



# Judy Healey, Philanthropic Consultant, and Tim Penny, Southern Minn. Initiative Foundation President, CEO

## Partner with foundations; form coalitions


A Civic Caucus Review of Minnesota's Public Policy Process Interview

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### Present

John Adams, Steve Anderson, Dave Broden, Janis Clay (executive director), Pat Davies, Paul Gilje, Judy Healey, Ron Jacobs, Paul Ostrow (chair), Tim Penny, Bill Rudelius, Dana Schroeder (associate chair), Clarence Shallbetter, T. Williams.

### Summary

Philanthropic consultant Judy Healey and Southern Minnesota Initiative Foundation President and CEO Tim Penny advise that partnering with foundations and forming coalitions with other organizations are ways for the Civic Caucus to move forward the recommendations from its November 2016 report,  *Looking Back, Thinking Ahead: Strengthening Minnesota's Public-Policy Process*.

As the report recommends, Healey agrees that Minnesota's foundation community is a place to turn for help in improving the process for probing causes of community problems, redefining issues and developing action-specific solutions. But she says the emphasis should be on asking the philanthropic community to facilitate the Civic Caucus recommendations, not asking the foundations to take on the responsibility for improving the public-policy process on their own. She believes the Caucus should keep control of its agenda, rather than handing it over to the foundations. She suggests that the Civic Caucus seek funding for a pilot project focused on one specific issue.

Penny cautions that the policy-process report expects too much of the foundations and lists too many policy issues that must be addressed. He believes strongly in the power of coalitions. He urges the Civic Caucus to choose one important issue and then convene a group of diverse, interested organizations to form a coalition around a solution to the problem.

## Biographies

**Judith Koll Healey** is president of Executive Consulting, a national firm that works with families of wealth in their philanthropic efforts. She has been a philanthropic professional for 40 years and served as executive director of the Minnesota Council on Foundations from 1975 to 1979. She also worked at the General Mills Foundation, the Northwest Area Foundation, The Saint Paul Foundation and the Minnesota Community Foundation. She has worked with the national Council on Foundations and with 95 different foundations around the country.

Healey has written two novels: *The Canterbury Papers* (2005) and *The Rebel Princess* (2009), both set in medieval France. She wrote the biography *Frederick Weyerhaeuser and the American West* (2013) and is also a published poet and short-fiction writer.

She has a B.A. degree in English and theater and a B.S. degree in education and speech, both from the University of Minnesota. She has an M.A. in human development from St. Mary's University in Minneapolis.

This interview is Healey's second with the Civic Caucus. Read a summary of her March 16, 2016, interview, "[Foundations inclined to keep a low profile on public-policy issues.](#)"

**Tim Penny** has been president and CEO of the Southern Minnesota Initiative Foundation (SMIF) since April 2007. SMIF serves 20 counties in southern Minnesota. Penny also serves as an affiliate faculty member at the Humphrey School of Public Affairs at the University of Minnesota.

Penny's background complements many of SMIF's key interests, including workforce development, early childhood development and economic development, with a focus on bio-ag and biomedical. Penny sees these areas as having the biggest growth potential for the region and the greatest impact on the future economy of southern Minnesota.

Penny represented Minnesota's First Congressional District in the U.S. House of Representatives from 1983 to 1995. Previously, he was a member of the Minnesota Senate from 1977 to 1983. He is cofounder of the Economic Club of Minnesota.


He has co-authored three books: *Common Cents: A Retiring Six-Term Congressman Reveals How Congress Really Works - And What We Must Do to Fix It* (1995),

*The 15 Biggest Lies in Politics* (1998) and *Payment Due* (1996). Born and raised in southeastern Minnesota, Penny received his B.A. in political science from Winona State University.

This interview is Penny's sixth with the Civic Caucus. Read a summary of Penny's last interview (Oct. 23, 2015) with the Civic Caucus, "[Narrow interests, partisan divide impede broad collective action on public problems.](#)"

## Background


Since September 2015, the Civic Caucus has been undertaking a review of the quality of Minnesota's past, present and future public-policy process for anticipating, defining and resolving major community

problems. On Nov. 27, 2016, the Caucus issued its report based on that review,  *Looking Back, Thinking Ahead: Strengthening Minnesota's Public-Policy Process*. The Civic Caucus interviewed philanthropic consultant Judy Healey and Tim Penny of the Southern Minnesota Initiative Foundation to hear their reactions to the report and their ideas on how to implement its recommendations.

