



Summary of Meeting with David Schultz

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

Friday, March 10, 2006

Speaker: David Schultz, professor, Graduate School of Management, Hamline University

Attendance: Verne Johnson, chair; Chuck Clay, Paul Gilje, Jim Hetland, Jim Olson (by phone), and Clarence Shallbetter

A. Introduction of David Schultz —Verne introduced Schultz, professor, Graduate School of Management, Hamline University. Schultz is former chair of Common Cause, Minnesota. He has a Ph. D. in political science and a law degree from the University of Minnesota. He has authored 20 books. He is a nationally-recognized expert on political ethics, money and politics, political participation, and eminent domain law and has been a frequent commentator on television, radio, and in over 100 domestic and international newspapers and periodicals, including the *New York Times* and the *Wall Street Journal*.

B. Comments and discussion with Schultz —During his comments and discussion with the Civic Caucus, the following points were made:

1. Outline of his remarks —Having reviewed the summaries of previous thought leaders, Schultz said that today he'll address four areas, in the following order: (a) money in politics, (b) government structure, (c) leadership, and (d) ideology or knowledge.

2. Money in politics —Schultz said he has been tracking the flow of money in politics on a state and national basis since the early 1990s as well as teaching election law. The current polarization and paralysis in Minnesota politics is directly the result of the stalemate, or "cold war", if you will, in fundraising by the DFL and GOP in Minnesota. Amounts given to DFL and GOP legislators, in total, are approximately equal. As a consequence neither side is able to move its positions, because they are tied so closely to the desires of the lobbyists, PACs and special interests providing the money.

The total amount given to each legislator, with the effect of entrenching the process is more than \$100,000 a year, with a total of over \$777,000 per legislator since 1999. As a result of this spending to affect both elections and the policy making process, neither side can maneuver, and it is impossible to compromise.

3. Campaign finance trumps other reasons for stalemate —Asked about such issues as ideology, Schultz said campaign finance is more important in explaining polarization. The parties really aren't all

that different, philosophically. You have Democrats who are close to corporate interests and Republicans who have connections with labor groups But it's the campaign money that requires them to be so inflexible in their positions.

4. Real influence occurs during the legislative session —Schultz said that money given directly to candidates and their campaigns represents only eight percent of the total amounts given. The other 92 percent comes from (a) soft money, the money given in unrestricted amounts to the parties, the caucuses and the interest groups, (b) independent expenditures by interest groups on their own, and (c) hiring lobbyists.

The real influence from money comes during the session with all the interest groups trying to affect the process, as contrasted with money given for the campaigns themselves.

Schultz did a study of money spent by different industries. If you're in the tobacco or firearms industry, you don't give money to individual candidates. Most of them won't take the money from such sources anyway. You give the money to the parties, the caucuses, and the caucus leadership. The parties decide the platform and the caucus leadership decides what bills will be heard. You need to recognize that the big contributors think of giving to politics as a business investment. You give your money where your investment really pays off.

5. Collapse of campaign finance reform in Minnesota —Nothing has really happened to improve the system since the laws advocated by Sen. John Marty were adopted in 1994. The Center for Public Integrity in Washington, D. C., which tracks campaign finance reforms formerly placed Minnesota among the better states. But now we're in the middle of the pack. We're no longer a leadership force for change in the states.

Schultz mentioned that he's been fighting for many years to retain the ban on gifts to legislators by lobbyists. Some very respected individuals and organizations want to repeal the gift ban, he said.

The situation in Minnesota is similar to the national picture, he said. Nationally, we need to go after the 527 groups. Right now nothing in the way of reform seems to be moving in Minnesota.

6. Importance of structural change —Moving to the second point in his outline, Schultz said the state's budget process is "completely backwards". First the Legislature convenes. Second, the Governor issues the proposed budget for the state. Third, the fiscal forecast occurs. It makes no sense to assemble the Legislature and make them wait around a few weeks with nothing to do, until the Governor's budget message. Moreover, the budget message shouldn't precede the fiscal forecast. Instead, he said, the fiscal forecast should come first, followed by the Governor's budget, and then the Legislature can get to work.

7. Consider changes similar to that of Wisconsin —Schultz suggested Minnesota could do well to adopt some changes already in effect in Wisconsin: (a) a joint committee on the budget, (b) a single bill with all appropriations, including the tax provisions, rather than several separate bills, and (c) a continuing resolution to keep government running in event of an impasse.

8. Consider a constitutional convention? —Schultz suggested that maybe the time is coming when we need to convene a constitutional convention to see if the document prepared in 1858 is the kind of

government structure we want for the 21st century. He mentioned that Governor Ventura, Dean Barkley, and George Pillsbury all have argued for a unicameral Legislature. Schultz said he personally goes back and forth on that issue. He repeated his point that campaign finance reform comes first. What good would it do to have only one House and fewer legislators, if you kept the same campaign finance laws, he asked?

When he testifies on money and politics, Schultz says that he stresses the problem is not about corruption. It's a structural defect. Put people in a certain environment and they'll act in a certain way. Today's environment discourages innovation and going against the wishes of special interest groups. As important as structure is, Schultz said the first step is to make changes in campaign finance.

9. Importance of leadership —On the third point in his outline, leadership, Schultz said you can't produce great leaders where money discourages innovation and structure allows little room for movement. While perhaps once the state produced great leaders, it no longer does so because money makes it difficult for true leaders to be liberated from special interests. In addition, one thing that fascinates Schultz about political leadership in Minnesota is the extent that families have members of the second and third generation participating. He mentioned Orville and Mike Freeman and Walter and Ted Mondale. What this suggests is that a closed political system is not encouraging new and real leaders. Instead, name recognition and family connects determine more of one's ability to attract money and support than does real innovation or leadership.

