovery Center – $1.6 million[31]

The Iron Range museum is operated by the IRRRB. The IRRRB projects a $1,550,794 budget shortfall for Ironworld in 2006. Former IRRRB commissioner John Swift advocated converting Ironworld to a 501(c)(3) nonprofit so that it can raise funds from philanthropic endowments.[32]

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[25] Session Laws 2005 (1st Special Session), Chapter 5, Article 2, Section 84, Subdivisions 18 & 19.
[26] http://craigwestover.blogspot.com/2005/07/reflections-on-end-of-special-session.html.
[27] Statutes 298.22; Iron Range Resources, *Fiscal Year 2006 Investment Plan*: http://www.irrrb.org/.
[28] Session Laws 2005 (1st Special Session), Chapter 6, Article 1, Section 3.
[29] Session Laws 2005 (1st Special Session), Chapter 5, Article 2, Section 84, Subdivision 4.
[30] http://www.auditor.leg.state.mn.us/ped/2005/integrev.htm.
[31] Iron Range Resources, *Fiscal Year 2006 Investment Plan*: http://www.irrrb.org/.
[32] "IRRRB retrenches, but where's the vision?, *BusinessNorth.com*, July 15, 2002, http://www.businessnorth.com/viewarticle.asp?articleid=509.

Itasca County Steel Plant infrastructure – $23.5 million
($12 million in the 2006 bonding bill and $11.5 million in 2007)[33]

The bond money will be used to construct railroad, lines, gas pipelines, water supply lines, and wastewater systems for use by a proposed steel slab plant. This is a risky investment. The steel industry is riding high on the waves of the current commodities boom but steel is a highly cyclical industry. The best way to ensure that the investment makes sense is for private capital to support the project.

Job Opportunity Zones (JOBZ) – $16.9 million[34]

These are targeted tax incentives for select businesses in outstate Minnesota. Economic studies show that tax incentive zones create few new jobs. They simply shift jobs from one area to another. Much of this development would occur regardless of these subsidies. A better strategy is to lower taxes on all businesses in the state (not just a privileged few) and let the market (not government) pick the winners.

Legislative "Effectiveness" Forums – $37,000[35]

Thirty thousand dollars is for forums to improve legislative effectiveness; the remaining $7,000 is to pay dues for Minnesota legislators to attend the International Legislators Forum. State taxpayers should not pay to train legislators how to do their jobs.

Let's Go Fishing – $325,000[36]

The nonprofit group, Let's Go Fishing, provides boating and fishing trips for seniors. The Governor vetoed this item from the omnibus environmental bill to keep taxpayers off the hook for this program, but Senate Majority Leader Dean Johnson from Willmar, the location of Let's Go Fishing, insisted that it be funded and inserted it into the nutrition section of the omnibus education bill during the final budget negotiations. Pork-barrel politics, Washington-style. Fish is nutritious, though!

Medicare Prescription Drug (Part D) Enrollment – $3.6 million[37]

President Bush's new Medicare prescription drug benefit (Part D), which represents the biggest increase in entitlement spending since Lyndon Johnson's Great Society, is costing the state additional money as well. The program has holes in coverage—some Minnesotans who qualify for both Medicare and Medicaid are not covered under the new program, and the state has had to pick up the tab for these dual eligibles.

[33] Session Laws 2006, Chapter 258, Article 1, Section 21, Subdivision 14; Session Laws 2006, Chapter 282, Article 1, Section 2, Subdivision 6.
[34] Statutes 469.310 – 469.3201.
[35] Session Laws 2006, Chapter 282, Article 14, Section 2, Subdivisions 1-3.
[36] Session Laws 2005 (1st Special Session), Chapter 5, Article 5, Section 16.
[37] Department of Human Services estimate of costs incurred through March 2, 2006

Met Council Livable Communities Grants – $8.2 million (2006)[38]

These grants to local governments are used for the planning and construction of development projects, funded through the Met Council's metrowide property tax levy. This money serves as a means for the Council to get local governments to follow their "smart growth" agenda, or to plan development to complement their existing plans for light rail. Among the grants for 2006 is $2.2 million to Bloomington for the construction of a European-style pedestrian plaza at the Central Station on the Hiawatha light rail line.

Metro Greenways – $500,000[39]

Local governments used these funds to acquire and develop natural areas. This program primarily benefits the Twin Cities metro area and should be paid for by local units of government.

