

# SACKED

*How Corporations on the Super Bowl Host Committee Left Minnesota's Public Schools Underfunded and Under Attack*



*December 2017*



**Saint Paul Federation of Teachers**

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# Preface

Four years ago, the Saint Paul Federation of Teachers (SPFT), along with parents and community members, embarked on new strategies to ensure that students in Saint Paul, particularly students of color, receive a quality education.

Working together, we have made significant gains, including:

- increasing the number of support professionals working directly with our students;
- pioneering parent engagement programs including Parent Teacher Home Visits, Academic Parent Teacher Teams, and School Climate Improvement Teams;
- lowering student to teacher ratios for our youngest learners and low-income students;
- reducing the amount of teaching time lost to testing and test preparation;
- implementing restorative practices in our schools to disrupt the school-to-prison pipeline;
- establishing the Peer Assistance Review program alongside our district to support the professional growth of teachers; and
- expanding the amount of full-day Pre-K programming available in the district.

While we are immensely proud of the strides we have made to improve public education in Saint Paul over the past four years, there is much work still to be done. We know that our schools are still not working for many of our students, especially our students of color. Our schools will continue to fail students until we address the systems that created racial inequities in our state in the first place.

Eliminating these disparities requires significant new resources.

However, when we advocate for a high-quality education and healthy communities for the kids we teach, many public officials tell us a tale of scarcity. We hear that the resources our communities need just aren't available.

The reality is that our state has done quite well. This is especially true of the business sector in Minnesota, who make huge profits but are contributing less and less to our community. We need the corporations in Minnesota who benefit from being in our communities to contribute to the welfare of all our children by paying their fair share.

We believe that all our students – regardless of their race, class, sexuality, gender, ability, or immigration status – deserve to succeed in school. This notion that all children are worth teaching and believing in is the cornerstone of our public education system, and SPFT will continue to fight to make it a reality.

# Introduction and Summary of Findings

Our largest corporations have spent a lot of time and money to lure the Super Bowl to Minnesota. **US Bank** CEO Richard Davis and **Ecolab** CEO Doug Baker headed up a group of prominent business executives who led the effort to build a new, publicly financed stadium in downtown Minneapolis. After the stadium was completed, Davis, Baker, and **Carlson Companies'** CEO Marilyn Carlson Nelson turned their attention to bringing the Super Bowl to Minnesota.

Davis, Baker, and Nelson recruited twenty of Minnesota's largest companies, including **3M**, **Best Buy**, **Cargill**, **Target**, and **United Health**, to become Founding Partners of the Super Bowl Host Committee. The Host Committee is responsible for planning and executing all parts of the ten-day Super Bowl celebration.

The Host Committee has stated that they want the one-day Super Bowl game to leave a "legacy" for kids in Minnesota.<sup>1</sup>

However, the companies of the Super Bowl Host Committee are leaving a much different legacy in Minnesota: legacy of public schools that are underfunded and under attack.



*Minnesota Super Bowl Host Committee co-chairs, from l to r: Richard Davis, Marilyn Carlson Nelson, Doug Baker*

The amount of state revenue available for schools has been greatly reduced by these companies over the past several decades. Their aggressive lobbying at the state level has lowered taxes on corporations and the wealthy, depriving our public schools of much needed resources. Additionally, these corporations take advantage of off shore accounts, Tax Increment Finance districts, and other loopholes in tax codes to pay even less of their taxes.

Founding Sponsors of the Minnesota Super Bowl Host Committee are holding a total of \$16.5 billion in 170 tax haven subsidiaries, which allows them to avoid paying corporate income taxes in the United States. **Ecolab** alone holds \$2.1 billion in 80 subsidiaries, in some of the most notorious tax havens, including the Bahamas, Channel Islands, and Luxembourg.<sup>2</sup> The companies on the Super Bowl host committee avoided paying a total of over \$300 million in Minnesota state income taxes over the last five years. **United Health** and **US Bank** alone avoid \$25 million a year in Minnesota state income taxes.<sup>3</sup>

At the same time, state aid to public schools is still almost \$1 billion a year less than it was in 2003, in constant dollars. Minneapolis and Saint Paul alone bear \$400 million a year of this reduction each year.<sup>4</sup> The impact of this decline in funding is especially troubling considering that

over two-thirds of the students in the Minneapolis and Saint Paul school districts are students of color. Both districts have large numbers of students who are English learners, homeless, and receive free and reduced lunch.

This lower funding means that public schools are not able to meet the needs of students. In Saint Paul there are classes with over 40 students and schools that only have a nurse a few hours a week. Students have seen the elimination of music, art, and physical education in their schools. Public schools are also not in a place to expand much needed services, like early childhood education programs, to meet the needs of all families.

Many of Minnesota’s largest corporations boast about their charitable contributions, but this philanthropy amounts to a fraction of what they should be paying in taxes. For example, **US Bank** contributed \$80,000 to the Saint Paul Public Schools last year, but benefits from \$1 million a year in Tax Increment Financing (TIF) from the city of Saint Paul. In many cases, these corporations take more from our communities than they give back.

The corporations on the Super Bowl Host Committee are also leaders of the **Minnesota Business Partnership**, which is made up of the CEOs of Minnesota’s 100 largest employers. The legislative priorities of the Business Partnership include lowering taxes on corporations and the wealthy and applying business principles to education. Claiming to improve education, they advocate for changes that would turn our schools into profit-generating private businesses.

Minnesota is a rich state and our corporations here make millions of dollars profiting off our communities. By avoiding paying for public services – including our public schools – our large corporate neighbors are actively harming the next generation of Minnesotans. We need the large companies that are investing millions into the Super Bowl to support public education in the same way. Only by investing in our public schools and our public school students can they begin to repair the harm they have done to our communities.

## Founding Partners of the Super Bowl Host Committee

3M	Carlson Companies	Mayo Clinic	Target
Accenture	Delta Airlines	Pentair	UnitedHealth
Best Buy	Ecolab	Polaris	US Bank
Boston Scientific	HB Fuller	Schwan’s	Valspar
CHS	Land O’Lakes	Sleep Number	Vikings
Cargill	Mall of America	Supervalu	Xcel Energy

Founding Partners each contributed \$1.5 million, and in return receive a package that includes:

- 20 suite tickets for the Super Bowl
- 20 tickets to pre-game tailgate party
- 8 tickets to Opening Night
- 4 tickets to Taste of the NFL Dinner

# The Decline in K-12 Education Funding

Real per pupil state aid to school districts in Minnesota declined every year from 2003 to 2012, for a total decline of \$2,000. Since the revenue from increased property tax levies was not large enough to replace the decline in state aid, overall school district revenues decreased.