**About the Minnesota Initiative Foundations.** The Southern Minnesota Initiative Foundation (SMIF), serving 20 counties in south-central and southeastern Minnesota, is one of six regional foundations working to strengthen the communities and economies in the 80 counties of Greater Minnesota. Established by The McKnight Foundation in 1986, each foundation is independent and serves its geographic region with grants, business loans, programs and priorities, and donor services, as well as collaborates on several statewide initiatives. For more information, go to <http://www.greaterminnesota.net>.

## Discussion

### Judy Healey's opening remarks

The  **November 2016 Civic Caucus report** was excellent and interesting. Philanthropic consultant Judy Healey offered that review of the report, which lays out recommendations for strengthening Minnesota's public-policy process for probing problems, redefining issues and developing action-ready proposals for solving community problems. But she said when it comes to the report's recommendations, she's "a little bit on another track." That's based on her experience in policy development and her knowledge of foundations—how to get them mobilized, their various attributes and the differences among them.

She quoted from the report: "We urge the philanthropic community to make a commitment to support targeted public-policy studies that will probe deeply for underlying causes, that will be open to redefining issues, and that will offer action-specific proposed solutions." (p. 3)

To act on this, the report recommends that the philanthropic community take on or facilitate a variety of tasks, including:

- Keeping a list of narrowly defined descriptions of the 25 to 50 most critical public-policy issues that need to be addressed in the state.
- Identifying a small group of issues of highest priority, including those that are about to emerge, but aren't necessarily already widely discussed in popular media.
- Encouraging individual foundations or individual donors to invite applications for study of those issues and development of specific recommendations for innovative ways to address them.
- Requiring recipients to follow well-established principles of the Minnesota Process outlined in the report in learning about issues, shaping and analyzing them, and developing creative, action-ready proposals.
- Measuring and reporting the following results: (a) how well the completed studies followed those principles and (b) the ultimate outcomes from reports, in terms of implementation of recommendations.

"That's quite an agenda for the foundations," Healey said. "It's a good agenda, but I'm not sure if they can address it all."

Healey said she thinks the Civic Caucus is headed in the right direction with its report. "The philanthropic community in this state is a place where you can turn," she said, "but the emphasis should be on facilitating, not doing. You don't want the foundations to control the agenda. It's really important to keep control of the process as you work towards implementing some of the goals and the details of this project."

"I don't think it'll be very effective to hand this agenda to the foundations," Healey continued, "even if they were willing to take it on, which I have some question about. Ask them how they can facilitate what you want done. And it would be more successful if you should ask them for help rather than just telling them it's their obligation to do this."

She said there are two bottom-line questions: (1) Who decides what should happen? (2) What outcomes do you want? An active citizens group willing to raise serious, complex public-policy issues should keep control of the agenda, rather than just say the foundations should do it.

**There are different kinds of foundations.** Healey noted several different kinds of foundations:

- Private, grant-making foundations. These are 501(c)(3) organizations that don't get money from the general public. "They can pretty much do what their boards decide they want to do," she said. The larger private foundations are staff-led. The smaller private foundations operate differently. "The private foundations might get interested in your work," she said, "but it depends."
- Corporate foundations. They often have a community perspective, Healey said. "They might be very receptive if you can cast what you're trying to do as being for the welfare of the community, the common good." She mentioned 3M and General Mills as examples of corporate foundations with a community perspective.
- Community foundations. These foundations, Healey said, would certainly be a possibility, because your project promotes the public good. "But community foundations have a lot of fish to fry and they're pretty political—not in the partisan sense, but in the sense of how they function within their communities." She said this is especially true of the Minneapolis Foundation and The Saint Paul Foundation. Each of those foundations now has assets of about \$1 billion. "These are huge charitable juggernauts that can be tapped," she said.
- Operating foundations. The largest of these in this community—other than the hospital foundations—is the Amherst H. Wilder Foundation, located in Saint Paul. An operating foundation spends most of its income not on grants, but on its own programs. "If you wanted to partner with Wilder to get some of this done, that might be one option for moving this forward," Healey said.
- The Minnesota Initiative Foundations. These were started by The McKnight Foundation in 1986. They're a hybrid, Healey said.