10. Ideology and knowledge —On the fourth point in his outline, ideology and knowledge, Schultz said he is concerned with how often our legislators act on the basis of ideology, not on the basis of whether something works or not. He recalled his own work in New York as a housing and economic planner. He said solid evidence exists in social science that often demonstrates what kinds of program work, or at least what does not work. For example, he said, business tax incentives and state tax subsidies don't work in creating jobs, but that's the kind of policy that is adopted.

11. Changes in campaign finance —Schultz said he has a detailed report on his proposals and will send us a copy. First, he said, he would place a limit of \$500 on the amount of soft money that anyone can contribute to parties and caucuses. Second, he wants real disclosure of lobbyist contributions. He elaborated on this point by saying that he would prohibit lobbyists from making contributions and would require full disclosure by lobbyists of whom they are talking to and on what bills.

He would require instant disclosure of the sources of funding for independent expenditures by interest groups. When such expenditures are made to urge voters to support certain candidates, he would provide public money to allow opposing candidates to respond.

He doesn't believe in 100 percent public funding of campaigns. He likes the idea of individuals supporting the candidates they want to see elected with modest contributions.

Asked about constitutionality of his proposals, Schultz said court cases support what he is advocating.

12. Background on Common Cause —While the national organization still is active, Common Cause Minnesota is essentially dead. A few years ago the national organization decided to withdraw its funding for state organizations. New leadership in Minnesota also did not go along with national requirements that membership within the state organizations be non-partisan.

13. Changes in the judiciary —Schultz said recent court cases will allow candidates for judges in Minnesota to announce their positions on issues in advance, to affiliate with parties, and to seek contributions. He is opposed to such changes. He said that Minnesota ought to make judges appointed, not for life, but perhaps for 10-year terms. He'd support selection by the Governor, with recommendations coming from an independent judicial selection committee (not appointed by the Governor). Obviously, a constitutional amendment would be required. Or perhaps the issue would be part of an agenda for a constitutional convention.

Generally, Minnesota has good judges. Governor Ventura made good selections. Part of his work on appointments relates to Dean Barkley, who was on his staff. Barkley now is in Texas running a candidate's campaign for Governor.

14. Disclosure not enough— In response to a question Schultz said that persons who advocate only full disclosure of campaign contributions are not going far enough. He said he has written an article for the Election Law Journal on that subject.

15. Redistricting —Schultz said it is a conflict of interest for legislators to set the boundaries of the districts where they run. He likes the Iowa process. Asked about how to make districts competitive, what with other requirements present such as compactness and racial balance, Schultz said he is attracted by the concept of multi-member districts. Perhaps you could have two representatives running at-large within a Senate district. Jim Olson reminded the group that the Voting Rights Act, which is up for renewal in 2007, could be amended to require additional features such as competitiveness.

16. Instant runoff voting —Schultz said he likes instant runoff voting and has been working with the Fair Vote Minnesota group that is advocating that system.

17. Appropriations provisions in the state constitution —Schultz was asked about the growing interest in creating dedicated funds in the state constitution. At least two proposals are active in the 2006 Legislature, one for natural resources and one for transportation. Paul observed that it is interesting that other functions, such as education, could seek the same provisions. It was noted that such actions have the effect of turning the constitution into an appropriations bill and removing discretion from the State Legislature over apportionment of funds.

Schultz, a lawyer himself who has taught constitutional law in law school, said he opposes such constitutional changes. It reflects that no one seems to trust the Legislature, he said.

Verne wondered whether the Civic Caucus might provide a service this summer by inviting a number of speakers to address the Caucus on questions about what is appropriate to include in the constitution. We would then circulate summaries of such meetings widely, just as we have over the last five-six months on the questions of future of our democracy. He asked Schultz whether such

education would be an appropriate action for us. Schultz replied, yes. He said that he would have added a fifth point to his presentation today, concerning citizen education. Currently, he teaches graduate management to city and county administrators and employees of the Legislature. He said everything deals with empowering people by giving them education.

18. Concerns about public education —Continuing our discussion on another aspect of education, Schultz criticized the Legislature for getting involved in writing educational curriculum. He said he trusts high school teachers and thinks the Legislature has made the situation worse for teachers by micro-managing.

19. Concerns about charter schools —Asked about the charter school movement, Schultz said he doesn't favor charter schools. He's concerned about using public dollars to support religious education. He also said there's no evidence that the choice system improves educational output. He was pressed on this matter, given the concerns of parents in central city schools and their wide use of choice options that are available. He criticized the bureaucracy in the St. Paul schools but said he is not convinced that choice is the answer. We aren't getting at the fundamental problems of family support and nutrition, which are key to improved education, he said. He also said he opposes certain disincentives that are present to provide all-day kindergarten. He said he is a strong proponent of pre-kindergarten.

20. Possibility of the Civic Caucus as a prototype —Verne said the Civic Caucus, with its meetings with thought leaders and its circulation of summaries via email to a large group of others, might be a prototype for other states in sharing information. Schultz agreed, but he added that you also need to translate knowledge into political action.

21. Opposes term limits —Schultz opposes term limits for legislators and members of Congress. He said such action would shift power to the staff and lobbyists.

C. Thanks —Verne thanked Schultz for meeting with us.

***The Civic Caucus* is a non-partisan, tax-exempt educational organization. Core participants include persons of varying political persuasions, reflecting years of leadership in politics and business.**

A working group meets face-to-face to provide leadership. They are Verne C. Johnson, chair; Lee Canning, Charles Clay, Bill Frenzel, Paul Gilje, Jim Hetland, John Mooty, Jim Olson, Wayne Popham and John Rollwagen.

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