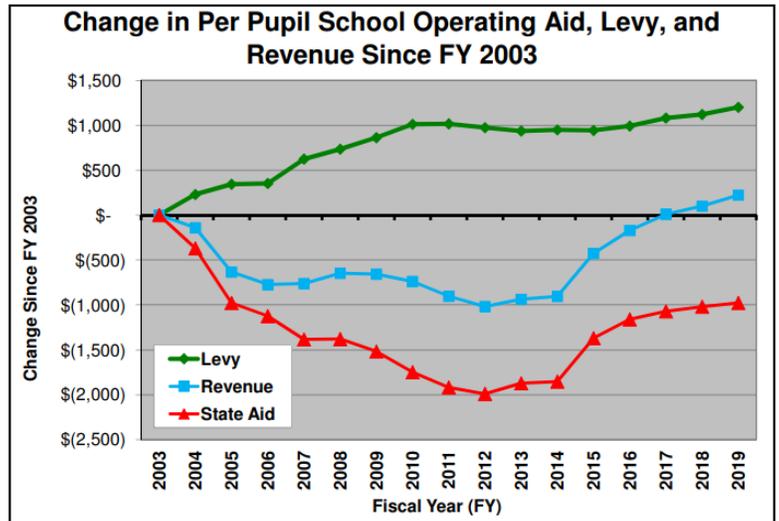
Real per pupil state aid has been increasing with new revenues from tax increases enacted in 2013. However, the per pupil amount is still less than it was in 2003.<sup>5</sup>

The total decrease in per pupil state aid to Minneapolis and Saint Paul schools from 2003 to 2012 was even more severe than in other districts, and the two districts have not had as much of their state aid replaced as other districts have.

While the average per pupil reduction in state aid across Minnesota was \$770, real per pupil, state aid to Minneapolis is still \$3,000 less than it was in 2003. In Saint Paul, the district experienced a \$1,600 per pupil reduction, over double the amount of other districts.<sup>6</sup>

## Minnesota School District Total

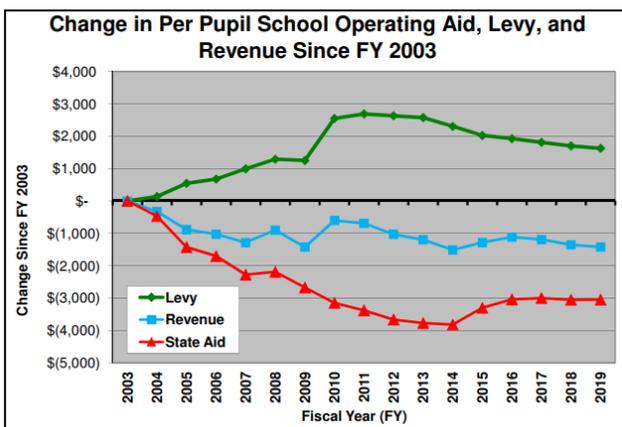
All Amounts in Constant FY 2018 Dollars



"School Revenue Trends, FY 2003–FY 2019, North Star Policy Institute, Sept 2017

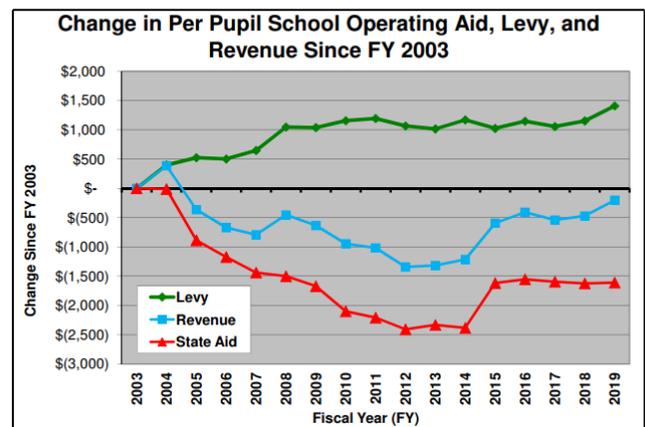
## Minneapolis School District

All Amounts in Constant FY 2018 Dollars



## Saint Paul School District

All Amounts in Constant FY 2018 Dollars

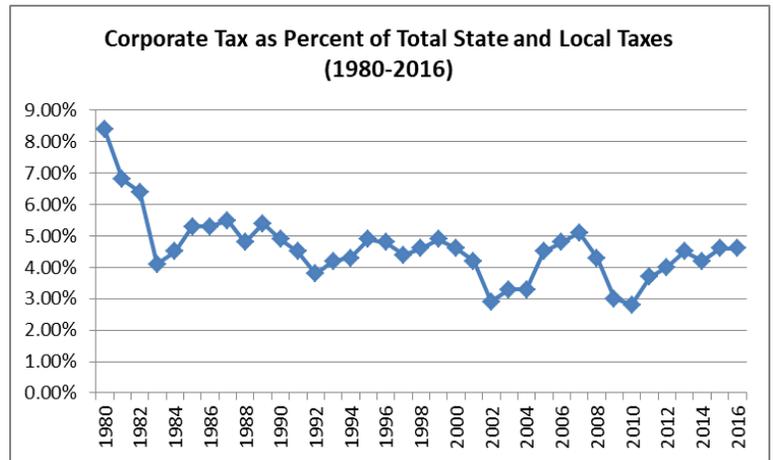


"School Revenue Trends, FY 2003–FY 2019, North Star Policy Institute, Sept 2017

# Lower Taxes on Corporations

Changes in state law have resulted in Minnesota's largest corporations paying lower rates for state income and state property taxes than they did previously.