**The report was broad in terms of what the Civic Caucus sees that needs to be undertaken.**

Healey made that comment and said whether the Caucus goes with an operating foundation or a community foundation or develops a proposal for funding something that it does itself, it should think about two things:

1. Cutting the issue. Healey advised the Civic Caucus to choose something important in which it wants to make a difference in terms of its report, in terms of public policy, in terms of changing something. Foundations usually respond better if you do the detailed thinking for them.
2. Co-convening a meeting with a group like the Minnesota Council on Foundations to get various foundations to come and hear who you are, why you've chosen this issue and what you want to accomplish. "Instead of just writing a proposal," Healey said, "think about a partnership from the start with the community foundations and the Council on Foundations to sell them on the idea. Then invite various foundations, perhaps the Council's membership, to come and hear what you're doing and see who shows up."

"I would suggest you proceed by finding one issue that needs work, convening to make the pitch, following up with proposals and then pursuing a partnership with someplace like the Wilder Foundation," she said.

**If you submit a proposal on public policy, it would be labeled research and it would be declined**. Healey made that comment and warned, "Don't fall into a research trap. You're a group of citizens developing alternatives on issues of public importance." You don't want to use the terms "public policy" or "research." "What you want to do is to create an energy into making some change for the public good," she said. "Come with some language that doesn't shelve your proposal from the outset."

The reasons foundations don't fund research is that the universities pretty much have a lock on it and the foundation staff is often not competent to assess it in certain areas, she noted. Sometimes the foundations have a flat-out prohibition against research.

**Healey summarized her remarks:**

- Create a forum for your report.
- Convene.
- Be prepared to take on some work yourself and get it funded in some way.
- Start with a pilot project or a single issue that's really important for you.
- Be careful about researching the proposal guidelines of the foundations. It's not hard to write a grant. The presentation is also important.
- Alternatives for partnerships include the Council on Foundations or possibly the Wilder Foundation or you go it alone with some private or corporate foundation help.
- Always the work must be for the good of the community.

### *Tim Penny's opening remarks*

**We really tread lightly when it comes to public policy.** Southern Minnesota Initiative Foundation (SMIF) President and CEO Tim Penny made that remark in describing the six **Minnesota Initiative Foundations**, each of which serves the Greater Minnesota counties in its geographic area.

"I've been a bit nervous in recent years with the degree to which some of the major foundations now assert that one of their missions is to effect and change public policy," Penny said. "At SMIF, public policy grows out of our work."

For example:

- SMIF does 25 to 30 small-business startup or expansion loans every year.
- It does a limited amount of equity investments each year.
- It facilitates community dialogues around economic-development goals.

**We don't have a good understanding of the new immigrant populations coming to our region.**

Penny said that applies to both SMIF and its lending partners, like small-town banks and economic development authorities (EDAs). "We needed to better understand that population," he said. "We secured a grant to build out our prosperity initiative."

SMIF has since held events with speakers and dialogue to draw in immigrant entrepreneurs within our region. From that event, he said, the organization asks for applicants for a kind of "Small Business 101" training course, that's offered over several weeks, followed by several months of hand-in-hand mentoring. "We know an effective way to do that outreach and to bring resources to immigrants starting businesses," Penny remarked.

**SMIF makes a large investment in time and money to early childhood learning.**

Penny said SMIF invests \$1.5 million in early childhood each year within its region. "That's 30 to 40 percent of our budget and a good chunk of our staff time," he said. That includes placing 20 AmeriCorps members as teacher aides at early childhood sites, doing a lot of grant-making and distributing about 50,000 books to early-learner reading programs annually. And each year SMIF goes into one or two communities to help with strategic planning about early childhood goals for their communities. He noted that there are more than 3,000 early-childhood providers in SMIF's region, most of them in-home.

"All of this gives us some expertise on that issue," Penny said. "When the Legislature is dealing with issues like pre-K for age four in the public schools or scholarships for low-income kids, we know a little bit about that. We then join a coalition like **MinneMinds** that is broad-based and advocates for the approach to early childhood that we've learned through our work makes sense."

Penny said SMIF sees quality as an important part of early childhood education. The organization created an early-childhood provider-training program that helps providers with business training. "Hand-in-glove with that is Parent Aware academic training that helps them better understand the things kids need to know before kindergarten," he said.

