



Summary of Meeting with Tim Penny

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

Friday, July 17, 2009

Present: Verne Johnson, chair; Marianne Curry, Paul Gilje, Jim Hetland (by phone), Dan Loritz (by phone), John Moaty, Jim Olson (by phone), and Wayne Popham (by phone)

A. Context of the meeting: The Civic Caucus has been exploring issues related to the upcoming campaign for Minnesota governor. Today we're meeting with a former candidate, on the Independence Party ticket in 2002, Tim Penny.

B. Welcome and introduction —Verne and Paul welcomed and introduced Tim Penny, President and CEO, Southern Minnesota Initiative Foundation, Owatonna, MN, and a senior fellow, Humphrey Institute of Public Affairs, University of Minnesota. Penny has a B.A. degree in political science from Winona State University. He served in the Minnesota Senate from 1975 to 1982 and in the U. S. House of Representatives from 1983 to 1995. He was an unsuccessful candidate for Governor on the Independence Party ticket in 2002. He previously visited with the Civic Caucus: http://www.civiccaucus.org/Interviews/Penny_Tim_10-21-05.htm

C. Comments and discussion —During Penny's comments and in discussion with the Civic Caucus the following points were raised:

1. Good to provide useful information for candidates —Penny said he read our memo on possible options for the Civic Caucus to help in providing information for candidates for Governor. He wishes the Civic Caucus participation list, now at more than 1,100, should be increased by a factor of 10 or more. Very few announced candidates or potential candidates have had any statewide exposure, so it is very important that special efforts be undertaken to help voters across the state learn about the candidates and their positions.

2. An opportunity for the Independence Party —The 2010 election provides an opportunity for the Independence Party, should it recruit a person of stature with demonstrated leadership to run. Penny said he will not be running. He still is a member of the Independence Party and he is happy to help the party recruit a quality candidate. Several years ago the time was right for him to run, he said, but professionally and personally, this is not a good time. As much as he is frustrated by the way the state is going, he doesn't have enough fire in the belly. He feels strongly that a third party candidate is needed.

3. Candid discussion on budget priorities is essential —If ever the state needed candid discussion on its budget priorities, that time is now, he said. Health care expenses are destroying the

budget. Nothing has been done. It's one thing to cover more people, as provided by Minnesota Care, it's another thing to let health care inflation run the budget.

4. Priorities needed on education —You are asking the right question if you're wondering whether early childhood, K-12, and higher education ought to all be treated alike, or if one should be given higher priority, he said. He likes emphasis on accessibility for early childhood and on alternatives to traditional school districts. He said it appears the Legislature has decided to let higher education tuition rise, without sufficient financial aid for the needy.

5. Tie two-year post-high school institutions to economic development ?—Penny is deeply concerned that the state is over-emphasizing the importance of college degrees as against more technical, job-related education. He said the state's two year colleges seem to be over emphasizing the preparation for an eventual four-year liberal arts degree. Instead, he said, the two-year institutions should be more closely tied to an economic development strategy for all Minnesotans, which means more job-related training in the two-year institutions including short courses and certificates (as opposed to degrees) and more on-site training partnerships with businesses.

6. Attack the transportation backlog —The other big issue is transportation, he said. We clearly have a backlog of transportation needs. More revenue is needed, whether from a gasoline tax or other source, he said.

7. Changing the precinct-caucus-primary-election process? —Penny doesn't see much interest among GOP and DFL insiders in doing much more than tinkering with the present system. For the parties and the interest groups and activists the current system works well for them. So he sees some action on making rules on absentee ballots more uniform among counties. In terms of major change, such as enactment of Ranked Choice Voting, also known as Instant Runoff Voting (IRV), Penny is not optimistic. However, he noted that had IRV been in existence, the long recount for Franken-Coleman would not have been necessary. The second choices of voters who supported Barkley would have been reassigned to Franken and Coleman, which would have produced a final result without a recount.

8. Fundamental changes to improve the elections system —Asked what changes he'd regard as fundamental, Penny outlined the following:

a. Limit sources of campaign contributions —Penny would allow contributions to political campaigns to come only from individuals who can vote in the state. He'd get rid of contributions by political action committees and by people who don't live in the state.

b. Change redistricting —He'd support a bi-partisan panel to handle redistricting, instead of having the Legislature do the job.

c. Enact IRV —Third party candidates shouldn't be relegated to being spoilers for other candidates. Allow people to rank candidates in order of preference so that a winning candidate would have a majority.

d. Allow fusion voting —A political party should be allowed to close its ballot for other candidates for a given office if the party chooses to endorse a candidate from another party.