- Corporations in Minnesota are currently taxed at a 9.8% state income tax rate.<sup>7</sup> However, in the past this rate had been as high as 12% and even higher (13.6%) for banks.<sup>8</sup>
- Corporations in Minnesota currently pay an Effective Tax Rate (ETR) on business property of 3.7%. However, in the past, this rate has been much higher, 4.2% in 2001 and 5.9% in 1996.<sup>9</sup>



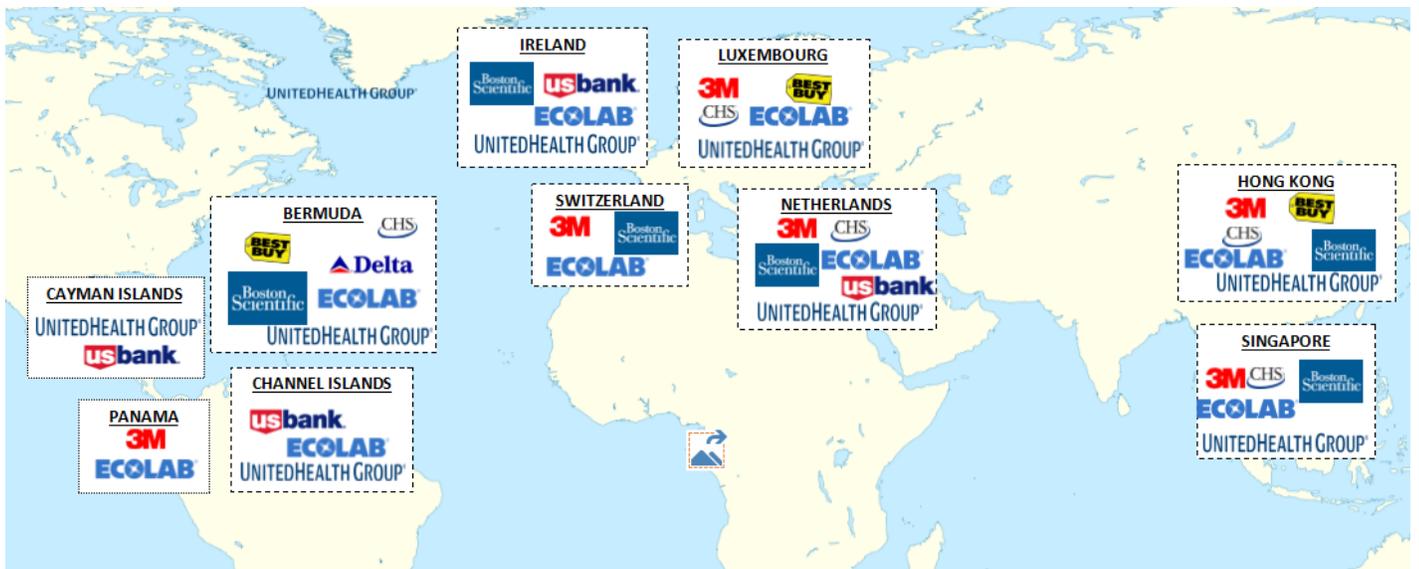
MN Department of Revenue, Tax Research Division, May 10, 2017

In 1980 corporate income taxes accounted for 8.4% of the total state and local taxes collected. In 2016, these taxes comprised just 4.6% of total taxes collected.<sup>10</sup>

## Corporate Tax Avoidance

Many of Minnesota's largest corporations have subsidiaries in offshore tax havens that allow them to shift income and assets to avoid paying corporate income taxes in the United States. The companies that are on the Super Bowl Host Committee hold a total of \$16.5 billion in 170 tax haven subsidiaries.<sup>11</sup>

Corporation	Number of Tax Haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore
3M	14	Hong Kong, Luxembourg, Netherlands, Panama, Singapore, Switzerland	\$1.4 billion
Best Buy	11	Bermuda, Hong Kong, Luxembourg, Mauritius, Turks and Caicos	\$1.1 billion
Boston Scientific	21	Bermuda, Costa Rica, Hong Kong, Ireland, Lebanon, Netherlands, Singapore, Switzerland	\$9.8 billion
CHS	14	Bermuda, Cyprus, Hong Kong, Luxembourg, Netherlands, Singapore, Switzerland	N/A
Delta	1	Bermuda	\$379 million
Ecolab	80	Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Bermuda, Channel Islands, Costa Rica, Hong Kong, Ireland, Luxembourg, Macau, Malta, Mauritius, Netherlands, Panama, Singapore, St. Lucia, Switzerland	\$2.1 billion
Target	N/A	N/A	\$993 million
UnitedHealth	21	Bermuda, Cayman Islands, Hong Kong, Ireland, Luxembourg, Netherlands, Singapore	\$717 million
US Bank	6	Cayman Islands, Chanel Islands, Ireland, Netherlands	N/A
<b>TOTAL</b>	<b>170</b>		<b>\$16.5 billion</b>



Between these tax havens and tax loopholes, corporations in Minnesota are paying millions of dollars less every year in income tax than the statutory tax rates. For example, over the last five years, Xcel Energy has actually made money on federal income taxes. Xcel had over \$7 billion in profits during this time, but instead of paying \$2.5 billion in federal income taxes, as the 35% corporate tax rate requires, Xcel used tax breaks to report negative taxes, totaling \$150 million. This means that Xcel made more after taxes than before taxes.<sup>12</sup>

The companies that are Founding Sponsors of the Super Bowl Host Committee have avoided paying a total of \$300 million in Minnesota state income taxes over the last 5 years. This comes to an average of about \$60 million a year.

## Minnesota State Corporate Income Tax Avoidance

Company	Total 2011-2016	Average/Year
UnitedHealth	\$71.6 million <sup>13</sup>	\$14.3 million
US Bank	\$56.6 million <sup>14</sup>	\$11.3 million
Accenture	\$42.1 million <sup>15</sup>	\$8.4 million
Delta	\$37.1 million <sup>16</sup>	\$7.4 million
3M	\$27.6 million <sup>17</sup>	\$5.5 million
Target	\$23.4 million <sup>18</sup>	\$4.7 million
Xcel Energy	\$13.9 million <sup>19</sup>	\$3.2 million
Best Buy	\$7.6 million <sup>20</sup>	\$1.5 million
Ecolab	\$6.4 million <sup>21</sup>	\$1.3 million
CHS	\$5.5 million <sup>22</sup>	\$1.1 million
Polaris	\$4.0 million <sup>23</sup>	\$800,000
Land O' Lakes	\$2.4 million <sup>24</sup>	\$474,000
Valspar	\$2.0 million <sup>25</sup>	\$400,000
<b>TOTAL</b>	<b>\$300.2 million</b>	<b>\$60 million</b>

# Philanthropy is No Substitute for Taxes

Many of Minnesota’s largest corporations make charitable contributions that are a fraction of what they should be paying in taxes.