**SMIF can be an advocate, based on its experience, but not a lobbying organization.**

"All nonprofits have to be careful about crossing the line into being a lobbying organization," he said. "You get in big trouble if you do that." He said SMIF tracks the amount of money it spends on what might be considered lobbying and it's a fraction of one percent. "Our work with MinneMinds is about as close as we get to advocacy," he stated, "and that's a coalition."

### **Penny made two suggestions to the Civic Caucus:**

- *Be targeted.* While he agreed that the multiple issues mentioned in the Civic Caucus report are all important, he said no one organization or no one coalition of organizations is going to take on all those issues. He noted that a broad coalition of groups coming to the same conclusion about how to approach an issue can be effective. It must be a targeted and broad-based coalition that is advocating for something where we've demonstrated we have expertise.
- *Buy-in and diversity are more effective.* "Very often I see groups and organizations coming at an issue and purporting to be a coalition that speaks for a broad, diverse base of interests," Penny said. "But in many cases, that diversity is like 10 shades of the same point of view. Sometimes coalitions are all from the left or the right."

As an example of how diversity can work, Penny cited the Committee for a Responsible Budget, of which he is one of three co-chairs. The committee's bylaws require that the board of directors be made up of one-third Democrats, one-third Republicans and one-third independents. He said the committee does not carry an agenda for any political party. "We say there are some basic fiscal principles that we ought to be able to agree on, whatever your goals for government are. Members of the board of directors cut across the political spectrum in terms of their personal priorities, but they all agree on the basic principles. Those organizations that reflect that type of buy-in and diversity are more effective than organizations that purport to be a diverse coalition, but are really just a variety of groups all coming at the issue from the left or from the right."

**We need more of what the Civic Caucus does.** Penny praised the Civic Caucus. But he said to really have an effect on public policy, in a way that politicians will listen, you can't form a group that takes on too many issues. He sees the Civic Caucus's policy-process report as challenging the foundation community to take ownership of improving the policy process. "I think you're expecting too much of the foundations and expecting too much in terms of the number of issues they should address," he said.

"Don't give this control to the foundations," Healey commented. If another organization able to do this type of work does not exist in the community, you'll have to reinvent one and make it work, she said.

### **Questions and Discussion**

**When a community has an issue dealing with economic development or early childhood, SMIF's process is to facilitate the conversation.** Penny made that remark in response to an interviewer's question about solving community problems from the bottom up. "We need to make sure there's a leadership group within the community willing to put the time in," Penny said. "You have to have some key people that help organize the meetings. They also have to be willing to reach beyond the typical cast of characters."

"We use the model of asset-based community development," he continued. "We insist that, if we're going to come in and facilitate, voices from all sectors of the community must be invited into the mix. It's a way of taking it beyond a small portion of the community getting together to demand what they want. It's a process of inviting the entire community to listen and learn from one another. All we want them to do is to focus on a common goal. We don't dictate the outcome; we just dictate the process."

**Philanthropy is an outcome of capitalism.** An interviewer commented that if you want to change an outcome, you must change the system. But first, you must understand the system. He said that for the most part, the foundation community doesn't understand that. "Why don't they want to know?" he asked. "They assume they know how to get the outcomes they want."

"Part of it has to do with the structure of private philanthropy in the U.S.," Healey responded. "Philanthropy is an outcome of capitalism. Because of that, it's not subject to public control and possibly even public knowledge and public process."

"Hubris is another problem," she continued. "The charge of hubris is somewhat applicable to lots of staff. They're not necessarily working for the public good. Speaking broadly, it's often not a field that sees itself in service to the community. Instead, it sees itself as a leader. That's a dangerous dichotomy."

Penny agreed that many foundations, such as the Kresge, McKnight and Ford foundations, were created out of the wealth of the free enterprise system. "But with a few exceptions, they are decidedly on the left of the political spectrum in terms of the work they choose to do," he said. "That is also part of the problem. They come up with solutions based only on that ideology."

In contrast, he pointed to MinneMinds, which includes liberal foundations, but also the business community and nonprofits rooted in the work of early childhood programming. "That was a more inclusive way of coming to a conclusion about an early childhood agenda," Penny said. "But from my experience in the nonprofit foundation world, that is the exception, not the rule."

Healey added that there is tension, especially in the larger foundations, between foundation staff, who tend to be more liberal, and foundation boards, who tend to be, or at least were in the past, more conservative. There is also that tension in the private and corporate foundations, she said.