Minneapolis Teachers Retirement Fund bailout – $36 million[40]

The Minneapolis Teachers Retirement Fund is being consolidated with the Minnesota State Teacher's Retirement Fund. Defined benefit pensions like those provided to teachers promised cadillac pension benefits during the market surge of the 1990s, betting that the good times would continue indefinitely. They did not. Now many defined-benefit pensions are facing huge unfunded liabilities—one billion dollars in the case of the Minneapolis Teacher's Retirement Fund. Legislation passed in 2006 means state taxpayers are now stuck footing the bill for Minneapolis teacher pensions. During the transfer of assets to the state, Minneapolis pension officials set aside $1.5 million to create an illegal trust fund for themselves, which included a $330,000 severance package for the fund's former manager. This had to be one of the most mismanaged funds in world history, but no worries—taxpayers were there to pick up the tab.

Minnesota Agricultural Interpretive Center – $200,000[41]

This one-time grant to the Minnesota Agricultural Interpretive Center in Waseca will help restore and equip current sites and exhibits. How many interpretive farms are needed in Minnesota?

Minnesota Horticultural Society – $35,000[42]

The nonprofit Minnesota Horticultural Society should be self-supporting through dues, fees, and subscriptions.

[38] Statute 473.251.
[39] Session Laws 2005, Chapter 20, Article 1, Section 7, Subdivision 11.
[40] Session Laws 2006, Chapter 277.
[41] Session Laws 2006, Chapter 282, Article 11, Section 7.
[42] Session Laws 2005 (1st Special Session), Chapter 1, Article 1, Section 2.

Minnesota Humanities Commission – $800,000[43]

A grant to the Minnesota Humanities Commission for its general operating expenses. The group's budget is mainly spent on teacher development programs, the Mother Read/Father Read program to promote parents reading to their children, and grants to other nonprofits. The educational programs are duplicative of Department of Education programs. The reading programs serve as a way for teachers to make money outside of their official salary. Other programs could be funded entirely by the private sector.

Minnesota International Center – $85,000[44]

The center promotes international exchanges, hosts forums and holds speaking events on international topics. The services provided by this nonprofit organization should be privately funded.

Minnesota Inventor's Congress – $120,000[45]

A weekend conference in Redwood Falls for inventors, venture capital and business representatives to network and test market their ideas. Of this appropriation, $10,000 is for a Student Inventor's Congress. This type of activity is often underwritten by the private sector, which should be sufficiently innovative to prevent state taxpayers from paying for this conference.

Minnesota Planetarium & Space Discovery Center – $22 million[46]

The city of Minneapolis will use this money to construct a new planetarium on top of the new Central Library in downtown. This was called the Minneapolis Planetarium in the old library. The name was changed to the Minnesota Planetarium as an attempt to justify it as a statewide asset worthy of state funding. The city of Minneapolis and visitors to the planetarium should be footing the bill, not state taxpayers.

Minnesota Twins Stadium – $776 million[47]

The state legislature ignored precedent by approving a local option sales tax increase in Hennepin County *without a local referendum* to fund a new $776 million stadium for the Minnesota Twins ($392 million in principal + $384 million in interest over 30 years).[48] At the same time, Twins executives Jim and Robert Pohlad are sponsoring a campaign to increase state income taxes by $2 billion more per year![49]

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[43] Session Laws 2005 (1st Special Session), Chapter 5, Article 2, Section 84, Subdivision 21(b).
[44] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 10, Subdivision 4.
[45] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 2, Subdivision 2.
[46] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 16.
[47] Session Laws 2006, Chapter 257.
[48] Hennepin County Finance Department.
[49] http://www.worksformn.org/images/worksformn_ad.pdf.

Mountain Iron Renewable Energy Park – $500,000[50]

The funds are for the design and construction of the park, which would be used to develop and promote businesses specializing in sustainable and renewable energy. This is another example of government distorting the marketplace. If this industry isn't viable on its own, it shouldn't be subsidized.

Northeast Minnesota Rail Initiative – $1.3 million[51]

St. Louis County will use this money to renovate the Duluth Depot and match federal money for preliminary engineering, studies, and construction of rail infrastructure for the return of passenger rail service in the Duluth area. Passenger rail was a great service in the nineteenth century, but we're now in the twenty-first century, a fact that may have escaped legislators' attention.