Last year, only seven of the twenty-five Host Committee Founding Partners made financial contributions to the Saint Paul Public Schools, totaling \$1.1 million. For reference, each of these corporations paid \$1.5 million to be a Founding Partner of the Super Bowl Host Committee. Two-thirds of the companies, including **Boston Scientific, CHS, Delta Airlines, and Xcel Energy,** made no contributions.



## Contributions to Saint Paul Public Schools FY2016<sup>26</sup>

Name	Dollar Amount	Number of Contributions	Average Contribution Size
<b>3M</b>	\$531,400	29	\$18,324
<b>Ecolab</b>	\$311,000	153	\$2,030
<b>Target</b>	\$132,500	215	\$616
<b>Best Buy</b>	\$80,000	1	\$80,000
<b>US Bank</b>	\$75,270	1	\$75,270
<b>HB Fuller</b>	\$300	1	\$300
<b>Land O Lakes</b>	\$150	1	\$150
<b>TOTAL</b>	<b>\$1.1 MILLION</b>	<b>403</b>	<b>\$2,826</b>

Most of this funding came in the form of grants. Grant donors can – and often do – impose specific criteria for their grants. They can require applicants to jump through numerous hoops to receive funding or tie the funding to consumer spending.

- The majority of **Ecolab’s** contributions to the Saint Paul Public Schools came through Ecolab’s Visions for Learning Educator Grants. These grants require individual teachers to each fill out a 10-page application for grants of about \$2,000 each to buy additional classroom equipment and materials.<sup>27</sup>
- Almost all of the funds **Target** donated to the Saint Paul Public Schools were part of Target’s now discontinued “Take Charge of Education” program,<sup>28</sup> through which the company donated 1% of Redcard holders’ purchase total to a school of their choice. Target’s donation came because shoppers spent \$13 million using Target Redcards, designating a specific school in Saint Paul to be the beneficiary of the money.<sup>29</sup>

# Tax Increment Finance: All Taking, No Giving

Tax Increment Financing (TIF) subsidizes companies by refunding or diverting a portion of their taxes. After a new building is constructed, it has a higher property value and owes higher property taxes. On properties that are within designated TIF districts, this increase – the “tax increment” – does not go to the city or schools. Instead it goes to pay for the development project itself.

In Saint Paul, **US Bank’s** Operations Center generates about \$1 million a year in property taxes. Because the property is within a designated TIF district, the property taxes are actually tax increment payments, so they do not go to the city, county, and school district. Instead, these tax increment payments pay back the \$12 million in bonds issued by the city, along with \$13 million in interest that will accrue over 25 years.<sup>30</sup> Additionally, the city of St. Paul also owns the land that the US Bank Operations Center is built on and leases the land to US Bank for \$1 a year with a 60-year lease.

The \$1 million a year in TIF tax breaks dwarfs the \$80,000 charitable contribution that US Bank gave to the Saint Paul Public Schools last year.<sup>31</sup>

TIFs are used by cities across the metro area to give tax breaks to large corporations.

- **Best Buy** makes an annual contribution of \$10,000 to the Richfield Public Schools,<sup>32</sup> while it benefits from \$2 million in TIF Financing each year from the city for its headquarters.<sup>33</sup>
- The **Mall of America** has received \$6.5 million a year in Tax Increment Financing since 1992 from the city of Bloomington.<sup>34</sup> It dissolved its foundation in 2011, but in its last two years of existence, it donated a total of \$15,000 to the Bloomington Public Schools.<sup>35</sup>
- **Target** gave schools in Brooklyn Park \$31,000 last year from its Take Charge of Education program,<sup>36</sup> while the city has doled out \$1 million a year in tax abatements for Target’s Northern Campus.<sup>37</sup>



# Lowering Taxes Even More

Lowering taxes for corporations and wealthy Minnesotans has been and continues to be a priority of the corporations that are on the Super Bowl Host Committee. They carry this out through the **Minnesota Business Partnership**, the state’s “most powerful business group,”<sup>38</sup> which is made up of the CEOs from the state’s 100 largest employers.

Super Bowl Host Committee co-chair, **Ecolab** CEO Doug Baker, is the chair of the group’s Fiscal Policy Committee, which believes that “Minnesota has an antiquated and burdensome tax structure.”<sup>39</sup>

To relieve this burden, the Business Partnership urges the state legislature to:

- reduce Minnesota’s high business property taxes;
- reform Minnesota’s high corporate tax rate; and
- lower Minnesota’s high personal income taxes.<sup>40</sup>

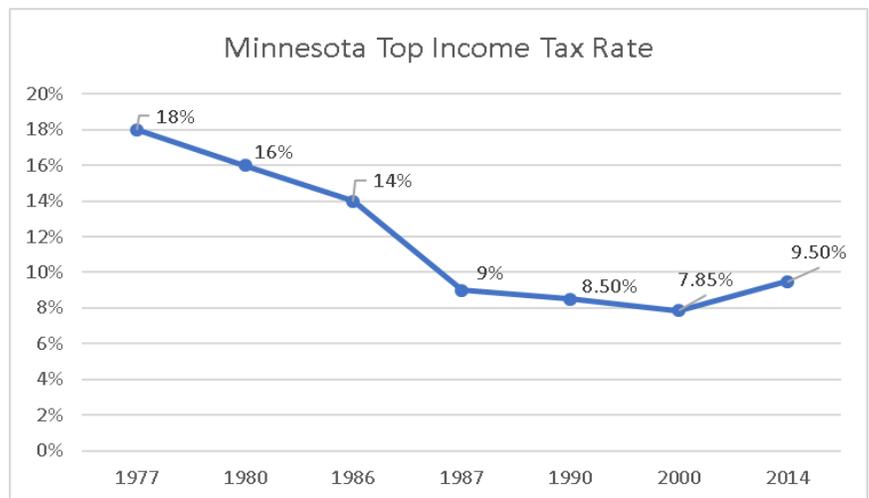
In addition to Baker, CEOs from other corporations on the Super Bowl Host Committee are also leaders of the Business Partnership, including the group’s current chairman, **Cargill** CEO David MacLennan, and president, **Xcel Energy** CEO Ben Fowke.<sup>41</sup>

