



David Jennings, former Minn. House Speaker, & School Superintendent

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

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Present: Verne Johnson (Chair); Janis Clay, Paul Gilje, Sallie Kemper, Dan Loritz, Tim McDonald, Clarence Shallbetter (phone), Bob White

Summary of David Jennings' comments: Jennings senses a lack of vision on the part of current candidates for Governor. He opposes shifting expenses to the following biennium. He believes wealthier Minnesotans shouldn't pay a lower percentage of their income in taxes than lower income taxpayers. Other points he made: changes in schools are needed, including reducing the size of some districts and increasing the size of others; high priority must be given to pre-kindergarten education; The state shouldn't accept federal money for education.

A. Context of the meeting -The Civic Caucus is interested to hear from Mr. Jennings, an experienced public official and businessman, about the current state of the state budget and how it may be re-envisioned during this time of turnover in the office of the governor.

B. Welcome and introductions- After a stint in the Marine Corps, David Jennings graduated from Mankato State University, He worked briefly for a Congressional staff and in the construction business before being elected to the state legislature in 1978. He rose quickly to become Republican minority leader in 1982. When the Republicans gained the majority in 1985 he became Speaker of the House for two years before leaving the legislature. He spent 9 years as an executive with Schwan Food Companies and later served as Commissioner of Commerce under Governor Ventura and CEO of the Minneapolis Regional Chamber of Commerce. In January of 2002, he became COO of the Minneapolis Public Schools and went on to serve a year as their interim superintendent during the 2003-04 school year. He recently retired after serving as superintendent of schools for the Eastern Carver County Public Schools, based in Chaska.

C. Comments and discussion -During Jennings' visit with the Civic Caucus, the following points were raised:

Thank you for the invitation to speak, Jennings told the group. Since the range of topics on which he might comment is broad, he began with the big picture.

1. The budget issues are being worked through on the campaign trail— "Let me talk briefly about the highest level of it. First of all, frightening as it may be, I believe the discussions about how the

budget will all be resolved are going on right now," and it's not just in places like the Civic Caucus. It's actually happening on the campaign trail. Policy is decided, in many ways, on the campaign trail. The candidates are being pinned down at the local Chamber of Commerce and the Rotary meetings as to what they're going to do.

Despite the cynicism people have about campaign promises the candidates are going to be held to what they say during the campaign. Those commitments are being made right now, and it's going to be very difficult to change them in any comprehensive way.

2. This is the time for the governor to lead the state's government — The real show is the governor's race, Jennings said. The Legislature is not the place to develop bold new initiatives or set a vision. Legislators react to what the governor and others propose be done, and eventually develop a plan that may or may not resemble what's been proposed-but however it ends up it is a reflection of the governor's proposal. So the discussions taking place right now matters, and that is particularly true of the discussions in the governor's race. Whatever happens after the election will somehow be an outcome of these discussions.

3. The gubernatorial campaign is lacking vision — Jennings said he doesn't see the right level of conversation coming out of the current campaigns. "I don't hear a vision for Minnesota being articulated in a meaningful way." After his experience with Ventura, he's not sure a third party in "the middle" offers the ideal choice. "If Tom Horner wins he has to worry about a power base from which to govern-either amongst the voters nor in the legislature."

A participant asked Jennings if he could imagine a state-level body to perform planning functions. "Yes, but I don't see how you create a structure that forces a vision for the state. It's about a vacuum in the area of leadership. The vision has to begin with the leader to whom that planning effort is accountable. Politics has gotten so petty and mean that I don't know how you get leadership with the courage that the job requires."

4. It's not healthy or trustworthy to shift expenses to another biennium — A participant asked what, really, are the consequences of continuing to do what we're doing? Can't we keep going on with the shifts, and with cutting? The bond rating agencies do not seem to mind and are keeping our credit ratings high.

"At some time presumably you're going to have to pay," Jennings responded. "It has less to do with what the bonding houses say, and more to do with having a system that is sound and trustworthy. What we're doing now is irresponsible, and maybe unethical."

5. Voters must perceive that the taxing system is fair —Mark Dayton has proposed a very particular tax program. What would happen if he were to act on it? "I don't think he'll get the revenue he wants. Everyone hates income taxes, including me. It is true though that right now the wealthy are paying a smaller portion of their income than the poor and middle class. That creates a scenario that doesn't bode well for the future. If the perception of the vast majority of voters is that the system isn't fair, it's going to create an opportunity for charlatans to come in, for radicals on either side of the parties-that's what the present race is showing us," he said.

