



Summary of Meeting with Dane Smith

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437


Friday, May 1, 2009

Present: Verne Johnson, Chair; Dave Brodin, Jim Hetland, Dan Loritz, Tim McDonald, Jim Olson (phone)

A. Context of the meeting -

Today's meeting is with Dane Smith, President of Growth & Justice, to discuss that group's recent report *Governing with Accountability*.

The report can be found on their website, at:  http://www.growthandjustice.org/sites/2d9abd3a-10a9-47bf-ba1a-fe315d55be04/uploads/Accountability_Report_Web.pdf .

Another report put out in October of 2008, *Smart Investments for Minnesota Students*, can be found at:  http://www.growthandjustice.org/sites/2d9abd3a-10a9-47bf-ba1a-fe315d55be04/uploads/Accountability_Report_Web.pdf .

The report was recently praised on Minnesota Public Radio by state Commissioner of Education Alice Seagren for its rooting in evidenced-based recommendations.

From Growth & Justice:

Dane Smith was named president of Growth & Justice in April 2007 after concluding a 30-year career as a journalist for the Star Tribune and the Pioneer Press, where he developed a solid reputation reporting and writing about state, local and federal government and politics. He succeeds founder and executive Joel Kramer, who now serves as chair of the board...

...Dane is co-author of the book, "Professor Wellstone Goes to Washington: The Inside Story of a Grassroots U.S. Senate Campaign." In 1989-90, Dane was the recipient of the John S. Knight Fellowship for Professional Journalists, providing a mid-career sabbatical and a year of study at Stanford University. Dane holds a B.A. in Journalism from the University of St. Thomas and an A.A. degree from Inver Hills Community College, where also has served as an adjunct faculty member.

B. Comments and discussion -During the discussion, the following points were raised:

About Growth and Justice

A member asked Dane for a quick review of Growth and Justice as an organization. "We are a policy research organization and I think we are distinctive and refreshing," he said, because of our

"recognition that both private and public sectors are good and necessary. We are a pro-government, pro-business think-tank."

Differences and similarities with the Citizens League? The two groups are similar, Dane said, in their non-partisan and balanced view of public affairs and their emphasis on good government. Growth and Justice emphasizes civic engagement but they are not a grassroots or membership organization.

The two organizations differ somewhat on process. Where the Citizens League utilizes member-led study committees to draft reports, Growth and Justice relies on the expertise of research associates, steering committees of stakeholders and experts and project staff. Ideologically, Growth and Justice is somewhat more openly progressive in its world view and on tax-and-budget issues than the Citizen's League.

The group has 50-60 advisors, and a mailing list of approximately 5,000. Annual budget is between \$500-600,000, and "like many groups, we are facing budget difficulties this year."

What about its founding; its genesis? The organization's founder is Joel Kramer, also founder of MinnPost, who left the Star Tribune with a substantial compensation package when McClatchy bought the paper in 1998. He ran for Lieutenant Governor in 2002 for "about three weeks," and was a bit taken aback by the polarity of politics, particularly regarding views over the proper role of both the public and private sector in the economy.

Growth and Justice understands government for the people and by the people as an agent for public investment. But we also need to "Do it right, and with accountability, smarter, and with respect for the legitimate needs of business and markets."

They do not take positions in the fights on social issues, Dane added. Do they have a PAC; are they at the legislature? They are not active in campaigns or producing elected official "scorecards" but they are at the capital promoting their principles, the components of which follow, for the initiative on accountability.

Governing with Accountability

In their new report Growth and Justice seeks ways to make government work better. How do they define accountability? Six principles in their report are as follows:

Establish leadership commitment

Set long-term goals and priorities

Strive for transparency, straight talk and open books

Maintain fiscal responsibly and fairness

Focus on efficiency and effectiveness

Demand accountability for results

A question came: How do you make the non-elected aspects of government accountable? There are false notions about government out there, Dane said, revolving around ideas that it is ineffective and is a hindrance to society. In fact it is effective, and does have a purpose. "We have heard from the beginning that government is a black hole. That's just not true."


Dane continued that elected officials are probably in ways *too* accountable in the sense that they stretch to meet immediate demands and desires of voters at the expense of long term considerations. We often hear that government needs to be run more like a business, he said, but businesses can be even more 'irrationally accountable.' Public companies have cycles of accountability that are shorter still-quarterly. Bureaucrats to the contrary are more interested in longer term thinking, and that is a merit we should not overlook.

Ideologues reside on both sides about government, Dane noted. This bores the public and the media. There is minimal interest today in public affairs. Many of those in the public bureaucracies, to their credit, are interested.

The chair asked Dane to comment on the different natures of accountability between elected officials and high-level public managers. On a scale of 1 to 10, Dane pondered, he would put the quality of the bureaucrats at 8; elected officials probably a 7. A Caucus member with history in both state agencies and the executive branch agreed with this assessment.