**US Bank** has played a leadership role in the Business Partnership, in addition to the Super Bowl Host Committee. US Bank CEO Richard Davis was the organization’s chairman from 2011 to 2015, when he was replaced by **Polaris** CEO Scott Wine, who is also on the US Bank Board of Directors.<sup>42</sup>

# Lower Taxes on Wealthy Minnesotans

One of the Minnesota Business Partnership’s legislative priorities is to lower taxes for the richest Minnesotans. In 1977, the wealthiest Minnesotans paid an 18% state income tax rate. This was gradually reduced to 7.85% by 2013. In 2013, the state legislature increased it slightly to 9.5%.<sup>43</sup>

The Business Partnership, which has a board of directors with an average annual compensation of \$12 million, strongly opposed this modest uptick on high income taxes in 2013. They argued that the rich already paid more than their fair share, and that increasing taxes would prevent businesses from expanding and growing in Minnesota.



This modest tax increase allowed the state to invest an additional \$350 million a year for k-12 education in 2015, beginning to reverse the long decline in state education funding.<sup>44</sup>

The CEOs of the corporations that are on the Super Bowl Host Committee are also some of the most highly paid people in Minnesota. They personally gain the most when the top tier personal income tax rate is lowered or held down.

## Minnesota Executive Total Compensation<sup>45</sup>

2016 MN Compensation Rank	Corporation	CEO	2015	2016	1-year percent change
3	UnitedHealth	Stephen Hemsley	\$20.1 million	\$31.3 million	56%
4	US Bank	Richard Davis	\$21.8 million	\$29.3 million	35%
5	Ecolab	Doug Baker	\$23.8 million	\$25.3 million	7%
6	Pentair	Randall Hogan	\$10.7 million	\$23.2 million	117%
8	Valspar	Gary Hendrickson	\$11.3 million	\$20.2 million	79%
9	Xcel Energy	Benjamin Fowke	\$11.2 million	\$18.5 million	66%
10	Best Buy	Hubert Joly	\$23.3 million	\$16.8 million	-28%
11	3M	Inge Thulin	\$15.6 million	\$16.8 million	7%
15	Target	Brian Cornell	\$9.0 million	\$9.1 million	1%



# Not a Money Problem?

State tax structure is not the only policy area of interest to the **Minnesota Business Partnership** and its corporate partners. After underfunding schools, these same corporations criticize public schools for not meeting the needs of students.

In a recent opinion piece, the chair of the Business Partnership's Education Committee wrote that statewide test scores "are an alarm and a call to action."<sup>46</sup> He expresses outrage about the education that students of color are receiving, but he is not concerned at all in the decline in state funding. In fact, the Business Partnership has declared that the current crisis in our schools is "not a money problem."<sup>47</sup>

The Business Partnership and the corporations on the Super Bowl Host Committee are part of a nationwide movement to apply business principles to education, including:

- promoting CEO-like superintendents, who have business experience but little education experience;
- aggressively cutting costs, such as by recruiting less experienced teachers;
- instituting a market-based system in which public schools compete with privately managed charter schools, religious schools, for-profit schools, and virtual schools;
- making standardized test scores the ultimate measure of student success; and
- closing "failing" schools.<sup>48</sup>

The Business Partnership recommends obtaining more student data through testing starting in pre-school and using that data as the main method of evaluating students, teachers, schools, and districts.<sup>49</sup>

As the use of standardized test scores has become more prevalent, "teaching to the test" has become a widespread practice since low test scores threaten the future of entire school communities. With a primary focus on test scores rather than on education, corporations can advocate for the hiring of administrators and teachers with little or no education training.

One of the other main recommendations that the Business Partnership has made is to use alternative teacher training programs such as Teach for America (TFA), to educate students. TFA was originally intended to stem a teacher shortage and place teachers in schools that were in need of teachers, but TFA teachers are now replacing veteran teachers because the TFA teachers are less expensive.

TFA has come under criticism for its model of placing under-trained, uncertified, first-and second-year teachers in classrooms filled with high needs students. "Every year, TFA installs thousands of unprepared 22-year olds, the majority of whom are from economically and culturally privileged backgrounds, into disadvantaged public schools. They are given a class of their own after only five

to six weeks of training and a scant number of hours co-teaching summer school.”<sup>50</sup>

Since TFA members promise only to stay for two years, there is a cycle in which they are then replaced by brand new under-trained, uncertified teachers.

The Business Partnership is also a big backer of charter schools, which can operate largely apart from the oversight of the school district and democratically elected school board. Charter schools are independently or privately run, but they are publicly financed, often along with additional resources from corporate sponsors.

- **Cargill** gave \$200,000 to the Hiawatha Academies charter school in Minneapolis in 2015.<sup>51</sup> **Target**, **UnitedHealth**, and **US Bank** are among the school’s other donors.<sup>52</sup>
- **Carlson Companies** led a coalition to bring the KIPP national charter school chain to Minneapolis,<sup>53</sup> and has contributed a total of \$1.5 million.<sup>54</sup> Other donors to KIPP last year included **Delta Airlines**, **Best Buy**, **Boston Scientific**, and **Ecolab** CEO Doug Baker.<sup>55</sup>

In October 2014, the Minnesota Business Partnership announced its Charter School Initiative in which fifteen Business Partnership member companies would help Minneapolis charter schools by providing operational assistance, including marketing, professional development, literacy support, and nutrition assistance.<sup>56</sup> In January 2015, the Business Partnership made a loan to help Hiawatha Academies expand its charter school network in Minneapolis, the first of five new schools that the Business Partnership planned to build under its initiative.<sup>57</sup>

Corporate support for charter schools has gone beyond just financial.