6. Optimism that the government and the people will come to terms with reality— "I'm hopeful—but just a little—that this crisis is serious enough that the state will come together around it." The situation may be serious enough that the Legislature will have to come to terms with it, and the public will be willing accept an otherwise unpopular solution. "I'm not a fan of the shifts," he made clear, or the fiscal games that have been played to date. They have long-term side-effects: "Quie came in at the end of 1982, and when I came back to Ventura's administration in 1999 it was only then that they were finally unwinding the effects of the Quie administration's shifts."

I'm a proponent of long-term, structural change. It requires a willingness to rethink all sides of the budget equation: taxes, spending and shifts.

7. Some schools are too large; some, too small — What can be done to improve education? The fact is, as in everything, there is an optimal organizational size for schools. Most districts like Minneapolis are too large. Many rural districts are too small. Somewhere in between there is an optimal size. I'm not sure what it is, but I'll say 10,000 students. We ought to be moving toward that.

A participant asked Jennings whether he sees any practical ways to do that—to move toward 'right-sizing' a district. It would take years to do, he said; you've got to commit yourself to the years it would take to do it. Someone has to say these districts are too small, and these are too big—it has to be connected to what works best in the delivery of services for kids.

8. The educational achievement gap is about the early years — To a question about early childhood education, Jennings said that he is cautious about the terms. "Early-childhood is a type of program and has a particular meaning. I'm a believer that the achievement gap is about the kids not being ready when they come to school." Minneapolis' own data shows that if a student comes to school unprepared it is nearly impossible for the system to "catch them up". If they come to school ready, it is possible—despite all the other negative factors—that the system can help them. The battle over who will prepare pre-K kids and how in the current situation "is a fight over turf and limited dollars; it doesn't have to do with what's coherent and best for kids." ECFE programs have an agenda. Head Start programs have an agenda. Private pre-school and daycare providers have an agenda. All of them seem more interested in their agenda than in "what works best." That "what works best" question can only be answered by policymakers.

He is not convinced that parent choice alone has the capacity to drive improvement of schools. "The challenge for school districts when making decisions for poor kids is that many students don't have a caring and responsible adult in their lives that is capable of and willing to make the decisions."

9 . Education will have to be cut to balance the budget — "Part of the solution for the current state budget crisis will be cutting education. Not because it's a good idea, but because they're going to have to. They've sucked all the quarters out from under the sofa cushions." Education is where the only remaining pot of serious money remains.

Meanwhile, the prospects for making those cuts in a manner that preserves program and furthers what needs to be done for kids are dim. There is no infrastructure in Minnesota or anywhere else that is more resistant to meaningful reform than the education establishment, Jennings said, and that includes the education programs at colleges and universities that train future teachers. "I have

discussions with people at higher education institutions, and many of them don't seem to believe they have anything to do with the problem."

The faculty in most school districts is too entrenched. "The way tenure works in Minnesota today is so outdated and so outrageous that it needs to be changed for that reason alone-not just because doing so would also be good public policy."

10. Meanwhile Minnesota should opt out of No Child Left Behind (NCLB), and send back federal money — "I'm a radical on federal involvement in K-12 education. I think Minnesota ought to tell the federal government to keep their money and then run our own schools without all the federal strings." We'd have to have a discussion about how that federal money is used now, and where there would be a gap. Jennings said that he believes Minnesota's work with the federal government on education has been unhelpful and manipulative of the state's prerogative.

He told a story from his first days in the legislature. "In 1979 the legislature is in session, and we're nearly done putting together our aid deal, from the state to local districts. The House is tied, and we were meeting in the basement to negotiate. Then we are contacted by the feds-they had just completed some regulations and rules to guide the creation of particular education legislation by the states.

"The feds say that we're not in compliance on that particular policy, but we know we're not-we're better." So they went to Washington to argue that Minnesota should be granted a waiver because its program is better. The staff at the US Department of Education said that they also believed that our program was superior, but 'if we let you deviate on the top side, we have to let people deviate on the bottom.' It was all about compliance then, and still is."

"Beginning then," Jennings told the group, "I said the state should turn down the money. But we took it then, and do now. I've had no experience with the federal government since that time that has been any different. If you're a high standard state, you are forced to gravitate toward the mean. I have a deep and abiding cynicism of how the federal government is helping on matters of education."