Northstar Commuter Rail – $97.5 million[52]

The money will be used for construction of the Northstar Commuter Rail line running from Big Lake to downtown Minneapolis. The costs for this project have ballooned by $42 million, or 16 percent, in just five months (November 2005 to April 2006) to the current estimate of $307 million. As this publication went to press, the costs jumped another $10 million to $317 million due to cost overruns at one of the stations.[53] Northstar has a cost per new transit rider of $50 per trip. For a typical commuter, that works out to $22,250 per year and $890,000 over a 40-year work career. With that kind of money, the government could buy each commuter a helicopter to fly to work.

Ordway Center for the Performing Arts – $7.5 million[54]

More subsidies for theaters; this time to renovate the Ordway Theater in St. Paul. The curtain should only be raised if Ordway donors and patrons are paying the full costs of renovations and maintaining the theater.

Perpich Center for Arts Education – $15.4 million
($13.2 million in 2006-2007; $1.1 million in the 2005 bonding bill and $1.1 million in the 2006 bonding bill)[55]

This school for 11th and 12th graders specializes in arts education. The 300 students who attend this special school receive highly subsidized room and board to live on campus and enjoy a 12 to 1 staff to student ratio. While it does provide an excellent opportunity for a lucky few, it is a costly, elite school funded at taxpayer expense.

[50] Session Laws 2006, Chapter 282, Article 1, Section 21, Subdivision 18.
[51] Session Laws 2006, Chapter 258, Article 1, Section 16, Subdivision 5.
[52] Session Laws 2005, Chapter 20, Article 1, Section 18, Subdivision 5; Session Laws 2006, Chapter 251, Article 1, Section 16, Subdivision 4.
[53] "Fridley Rail Station Delayed," *Minneapolis Star Tribune*, July 25, 2006, http://www.startribune.com/142/story/569435.html.
[54] Session Laws 2006, Chapter 282, Article 1, Section 21, Subdivision 21.
[55] Session Laws 2005 (1st Special Session), Chapter 5, Article 10, Section 7; Session Laws 2005 (1st Special Session), Chapter 20, Section 4; Session Laws 2006, Chapter 258, Article 1, Section 6.

Polar Bear Exhibit – $9 million[56]

Along with the new Minnesota Zoo Russian bear exhibit, taxpayers will have to grin and bear more than $30 million for such exhibits.

Private Detective Board – $252,000[57]

The board regulates private detectives and security guards. Although this occupation may need regulation, according to the 1999 Legislative Auditor report on occupational regulation,[58] there are only about 300 licensed detectives and guards in the state. This seems like an excessive cost to regulate such a small profession; surely the costs could be covered by user fees.

Public subsidy for campaigns – $3.6 million[59]

Candidates for statewide offices can apply for public money to run their campaigns. Politicians have taken advantage of the public's concern for fair campaign practices and have created a gravy train for themselves. State funding of campaigns protects incumbents (the amount you get is based on how many votes your party got last time) and it promotes fraud. A candidate can run for office in a district where he or she has no prayer of winning, collect money, and buy a few lawn signs and a new computer. Remember to call to congratulate your opponent on election day.

Quality Compensation (Q-Comp) Aid – $85.9 million[60]

This aid goes to school districts who participate in the Q-Comp "performance pay for teachers" program. The original intent of the Q-Comp legislation was to replace the "steps and lanes" teacher pay system which rewards inputs (degrees, tenure) with a pay-for-performance system that rewards teachers for outcomes (student performance), creating incentives to improve student performance. But what ultimately emerged from the legislative process was a watered-down version to appease the union. The pay system complements, but does not replace steps and lanes, and provides a funding windfall to school districts. We applaud the intent, but question the results.

Red Rock Commuter Rail – $1 million
($500,000 in the 2005 bonding bill and $500,000 in the 2006 bonding bill)[61]

The bond revenue will be used for preliminary engineering and environmental review of the proposed Red Rock commuter rail corridor. This is just another way to railroad the taxpayers into subsidizing a boondoggle.

[56] Session Laws 2006, Chapter 258, Article 1, Section 17, Subdivision 8.
[57] Statute 326.32 – 326.39.
[58] http://www.auditor.leg.state.mn.us/ped/1999/pe9905.htm.
[59] Statute 10A.30.
[60] Statutes 126C.10 Subdivisions 34 & 36.
[61] Session Laws 2005, Chapter 20, Article 1, Section 19, Subdivision 4; Session Laws 2006, Chapter 258, Article 1, Section 17, Subdivision 5.