- Executives from **3M** and **Best Buy** are on the KIPP board of directors.<sup>58</sup>
- Bob Josephson, a Senior Vice President at **US Bank**, is the chair of the Hiawatha Academies’ board of directors.<sup>59</sup>
- The **Minnesota Business Partnership’s** Education Policy Director Jim Bartholomew was on the board of directors of Hiawatha Academies from its founding, serving as treasurer starting in 2007 and then serving as secretary until 2013.<sup>60</sup>

Many charter schools were started by individuals and groups with a sincere desire to improve education, who intended the schools to be labs for experimentation and innovation or to serve a special pedagogy. However, the charter school movement has since been taken over by corporations whose motivations are less noble. A *New York Times* editorial noted that although charter schools originally promised that they would outperform traditional public schools if they were not restricted by public bureaucracy and regulations, there has been a "growing number of studies showing that charter schools are generally no better - and often are worse -- than their traditional counterparts.”<sup>61</sup>

# Public Funds, Private Profit

While **US Bank**, **Ecolab**, and the other corporations in the **Minnesota Business Partnership** may oppose increasing funding for public education, they strongly support using public funds to enhance private profit.

**US Bank** CEO Richard Davis and **Ecolab** CEO Doug Baker led the business community in successfully pushing for a new Vikings stadium. Minnesota and Minneapolis taxpayers provided \$498 million in upfront funding to build the stadium. However, these funds came from issuing bonds, which the city and state must pay back with interest over the next 30 years. The actual cost to taxpayers will be almost 2.5 times the original amount, coming to about \$1.2 billion.

- The state’s contribution of \$348 million to the stadium construction will end up costing the state about \$616 million total, factoring in the interest.<sup>62</sup>
- The city of Minneapolis’ contribution of \$150 million is projected to cost city taxpayers a total of \$631 million, including interest and \$7.5 million a year the city will pay for operating costs and maintenance of the stadium.<sup>63</sup>

The state of Minnesota technically “owns” US Bank stadium, which means that Vikings owners Mark and Zygi Wilf get to enjoy the benefit of not paying property taxes. They do pay a \$15 million-a-year lease on the stadium,<sup>64</sup> but the Wilfs enjoy other economic benefits that normally go to the stadium owner, including:

- \$220 million from **US Bank** for naming rights;<sup>65</sup>
- \$125 million from corporate partners, including **3M**, **Delta Airlines**, **Ecolab**, **Land O’Lakes**, **Pentair**, and **Polaris**;<sup>66</sup>
- \$60 million from ticket and luxury box sales and \$100 million from “seat licenses” that season ticket holders must pay, on top of the ticket prices;<sup>67</sup> and
- revenue from ads and food and beer sales.<sup>68</sup>

None of this money makes it back to the city of Minneapolis or the state of Minnesota.

The value of the Vikings continues to increase. In 2011, the Vikings franchise was valued at \$800 million. By 2015, its value was double that - \$1.6 billion.<sup>69</sup> A year later, after US Bank Stadium opened, the Vikings were valued at \$2.2 billion.<sup>70</sup>



# Who Benefits from the Super Bowl?

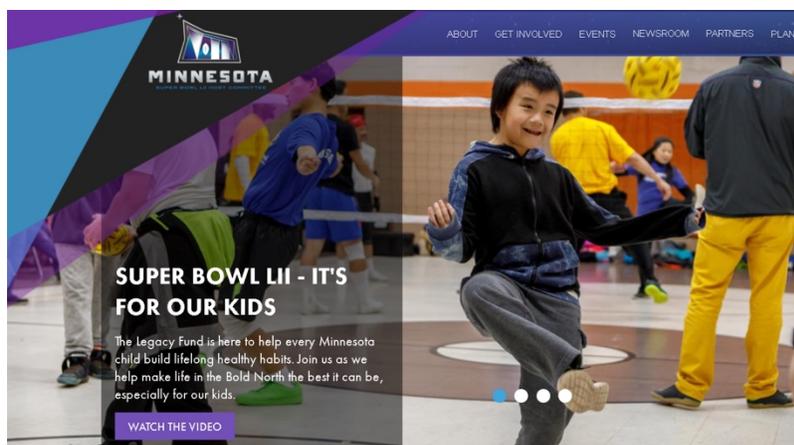
Taxpayers will also be subsidizing the Super Bowl. There will not be any state sales tax charged on Super Bowl tickets, which means about \$9 million lost revenue.<sup>71</sup> In addition, even though the state 'owns' US Bank Stadium, Minnesota will not receive any revenue from ticket sales or food concessions.

Although Minnesota taxpayers have been told that the Super Bowl will bring hundreds of millions of dollars in economic benefits to the state, most of those benefits will go to large corporations.

- The Metropolitan Airports Commission (MAC) is expecting 50,000 more passengers than usual to arrive at MSP Airport in the days leading up to the Super Bowl.<sup>72</sup> This will be a huge economic boon to the airlines, especially **Delta Airlines**, which transports nearly 80% of passengers at MSP<sup>73</sup>
- Out-of-town visitors are expected to spend \$71 million on hotel rooms, the single largest category of projected Super Bowl spending.<sup>74</sup> The two largest hotel chains in the U.S. – **Marriott** and **Hilton** – own about 40% of the hotel rooms in the Twin Cities.<sup>75</sup>

While hotel and restaurant workers may get more hours and more tips, they will not see the windfall that corporations will. Many of the same corporations that are on the Super Bowl Host Committee are also leaders with the **Chamber of Commerce**, which unsuccessfully sued the city of Minneapolis to stop the implementation of the \$15 minimum wage.<sup>76</sup>

The Minnesota Super Bowl Host Committee Legacy Fund has been doing a 52 Weeks of Giving Campaign, a year-long program to give one grant a week. The Fund has given Minnesota public schools a total of \$350,000 so far, including \$30,000 to the Saint Paul Public Schools.<sup>77</sup> The \$350,000 in total grants comes out to less than 40 cents per public school student in Minnesota. Real per pupil state aid is still about \$1,000 less than it was in 2003.<sup>78</sup>



# Conclusion

As educators, we know what our students need to be successful in public schools. We need to establish full-service community schools, which include the services and programs necessary to address basic physical, mental, and emotional health needs of young people and their families in school buildings. We need to expand access to preschool, because high-quality Pre-K programs lead to higher graduation rates and fewer students in remedial classes. We must disrupt the school-to-prison pipeline by investing in programs like restorative practices so that all our students, especially our students of color, can be heard and valued.

However, to provide these necessary programs to our students, we must bring more resources into our schools. Unfortunately, on a national level, we are moving in the opposite direction. Congress is debating a tax cut which would lower corporate tax rates from 35% to 20%. Our schools are already underfunded. We cannot risk any more cuts due to decreases in revenue.