**Foundations like to see outcomes.** Healey said there was "outcome fever" in the early 1990s. Outcomes had to be associated with what was happening, not just ivory-tower concepts.

She then cited the example of Sabathani Community Center in south Minneapolis, which helped foundations understand that going to college was not necessarily a desired outcome for many young black males in the community. For many of them, she said, a good outcome was to have shelter and to stay in school.

"Don't do outcomes from the academy," Healey said. "Go to the people involved. It's an old community organizing idea, but it still works."

**What is one small step we can take to build up the ability of Minnesotans to come up with better structural ideas to solve critical problems?** An interviewer asked that question, commenting that public policy needs better ideas. Penny responded that one idea might be the [Jefferson Center's](#)



Citizen Jury model, which brings diverse people together to learn and have conversations around an issue and then come up with a solution.

Penny also suggested the idea of building some sort of coalition around another issue, similar to the MinneMinds coalition on early childhood. Pick the issue that's most urgent. Then an organization like the Civic Caucus or the Citizens League could be lead facilitator or convener of other groups from across the spectrum that care about that issue. "A coalition speaking with one voice could have a positive impact," he said.

Lobbying or advocating on an issue based on the actual work a group or coalition is doing is an extension of that work, he said. "It's important to work in collaboration with others who may not agree politically, but agree on the matter of principle or of policy that this is the best way to advance the cause."

Healey proposed creating a rural/urban conversation. "The most important thing is to bring people together to have some understanding of how the rural/urban divide is harming the state and society," she said. She recommended the Jefferson Center as a good partner for this rural/urban conversation.

Finding a way to bridge the rural/urban divide around an issue, in partnership with an organization like the Jefferson Center, could attract some funding. "Start there and get some press on it," she said.

**Is it important to have measurable outcomes?** Penny responded that SMIF uses measurable outcomes in its work. "We have metrics of what we're trying to achieve with all programmatic activity," he said, "and we measure continuously."

Healey had a different view on the use of measurable outcomes. "The problem is with the term 'metrics.' We think we can pin down everything into numbers. But philanthropy is a human endeavor. What if the outcome is changed lives versus five therapeutic sessions for families? That's going to be anecdotal or subjective, but it isn't a measurable outcome. On the other hand, a family could attend five sessions, but they might not work."

"We have to start thinking creatively about what outcomes mean," she continued. It's much nicer if we can add up all the numbers. But are you funding activities or looking at what actually happens? We must unhook ourselves from numbers being the only valid way to assess results."

**Could the Civic Caucus be a trusted convener?** Convening is an important role, Penny said, and he cited an example from SMIF's work. The foundation convened community leaders from across southern Minnesota about the Southern Minnesota Competitive Project. "No one else could have done it, because our work in the community doesn't step on anybody's toes," he said.

"Our model is we work collaboratively," he continued. He said SMIF can call groups together to make things happen. "The sum can be greater than the parts," he said. "How can we come together to create something that doesn't step on anyone's toes or take anything away from anyone?"

He recommended that the Civic Caucus pick an issue from the list in its policy-process report and see if it can be a trusted convener on that issue. That starts by getting several diverse organizations to sit

around the table and find where the common ground is, he said. People need to understand there isn't just one way to address an issue. Maybe there could be consensus about another way to solve the problem. "You're not right just because you think you're right," he said.

"If you act as a convener, you can influence the governor and the Legislature," Penny continued. "It will end up on the editorial page, which will strengthen your recommendation."

Healey said the community-organizing process is not just about bringing the right mix of people together and coming to the right answers. "In the past, community organizers were facilitators of our understanding and of our coming to conclusions about things that needed to change. It was a Citizens League process on steroids. Somebody has to be there to facilitate the conversation among diverse points of view and to help the group see things it didn't see before and come to a conclusion. Then take that conclusion and test it."

"There's a role for facilitating and there's also a role for imagination and creativity," she continued. "Most scientific discoveries have come from imagination and creativity."

**Should the Civic Caucus apply for a planning grant?** Healey said yes to this interviewer question, but said it should be a planning grant for a pilot project. "A pilot project will start small and will force you to focus on the core purpose and possible activities to achieve your outcomes," she said. Penny added that the pilot project should focus on one specific issue.