The report includes two quotes from Ted Kolderie, who has been in the public-sector design business for decades. Here is one:

Organizations and institutions behave the way that they are structured. If you don't like the way they are behaving, you have to change how they are structured. Structural remedies drive performance remedies.

Kolderie gave a speech in 1991 that emphasized the extra-ordinary nature of Minnesota's public, private, and civic sectors, arguing that we are able to fight above our weight in all sectors because we offer a better product. See a transcript of the speech here:  <http://thewrittenleague.googlepages.com/ColdSunbelt.pdf> .

This above-the-norm performance, Kolderie warns, can crumble if not actively maintained.

On Taxes

Dane is worried that Minnesota's public sector now has deteriorated, in significant part because of a decrease in tax revenues. There is a sense among hard-line conservatives, he said, that any goals-oriented leadership by the state amounts to "central planning" or even "communism." The governors returned surpluses of recent years instead of saving it for harder economic times.

Growth and Justice supports taxation known as "progressive," whereby higher rates of taxation apply to high earners.

A question: If we raise income tax on the high-end, we will be one of the highest-taxing states in the country. Some members present know of older people who have left the state because of this. How will this affect jobs?

Dane replied that Minnesota has always been one of the highest-taxing states, but "we have also been able to offer the best product." Those states with the most regressive tax systems and lowest taxes, he added, tend also to have the "greatest inequality and lower quality of life." The economic cost of higher income taxes "could be a couple thousand jobs," Dane reflected, "but we've got two million jobs in the state." And draconian cuts in the public sector can have even larger negative impacts on the economy.

He noted that a higher income tax is not the only solution. We could broaden the sales tax, which has the added benefit of helping hedge the volatility of the state's revenue stream.

Reacting to this, a core member remarks "But that money (of wealthy individuals) doesn't leave the economy-and it is what allows a group like Growth and Justice to operate."

"True," Dane responded, "but at what point does inequality become a problem.?"

Another core member came in with this thought: "There is too much focus on the gross tax rate, when we should be more interested in ways to get to the net rate that people pay. This is where the inequality resides, between people who are able to cut away at their gross and those that aren't."

Growth and Justice at the capitol

The group is working on two initiatives presently, at the capitol. The first has to do with their 2008 report *Smart Investments for Minnesota Students*, represented in the House and Senate by HF1188 and SF954, respectively. Traces of each are found in the E-12 omnibus bills.

Their second initiative this session involves promoting the notion that there are no silver bullets to our state's economic problems but, getting back to the idea of system-design, there are strategies.

On education a Caucus member notes that their call for implementing proven strategies "presupposes you have an education program that can be responsive.

"Very true," Dane responded, adding that "Results of our public education system are impressive" outside of the most dire spots. He said that he is encouraged by movements to "de-institutionalize" schools, opening up online options in addition to other forms of innovation. He is unsure to what degree information technologies can be a solution.

Dane cited a report recently released by Public Strategies Group (PSG) out of Saint Paul, outlining ideas for improving government. The report was commissioned by local foundations in response to the economic crisis, and can be found at: www.citizensleague.org/bottomline .

The changing face of local engagement in public affairs: news media, business

Naturally there were questions for Dane about what he thinks of the future of news media in the metro region, in the state, and nationally.

The gatekeeper function of professional news media is being lost, he observed, as greater disintermediation is taken on by the Internet. People used to have their three levels of "trusted sources": national, regional, local. Regional are being hit hardest. People are moving toward more opinionated sources.

A member followed-up on civic engagement in public affairs: Are foundations now filling roles that business used to play?

You're probably on to something, Dane said. Business seems to be moving to the right on civic engagement, he said, though he then agreed with another member that perhaps this has to do more-so with the global-focus of today compared to generations past.

On the use of constitutional amendments for assigning revenue

To a question along this line Dane replied that he does not support such a strategy for allocating funds. "The constitution is large enough already and most policy experts think that the constitution is a terrible tool to use for setting tax-and-budget policy."

Final thoughts

The chair asked Dane if he had any final thoughts.

We forget sometimes all the great things that government in America has done, Dane said: getting to the moon ahead of time, bringing women and minorities up from second class status. This is extraordinary, really, he observed.

A core member added that the operative word here is 'American'-that it is liberal democracy that has allowed these things to occur, not 'government,' per se. Under many forms of government these great feats could not have been achieved, and have not yet. "Well said," Dane agreed.

C. Closing

Thank you to Dane, for his time.

D. Attachment

Prior to the meeting Dane was provided with some questions to think on. He drafted responses, included here:

Do we accept as a "given" the existing structures of government? Not in the least, nor should we accept as a given that the existing structures are "broken" or must be radically restructured. Lots of things are obsolete. Two chambers of the Legislature, given one-person, one-vote. The Electoral College. County governments with a courthouse that's one day's horse travel away from every resident. We've been wrestling over bureaucratic reform for a couple hundred years.