Nonetheless, SPFT believes there is a lot we can do on a local level to bring more resources into our public schools. Minnesota is a rich state and our large corporations here make millions of dollars profiting off our communities. We should negotiate with large corporations, including **US Bank** and **Ecolab**, to invest in our schools. We need to have frank discussions about the Saint Paul Public Schools' needs and the capacity of these large corporations to meet those needs.

Further into the future, we need the state of Minnesota to increase funding that goes to public schools. Large corporations can help in this area too. We should call on these corporations to demand the **Minnesota Business Partnership** drop its opposition to increased state taxes on corporations and the wealthiest Minnesotans and instead advocate for increased funding for public education.

When they avoid paying for public services – including public schools – these companies harm our students. Public education provides an opportunity to build a strong future through embracing the diversity that strengthens our communities and growing together as a society. When it is underfunded and under attack, public education cannot meet the needs of all of our students. Only by investing in our public schools and our public school students can our corporate neighbors begin to repair the harm they have done to our communities.

# End Notes

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<sup>1</sup> <http://www.mnsuperbowl.com/about/legacy-fund>, accessed December 1, 2017

<sup>2</sup> "Offshore Shell Games 2017: The Use of Offshore Tax Havens by Fortune 500 Companies," U.S. PIRG and Institute on Taxation and Economic Policy, October 2017

<sup>3</sup> See endnotes # 16-28

<sup>4</sup> "Put Your Money Where Your Mouth Is," North Star Policy Institute, Jeff Van Wychen, September 20, 2017

<sup>5</sup> "School Revenue Trends, FY 2003 – FY 2019," North Star Policy Institute, Jeff Van Wychen, September 2017

<sup>6</sup> "School Aid: Halfway Back to 2003," North Star Policy Institute, Jeff Van Wychen, September 7, 2017

<sup>7</sup> Minnesota Tax Handbook: A Profile of State and Local Taxes in Minnesota 2014 Edition, Minnesota Revenue Tax Research Division, January 2015

<sup>8</sup> Minnesota Tax Handbook," January 2015

<sup>9</sup> Effective Tax Rates, Market Values, & Net Taxes by Property Class (Payable 1965--2016), Minnesota Department of Revenue

<sup>10</sup> "State and Local Tax Collections by Major Tax Category," 2015, Minnesota Department of Revenue

<sup>11</sup> "Offshore Shell Games," October 2017

<sup>12</sup> "The 35 Percent Corporate Tax Myth: Corporate Tax Avoidance by Fortune 500 Companies, 2008 to 2015," Matthew Gardner, Robert S. McIntyre, and Richard Phillips, March 2017

<sup>13</sup> **UnitedHealth** had total taxable income of \$49.3 billion from 2012-2016. (UnitedHealth Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$986 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, UnitedHealth would have owed \$96.6 million in state income taxes. UnitedHealth paid a total of \$1.25 billion in total state income taxes nationally during this period. (UnitedHealth Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$25 million in state taxes paid. If UnitedHealth was required to pay \$96.6 million in state taxes in Minnesota, but paid just \$25 million, that is a difference of \$71.6 million.

<sup>14</sup> **US Bank** had total taxable income of \$44.9 billion from 2012-2016. (US Bank Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$897 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, US Bank would have owed \$87.9 million in state income taxes. US Bank paid a total of \$1.6 billion in total state income taxes nationally during this period. (US Bank Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$31.3 million in state taxes paid. If US Bank was required to pay \$87.9 million in state taxes in Minnesota, but paid just \$31.3 million, that is a difference of \$56.6 million.

<sup>15</sup> **Accenture** had total taxable income of \$23.3 billion from 2012-2016. (Accenture Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$465 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Accenture would have owed \$45.6 million in state income taxes. Accenture paid a total of \$178 million in total state income taxes nationally during this period. (Accenture Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$3.6 million in state taxes paid. If Accenture was required to pay \$45.6 million in state taxes in Minnesota, but paid just \$3.6 million, that is a difference of \$42 million.

<sup>16</sup> **Delta** had total taxable income of \$18.4 billion from 2012-2016. (Delta Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$368 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Delta would have owed \$36.1 million in state income taxes. Delta paid a total of - \$50 million in total state income taxes nationally during this period. (Delta Annual Reports) If we estimate that 1/50th of these taxes were Minnesota, that would be - \$1million in state taxes paid. If Delta was required to pay \$36.1 million in state taxes in Minnesota, but paid - \$1 million, that is a difference of \$37.1 million.

<sup>17</sup> **3M** had total taxable income of \$18.7 billion from 2012-2016. (3M Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$373.5 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, 3M would have owed \$36.6 million in state income taxes. 3M paid a total of \$450 million in total state income taxes nationally during this period. (3M Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$9 million in Minnesota state taxes paid. If 3M was required to pay \$36.6 million in state taxes in Minnesota, but paid just \$9 million, that is a difference of \$27.6 million

<sup>18</sup> **Target** had total taxable income of \$20.2 billion from 2012-2016. (Target Annual Reports) If we estimate that Minnesota,

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as one of 50 states, had 1/50th of this income, that would be \$403 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Target would have owed \$39.5 million in state income taxes. Target paid a total of \$805 million in total state income taxes nationally during this period. (Target Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$16.1 million in Minnesota state taxes paid. If Target was required to pay \$39.5 million in state taxes in Minnesota, but paid just \$16.1 million, that is a difference of \$23.4 million.

<sup>19</sup> **Xcel Energy** had total taxable income of \$7.6 billion from 2012-2016. (Xcel Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$151.3 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Xcel would have owed \$14.8 million in state income taxes. Xcel paid a total of \$47.4 million in total state income taxes nationally during this period. (Xcel Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$1 million in Minnesota state taxes paid. If Xcel was required to pay \$14.8 million in state taxes in Minnesota, but paid just \$1 million, that is a difference of \$13.8 million.

<sup>20</sup> **Best Buy** had total taxable income of \$5.8 billion from 2012-2016. (Best Buy Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$117 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Best Buy would have owed \$11.4 million in state income taxes. Best Buy paid a total of \$190 million in total state income taxes nationally during this period. (Best Buy Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$3.8 million in Minnesota state taxes paid. If Best Buy was required to pay \$11.4 million in state taxes in Minnesota, but paid just \$3.8 million, that is a difference of \$7.6 million.