Rehabilitation of private shooting ranges – $300,000[62]

To provide technical assistance and matching grants to local communities and recreational shooting and archery clubs for the purpose of developing or rehabilitating shooting and archery facilities for public use. We're all in favor of guns, but state taxpayers shouldn't be subsidizing this project.

Renewable energy inquiries – $75,000[63]

To the Department of Agriculture for handling increased inquiries on renewable energy. How much energy is being used to keep the department's lights on to answer such questions?

Roseville Skating Oval – $500,000[64]

The grant is for improvements to the John Rose Skating Oval in Roseville. This facility is a perennial money loser, with operating losses of $1.5 million from 1993-2003. The facility will be back for more support from state taxpayers once this money runs out.

Rural Transportation Assistance Program (RTAP) – $143,542[65]

RTAP is a state-run program funded by federal money which provides training, technical assistance, scholarships and computer equipment for bus service in rural areas. The program hosts an annual "Bus Roadeo" competition for bus drivers. While safety training for bus drivers is important, staging an event of this type with public funds is inappropriate.

Rushford Institute for Nanotechnology (RINTek) – $600,000[66]

The grant to the city of Rushford is for construction of a facility to be used by RINTek, a private nanotechnology firm. If this project is as promising as its supporters claim, private money would be available to fund it. This is a risky venture, and state taxpayers are bearing most of the risk.

Shubert Theater – $12 million
($1 million in the 2005 bonding bill and $11 million in the 2006 bonding bill)[67]

At $37,000 per seat, this project is one of the most expensive theater restoration projects in the nation. State and city taxpayers have now spent more than $50 million renovating four old theaters in downtown Minneapolis, not to mention the $25 million in state bonding money approved in 2003 for the new Guthrie Theater. Minneapolis is second only to New York City in theater seats per capita, not including the Shubert.

[62] Session Laws 2005 (1st Special Session), Chapter 1, Article 2, Section 11, Subdivision 6.
[63] Session Laws 2006, Chapter 282, Article 9, Section 2.
[64] Session Laws 2006, Chapter 258, Article 1, Section 21, Subdivision 20.
[65] Title 49, United States Code, Section 5311(b) (3).
[66] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 11.
[67] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 16; Session Laws 2006, Chapter 258, Article 1, Section 21, Subdivision 17.

Southwest Regional Events Center – $11 million[68]

The funds will be used for a Regional Events Center at Southwest Minnesota State University in Marshall (population 13,000). This is yet another convention center that will be subsidized by taxpayers for years to come.

Taconite Aid to Non-Taconite School Districts – $3 million[69]

This money is provided by taconite production taxes to school districts where mining does not occur (Aitkin, Cook County, Crosby-Ironton, and Grand Rapids). Eliminating this aid was one of the reforms suggested in the Minnesota Taxpayers Association's 2004 mining tax study.[70] School districts that don't pay taconite taxes should not get taconite tax money.

Taconite Economic Development Fund – $20.8 million[71]

Taconite mining companies on the Iron Range pay a production tax of $2.103 per ton of taconite pellets to the Iron Range Resources & Rehabilitation Board (IRRRB). Of this amount, 30.1 cents is deposited in the Taconite Economic Development Fund, which rebates this money back to taconite companies for improving plant operation. As noted in a recent Minnesota Taxpayers Association report on mining taxes, this program violates "allocative efficiency" – it takes money from mining companies, then gives it back to them with orders on how it should be spent.[72] The mining companies, not government, know best how to spend their money. Eliminate the rebate program, and cut mining tax rates. Taconite mining is by far the most heavily-taxed industry in Minnesota. Minnesota's taconite tax rates are two to five times greater than the state's closest competitors, Canada and Michigan.

University of Minnesota Landscape Arboretum – $650,000[73]

The money will be used to acquire land for the arboretum. The arboretum already owns 1,000 acres– does it think money grows on trees?