11. The state should assume more of the local role in paying for K-12 — "The state has a constitutional obligation to provide for free access to equitable education programs for all the state's kids. . "I think what Ventura tried to do, having the state assume more responsibility for paying for K-12 education, was the right thing to do. He proposed having the state take it over and widening the sales tax base to pay for it. The legislature said yes to the first part, no to the second-yes to the easy part, no to the hard part.

"I'm not saying the state needs to write a bigger check-what I believe they need to do is assume full responsibility for both paying the bill and for education reform. I think if you're going to be responsible, you figure out what works and you figure out how to put it in operation and how to pay for it."

A participant said that there seems to be discontinuity in Jennings' points: The federal involvement with the state is harmful, but the state involvement with the localities is good? Yes, that is so, he said-the state has responsibility for the interests of the entire state and too often individual districts are wary of the kind of change that is needed. "They don't have the broader courage to restructure."

He gave a particular example, from Eastern Carver County. "The first issue we faced was a space issue; whether we would have two high schools or one." When the question had come up in prior years they didn't make the hard decision. Instead, "they built a new middle school, and moved 9th grade out of the high school and into its own 9th -grade-only center. That was not in the best interest of the students. It was a political decision."

Jennings said that by the time he arrived in the district the buildings were overloaded again. So they built a new high school, and got the referendum through "by a whisker."

As organizations districts have a hard time making highly charged political decisions he said, so they certainly will have a hard time instilling reform or innovating. That is why the state must be more involved, with the public interest in mind.

12. Local Government Aid should be removed — Productivity was formerly achieved through a direct relationship between the source of money and its use. Should we do away with LGA, cutting out the middleman-to increase accountability?

"If you eliminated LGA tomorrow there'd be an amazing number of jurisdictions in Minnesota that wouldn't notice. It's always been a way to pump extra money into certain jurisdictions, such as cities in rural Minnesota or regional hubs. The only conclusion that can be drawn about this is that it's a political decision.

The decisions made with LGA money are often not the best use of funds. "Localities don't trust the state, so many cities don't count on it as part of their operating budget-the state is now an unreliable partner." Instead the cities set up a budget without it, and then if the money comes in they make a one-time expenditure on a fire truck or capital project.

"I think cutting local government aid is okay if state spending requirements on local government are also reduced-from an accountability perspective the unit of government that mandates a service should deliver a service." Everyone should be treated fairly: "I don't think the state should mandate something and then give only part of the money to pay for it; or, worse yet, give different amounts to different local governments.."

13. Business leaders don't trust politicians to solve state problems — Many business leaders don't trust the politicians who make decisions. Corporations are pressed by the quarterly report, so if they can do something to decrease their expenses they're going to have the short-term view. But they do understand that the things we talk about with education and health care have long term consequences. Getting them to support change, you first have to get them to trust that the state government can be depended upon to handle that change. The legislative sessions are painful to watch. And the outcomes are sometimes bizarre. Getting their support for spending or taxing changes first requires getting them to trust the people making the changes.

14. The tax structure needs to be reworked — We have to ask ourselves if we can maintain the revenue we have now without rethinking our tax policy. We've got to look at where the global economy is now, and ask how we can levy taxes that are competitive.

Our problem is not as simplistic as that we have a bunch of programs throwing money out the window. It is as much about whether we have a tax code that is still relevant in a flattened and digital world economy. We do not. The current code is outdated.

15. A new round of coordinated transportation planning and an elected Metro Council is needed — On the topic of transportation-including roads and rail-Jennings told the group that the issue is "about someone keeping an eye on the bigger picture, about how the state can lead development of the larger vision we have for Minnesota and how we're going to grow in the next twenty years or so." Are we going to encourage more coherent and sustainable development or are we going to simply continue to allow sprawl to be the solution? He said that he hears some people say we should add another outer ring-994, effectively, to surround 494 and 694. Others say that we should just stop building roads and start building taller buildings.

"I don't know if either of those are good ideas. I do think we should have a planning process that filters out local biases." He said that he believes strongly in creation of a larger and an elected Metro Council to bring coherence to the planning process—"that would bring more reason to the discussion but the Legislature will oppose it because the Met Council would 'gain' power and the power gained would be at the expense of legislative power."

D. Closing — In closing, Jennings went back to the importance of the governor's race in setting a vision for the future of the state in these times. "I believe the only person who has the bully pulpit and the power to convey a vision to ordinary voters is the governor. I can't think of another way to do it."

Thank you to Mr. Jennings for the visit.