<sup>21</sup> **Ecolab** had total taxable income of \$3.6 billion from 2012-2016. (Ecolab Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$73 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Ecolab would have owed \$7.2 million in state income taxes. Ecolab paid a total of \$38.4 million in total state income taxes nationally during this period. (Ecolab Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$800,00 in state taxes paid. If Ecolab was required to pay \$7.2 million in state taxes in Minnesota, but paid just \$800,000, that is a difference of \$6.4 million.

<sup>22</sup> **CHS** had total taxable income of \$3.4 billion from 2012-2016. (CHS Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$67 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, CHS would have owed \$6.6 million in state income taxes. CHS paid a total of \$53.6 million in total state income taxes nationally during this period. (CHS Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$1.1 million in Minnesota state taxes paid. If CHS was required to pay \$6.6 million in state taxes in Minnesota, but paid just \$1.1 million, that is a difference of \$5.5 million.

<sup>23</sup> **Polaris** had total taxable income of \$2.8 billion from 2012-2016. (Polaris Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$55 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Polaris would have owed \$5.4 million in state income taxes. Polaris paid a total of \$70.1 million in total state income taxes nationally during this period. (Polaris Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$1.4 million in Minnesota state taxes paid. If Polaris was required to pay \$5.4 million in state taxes in Minnesota, but paid just \$1.4 million, that is a difference of \$4 million.

<sup>24</sup> **Land O Lakes** had total taxable income of \$1.6 billion from 2012-2016. (Land O Lakes Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$31.6 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Land O Lakes would have owed \$3.1 million in state income taxes. Land O Lakes paid a total of \$14 million in total state income taxes nationally during this period. (Land O Lakes Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$300,000 in Minnesota state taxes paid. If Land O Lakes was required to pay \$3.1 million in state taxes in Minnesota, but paid just \$300,000, that is a difference of \$2.8 million.

<sup>25</sup> **Valspar** had total taxable income of \$1.6 billion from 2012-2016. (Valspar Annual Reports) If we estimate that Minnesota, as one of 50 states, had 1/50th of this income, that would be \$31.4 million in taxable state income in Minnesota. At the Minnesota corporate income tax rate of 9.8%, Valspar would have owed \$3.1 million in state income taxes. Valspar paid a total of \$55.5 million in total state income taxes nationally during this period. (Valspar Annual Reports) If we estimate that 1/50th of these taxes were paid in Minnesota, that would be \$1.1 million in Minnesota state taxes paid. If Valspar was required to pay \$3.1 million in state taxes in Minnesota, but paid just \$1.1 million, that is a difference of \$2 million.

<sup>26</sup> Data from Saint Paul Public Schools of non-government, third-party contributions and grants in FY16 and FY17

<sup>27</sup> Ecolab Form 990

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<sup>28</sup> Data from Saint Paul Public Schools of non-government, third-party contributions and grants in FY16 and FY17

<sup>29</sup> Target donated approximately \$130,000 to Saint Paul Public Schools from its Take Charge of Education. This amount represents 1% of the purchases of Red Card holders who designated SPPS. \$130,000 = 1% of \$13 million.

<sup>30</sup> Ramsey County Property Tax Statement

<sup>31</sup> Data from Saint Paul Public Schools of non-government, third-party contributions and grants in FY16 and FY17

<sup>32</sup> Best Buy Form 990

<sup>33</sup> "Auditor: a sharp drop in the use of TIF districts," *Finance and Commerce*, Burl Gilyard, January 26, 2011

<sup>34</sup> "Bloomington could soon see Mall of America tax windfall," *Pioneer Press*, Deena Winter, October 20, 2016

<sup>35</sup> Mall of America Form 990

<sup>36</sup> [http://osseo.granicus.com/MetaViewer.php?view\\_id=2&clip\\_id=66&meta\\_id=5480](http://osseo.granicus.com/MetaViewer.php?view_id=2&clip_id=66&meta_id=5480), accessed December 1, 2017

<sup>37</sup> "Target expansion proceeds in Brooklyn Park," *Minneapolis-St. Paul Business Journal*, Sam Black, May 7, 2006

<sup>38</sup> "Minneapolis' largest businesses add to push against workplace changes," *Star Tribune*, Erin Golden, Oct 14, 2015

<sup>39</sup> "Blueprint for fiscal policy reform," Minnesota Business Partnership, January 2017

<sup>40</sup> "Blueprint for fiscal policy reform," Minnesota Business Partnership, January 2017

<sup>41</sup> <https://mnbp.com/our-members/leadership>, accessed December 1, 2017

<sup>42</sup> US Bank 2016 Annual Report

<sup>43</sup> Minnesota Tax Handbook: A Profile of State and Local Taxes in Minnesota 2014 Edition, Minnesota Revenue Tax Research Division, January 2015

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<sup>45</sup> [http://apps.startribune.com/top\\_100\\_exec\\_comp/topCeoView.php](http://apps.startribune.com/top_100_exec_comp/topCeoView.php), accessed December 1, 2017

<sup>46</sup> "Student test results: an alarm and a call to action," *Saint Paul Pioneer Press*, Pat Ryan, August 20, 2017

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<sup>48</sup> *The Death and Life of the Great American School System: How Testing and Choice are Undermining Education*, Diane Ravitch, 2010

<sup>49</sup> "Minnesota's Future: World-class Schools, World-class Jobs," Minnesota Business Partnership and Itasca Project, 2008

<sup>50</sup> "Why I Stopped Writing Recommendation Letters for Teach for America," [www.slate.com](http://www.slate.com), Catherine Michan, October 9, 2013

<sup>51</sup> <http://www.edhivemn.com/recipientgrants.php?recipientID=24>, accessed December 1, 2017

<sup>52</sup> Hiawatha Academies 2016 Annual Report

<sup>53</sup> <http://www.kipp.org/story/diana-nelson/>, accessed December 1, 2017

<sup>54</sup> <http://www.edhivemn.com/recipientgrants.php?recipientID=31>, accessed December 1, 2017

<sup>55</sup> <http://www.kippminnesota.org/our-supporters/>, accessed December 1, 2017

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<sup>61</sup> *New York Times*, February 2, 2013, "More Lessons about Charter Schools"

<sup>62</sup> "Taxes to pay for now-open US Bank Stadium rebound, thanks to gamblers," *Star Tribune*, Eric Roper, July 22, 2016

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