If not, to what extent can structural changes make it easier to implement accountability principles? Anne Knapp from our group in the early going kept talking about how legislation and appropriations need to have goals-language appended to every major outlay or bill. I'd like to quote

Ted Kolderie here, who was quoting somebody named Walt McClure: "If you don't like the way institutions and organizations are behaving, you probably ought to change the way they're structured and rewarded." So this makes sense. Thoughtful and constructive and goal-oriented structural change, not just shaking things up, makes all the sense in the world. The options in the Bottom Line report by the five foundations and PSG provide examples of imaginative restructuring.

Can you cite services where accountability principles seem to be followed very well now or where principles were followed well in the past? I'll take this opportunity to be boldly unconventional and to assert that from the broadest possible perspective, Minnesota has somehow done a better job of following these principles than most states, and I'll assert that the United States has done a pretty fine job of setting goals, having leaders commit to them, installing transparency.

A few years back I wrote a three-part series documenting all the amazing accomplishments achieved by governments in Minnesota and the United States, especially since the New Deal, with reaching the moon and elevating two-thirds of our citizens out of second-class citizenship being two of them.

But to get more specific and less cosmic on the subject, we point out in our report that Washington and Oregon seem to be by consensus the leaders in planning, innovation, applying evidence and data to measure problems and progress, and in accountability in front, in general. If you start reading the literature, Britain and the U.K., despite their reputation for sclerotic and inefficient, seems to be a lot of thinking and doing on this front.

The Humphrey Institute grants annual awards to cities and counties and school districts for achievements in innovation and improvement. I went to one of these awards presentations last month, and it seemed like Roseville seems to be a hotbed of interesting and innovative community improvement and involvement.

Is there any difference in the accountability approach of elected officials from that of administrators? The former are all about accountability NOW, as in the next November Election Day, and one way to think about that is as Ultimate Accountability Day. I think sometimes people don't appreciate how incredibly accountable politicians are, especially in swing districts, and of course the big critique of politicians in general is they are too accountable for short-term results and not focused enough on long-term results.

The very same thing can be said of business and corporations and the banking industry in particular lately. Only, despite what has been said ad infinitum about government needing to be run more like a business, business is often even more irrationally accountable to just the next quarterly report. It's funny, I'm just not hearing so much anymore that government ought to be run like a business.

The latter (the bureaucracy) of course, are much more into conventional long-term strategizing, along the model of having goals, some idea of continuity in policy, and planning. In general, I think administrators and public employees, are far more interested in the general subject of accountability and good government than elected officials are. One whole set of elected officials, movement conservatives and essentially anti-government purists, don't really get zealous about improving something tht they think should wither away, or just provide armies and police.

By the same token, liberals who have created the large public structures don't like to get too serious about challenging their fundamental modus operandi or their right to exist. The general public seems bored by the subject, despite the current craze over the word transparency. The subject generally bores the bejeezus out of the news media and the increasingly even the print media just doesn't have time for this level of nuance and detail and complexity.

I remember in the glory days of the Star Tribune, probably also the glory days of public involvement, we used to put practically every Citizens League report on the front page, or at least the metro cover. Rep. Winker and Sen. Clark and some other legislators held a press conference on the subject more than a year ago, and basically, nobody came. Minnesota's Bottom Line was not attended by more than one or two reporters, one from MinnPost and one from the STrib editorial page.

You've outlined several areas of concern, higher ed, K-12, pensions, etc. Is there a way to assure your accountability principles are incorporated in policy toward these areas? I don't want to get too metaphysical but there's no way to assure anything. Legislation was actually passed in 2008, and weakly implemented in the 2009 Pawlenty administration's budget proposal, that required appropriations proposals to actually note the goals toward Minnesota Milestones and how the appropriation advanced or affected those goals.

To whom should your report apply? Citizens, local governments and state government, public employees, business interests in particular. I would love to get funding from corporate foundations for further work in this area. It's very much in their long-term interests to have better government, better education systems, better human services, less expensive health-care, **and so on.**

Any group that seeks to influence public policy? We would hope so, yes. Any ideas you might have on how to get folks really excited about all this would be most appreciated.

What are the incentives for elected officials to apply these principles? Well, it would undeniably be the right thing to do. They will go to heaven, or a better place, if they follow these principles. They can sleep better when they retire.

Do you expect we'll have one daily in a very short time? Very, very possible.

Non-profit or for-profit? I love this idea of not-for-profit journalism. Joel Kramer and MinnPost are blazing a trail. I have often observed that the best radio is not-for-profit and public, the best TV is not-for-profit and public, why not print journalism too. For some reason, print media as a sector got locked into 20 percent profit margins as an expectation, and that led to too much speculative leveraged buying and so now, even though newspapers are making a small profit aside from their debt payments, they are in bankruptcy because of the debt.