9. Important qualities for governor —Noting that Penny said he'll be involved in seeking a candidate for the Independence Party, a member asked what qualities he believes are important. Penny listed the following:

- a. Belief in changing the system** —The candidate must believe in reform of the elections system.
- b. Fiscal discipline and responsibility** —It is critical that the Governor be honest and get beyond phony fixes, he said.
- c. Address transportation infrastructure** —The candidate must be serious about addressing the backlog on transportation. It's more than roads. We need a transportation network for this century.
- d. Have proven success in leadership** —The candidate needs proven success in the political realm or the private sector. Penny would prefer someone from the private sector. Political skill is important, but someone from the private sector will likely have a different view of management. Real life achievement prepares someone better for leadership, he said.
- e. Will make high quality appointments** —Too often Governors make appointments to cabinet positions from a list of former colleagues. Such a list might be satisfactory politically but the list isn't likely to produce the best talent.

10. Support for term limits —In response to a question, Penny said he now favors term limits. Too many people in elected office are just positioning themselves for the next election or next elective job. The concept of public office as a public service needs to be elevated.

11. Suggestions for improvement in the state's economy —Asked about needs for the state's economy, Penny suggested the following:

- a. Improve transportation infrastructure** —Don't continue the debt approach, he said, without arranging for a source of money to pay the debt.
- b. Early childhood education** —We must do better, he said. Penny favors looking at long term solutions to improving the economy, not short fixes.
- c. Restructure two-year community colleges** —It would help if the community colleges in each region were closely aligned with the economic development organizations, e.g. chambers of commerce, in each region.
- d. Realign the Minnesota Department of Employment and Economic Development (DEED)** —Penny said he'd get rid of 90 percent of the programs run by DEED because they tend to pit one part of the state against the other. He'd far prefer programs designed to support business everywhere in the state.

12. Broadening the sales tax? —A Civic Caucus member recalled discussion last week with State Sen. Bonoff. Penny replied that he believes the sales tax needs to be broadened, even beyond clothing. He recalled then-Governor Ventura couldn't figure out why the sales tax applies to lawn maintenance services but not to the work of the landscape architect. Broadening the tax would also help stabilize revenue sources.

13. State help for specific business developments? —Asked to elaborate on his previous comments about use of state money for business, Penny said he doesn't favor use of state dollars to subsidize one given business to locate in a certain part of the state. That includes, he said, the proposed bio-medical development at Pine Island. Instead the state should be taking steps that will improve the economic climate around the state, such as lowering the corporate income tax. We don't need to pit Owatonna, Albert Lea and Fairmont against one another. All can benefit from economic development in any one city.

Continuing the discussion, Penny said he had supported tax-increment financing in the Legislature 30 years ago, a tool that provides benefits to specific businesses and not others. He no longer supports such a program.

Concentrate on programs that would have a positive impact on every part of the state, he said.

Responding to a question about inter-state competition, Penny said he favors strategies that make entire state attractive, rather than trying to convince one business to locate here. He repeated his thoughts about a lower corporate tax rate and a revamping of two-year post-high school institutions.

Summarizing his points, he said he favors a business climate strategy, not a business subsidy strategy.

14. Has the state fallen behind? —Looking to the state's position relative to the other 49 states, Penny believes the state is on the verge of falling further behind. Transportation infrastructure and high dropout rates in many high schools are examples.

15. Do a better job of assimilating immigrants —Penny said that his foundation sponsors asset-based dialogues in the cities of southern Minnesota. These dialogues are designed to look at immigration as an asset for job growth. Don't concentrate all your efforts on helping immigrant advocacy groups, he said. Make the entire community aware of the potential of the new residents. Government agencies aren't always the best initial point of contact for new immigrants, he said

16. More job-oriented education in high school? —Returning to Penny's earlier comments about community colleges, a member asked whether more should be done at the high school level to prepare students for work. Penny said he agrees.

17. Leadership by the Governor needed on transportation —It is critical, Penny said, that the Governor make a comprehensive proposal covering all expenses, capital and operating, for all transportation options, roads and rail. Transportation decision-making is too fragmented in Minnesota, he said.

18. Support for health task force report —Responding to a question on health care, Penny said he supports recommendations from the Governor's Health Care Transformation Task Force (<http://www.health.state.mn.us/divs/hpsc/hep/transform/ttfreportfinal.pdf>). He suggested Maureen Reed, his running mate for Governor in 2004, as a good resource on health care.

19. Possible resource people to advise candidates for Governor —Verne Johnson said that the Civic Caucus is thinking about interviewing individuals with valuable knowledge and experience who

can advise candidates for Governor. Penny suggested John Gunyou, city manager, Minnetonka; Jim Mulder, Association of Minnesota counties; Kelly Harder, director of Human Services, Steele County; Colleen Landkamer, of Blue Earth County, former president of the Association of Minnesota Counties, Jay Kiedrowski, former state commissioner of finance; Mary Brainerd, CEO, Health Partners; Janet Dolan, former president, Tennant Company; Bill George, former chairman of Medtronic; and Bob Hoffman, vice president, Minnesota State University, Mankato, a former Taylor Corporation executive.

20. Thanks —On behalf of the Civic Caucus, Verne thanked Penny for being with us today.