Unlicensed Complementary and Alternative Health Care Regulation – $130,000[74]

If treatments are truly alternative, it will be very difficult to regulate and license this informal medical sector. The Legislative Auditor has criticized state regulation and licensure of professions that have little or no practical or formal requirements to entry, as a waste of money and the state's time.[75]

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[68] Session Laws 2006, Chapter 258, Article 1, Section 21, Subdivision 22.
[69] Minnesota Department of Revenue, Minerals Tax Office.
[70] Minnesota Taxpayers Association, *Mining Taxes in Minnesota: An Overview and a Recommendation for Reform*, March 2004, p. 64, http://www.mntax.org/research/mining.php.
[71] Statutes 298.227.
[72] Minnesota Taxpayers Association, Mining Taxes.
[73] Session Laws 2005 (1st Special Session), Chapter 1, Article 2, Section 11, Subdivision 6.
[74] Statutes 146A.01-02.
[75] http://www.auditor.leg.state.mn.us/ped/1999/pe9905.htm.

Union Depot Transit Station – 3.5 million[76]

This grant to the Ramsey County Regional Railroad Authority will be used to renovate the old Union Depot in downtown St. Paul into a transit station linking the boondoggle Red Rock Corridor commuter rail line with the boondoggle Central Corridor light rail line.

Winona Shakespeare Festival – $310,000[77]

This one-time grant is going to the Great Rivers Shakespeare Festival in Winona. "If the money goes before, all ways lie open."[78] This is not a statewide asset. If Winona wants it, Winona should pay for it.

WomenVenture – $300,000[79]

The grant is for women's business development programs. This program receives plenty of private support—in 2004 WomenVenture received $1.3 million in private support according to financial statements submitted to the State Attorney General's office[80]. It doesn't need state support.

Worker's Memorial Statue – $100,000[81]

A worker's memorial will be designed and built on the Capitol grounds in St. Paul. How about doing something that workers will remember—cancel the project and save them $100,000?

Viking Ship – $1 million[82]

The money will restore a replica Viking ship at the Hjemkomst Interpretive Center in Moorhead. This should be funded through private donations. For heaven's sake—a state-funded Viking ship?!?! The last time the Vikings were paid off, by English kings in the ninth and tenth centuries, the Vikings took their money and fought them anyway. It looks like history is repeating itself, as the government (taxpayers) is paying tribute to the Vikings once again with a poor return on that investment.

[76] Session Laws 2006, Chapter 258, Article 1, Section 17, Subdivision 7.
[77] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 6; Session Laws 2006, Chapter 282, Article 1, Section 21, Subdivision 6.
[78] William Shakespeare, "The Merry Wives of Windsor," Act 2, Scene 2.
[79] Session Laws 2005 (1st Special Session), Chapter 1, Article 3, Section 2, Subdivision 2.
[80] State Attorney General's Office, Charities Database: http://www.ag.state.mn.us/charities/Char_srch.asp.
[81] Session Laws 2006, Chapter 282, Article 1.
[82] Session Laws 2005, Chapter 20, Article 1, Section 23, Subdivision 17.

CONCLUSION:

In Minnesota, as in other states, government waste, inefficiency, and mismanagement are marbled throughout the state budget. Fortunately, the state of Minnesota has a budget surplus. Even with the surplus, there is no reason to think that the government can't be more efficient. The *2006 Minnesota Piglet Book* shows that there is plenty of work for the Governor and the state legislature.

The first step Minnesota should take is to cut the waste identified in this report, from corporate welfare to unnecessary government expenditures and overpriced school construction.

Second, Minnesota needs to establish a state version of the Grace Commission to analyze every nook and cranny of Minnesota's budget to cut waste. The original Grace Commission, established by President Ronald Reagan in 1982, was a volunteer, private sector effort that produced 2,478 recommendations for eliminating waste and inefficiency in the federal government. The waste identified in this piglet is only the tip of the iceberg; that part which is visible to the average taxpayer with but modest resources to devote to inquiry. In order to maximize the efficient use of taxpayer dollars, a deeper look into the workings of the Minnesota budget is required. With private sector expertise and the help of nonprofit organizations like The Taxpayers League Foundation, such a commission would scrutinize all expenditures to ensure that every tax dollar is accounted for. This commission should also be charged with following up to make sure that the waste is eliminated.

Finally, Minnesota should adopt revenue/spending limits on state government. Such an amendment would limit the amount of revenue growth the state can retain and spend to the sum of inflation and population growth. Revenue growth above that limit must be returned to taxpayers.