



Tom Horner, Independence Party Nominee for Governor

Civic Caucus, 8301 Creekside Cir. #920, Bloomington, MN 55437

August 13, 2010

Present: Verne Johnson (Chair); David Broden, Janis Clay, Sheldon Clay, Paul Gilje, Jim Hetland, Kevin Horner, Curt Johnson, Ted Kolderie, Dan Loritz, Tim McDonald, John Mooty, Jim Olson, Wayne Popham, Bob White

Summary of Horner's budget plan: Horner's budget to eliminate a \$6 billion-plus shortfall in 2011-2013 would include \$2.45 billion in spending cuts, service redesign, and government efficiency; \$2.15 billion in new sales tax revenue; \$500 million in new spending; a new racino, projected to yield \$250 million; \$1.8 billion in saving by continuing school aid shifts, with payment for school district borrowing, and a \$400 million bonding bill. Details of his budget proposal were released a few days after he met with the Civic Caucus.

A. Context of the meeting -Today's discussion with Tom Horner, Independence Party candidate for governor, is the first of what we anticipate to be three separate meetings with each of the gubernatorial candidates. These meetings seek specifics about the candidate's governing philosophy and interest in moving beyond taxing and cutting to rethink public services in coming years.

B. Welcome and introductions- Tom Horner comes from a communications family. He graduated from St. Thomas College and spent time working in New York before returning to Minnesota to work for Sun newspapers as a reporter-eventually becoming managing editor and supervising the editorial content of 16 different papers. He was later asked to go to Washington to serve as press secretary and later chief of staff for Senator David Durenberger (where he met his wife Libby who worked in Sen. Hubert Humphrey's office—"We were bipartisan before bi-partisanship was cool"). Upon returning to Minnesota he founded Himle Horner Inc, a communications consultancy, and has been working with the firm since.

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

1. Horner's motivation to enter the campaign is to counter partisanship - " Many of you here have helped shaped my thinking about the importance of citizenship and involvement, Horner opened to the group. When my wife and I were sitting and talking about 2010 it became clear to us that the

parties would present candidates that would perpetuate the atmosphere of partisanship. I'm here and in this campaign because of this state. I have been given so much that I couldn't in good conscience wake up on August 12 and have our two choices be from the extremes."

Horner told the group that he is running as an independent because he could not get endorsed by a party today-particularly in the convention setting. He said that he believes in the coming years Minnesota will need an independent governor who isn't trapped.

2. Tax reform high on his agenda — It's beyond cutting or increasing taxes, he contended—Minnesota has a tax system that is out of date and must be reformed.

The problem as he sees it is that the Republicans are so trapped in the position of "no new taxes" they're unable to raise certain taxes in order to decrease them elsewhere in order to gain revenue neutrality. Meanwhile Democrats won't draw a distinction between taxing a successful individual, which he said ought to be done and done fairly, and taxing a business, which he notes must be done very carefully.

3. Three priorities for the campaign — Horner laid out three priorities of his campaign platform:

a. Three-legged stool to balance the budget. We do need to balance the budget, he said, and that will require the three-legged stool. First: We need people to understand government won't do everything. Second: We need redesign, finding ways to do things differently. Third: We need to rethink tax structure.

Concerning raising taxes to balance the budget, Horner said, "Even if you could do that, it may solve the coming biennium, but it will not solve the next deficit." The state enters the next biennium with all of its tax capacity absorbed; yet there is another deficit. It's just not a sustainable strategy.

Horner advocated rethinking the tax structure to favor business startup. He proposed raising more tax revenue by expanding the base of the sales tax. "Do have rebates for low-income people," he said, about what would be considered a regressive tax. "But everybody must have some skin in the game." He strongly advocated raising the tobacco tax, and is considering other 'sin' taxes.

A detailed budget proposal from Horner was made public a few days after the meeting. See: <http://bit.ly/bpOtv1> .

b. Make investments for the 'knowledge state.' - to-grave system of education." Further, if we don't take advantage of that opportunity to rethink what we want from higher education, it will be a major waste. "What we can't have is mission creep," he said, where "vocational schools want to be community colleges; community colleges wanting to be 4-years; 4-years wanting to be everything." Describing a need to look to the future, and to make investments that support Minnesota as the "knowledge state", Horner advocated the creation of what he calls "a seamless cradle.

Horner supports funding research, both applied and scholarly, as a basic line item and advocates bolstering ties between university research and commercial uses. Minnesota needs a world-class research institution, he said.

c. Strong, rooted communities. Horner bemoaned deterioration of services in some cities. He cited examples of where that is being lost-school districts going to four-day weeks, cities turning streetlights off late at night. The state needs to have a culture that allows people to live, work, and stay in a community for their whole lifetime.

4. Importance of discussion during the campaign of redesigning public services — A participant described how he believes there is a growing understanding in the state for the need of rethinking public services-what many are calling 'redesign.' Former governor Arne Carlson has said we cannot just tax/cut/grow our way out of this budget problem as a state-that those things will need to be done, but we also need to do things differently. Ideas and examples of activity are out there. Most can't be done to achieve payoff in the 2011/12 biennium, but still need to be initiated in order to yield a long-term return. Some may require legislation; some may not.

Horner replied that he doesn't want to wait until the time of governing to raise new ideas, but wants to raise them now-during the campaign. "We need to have a substantive campaign that's putting issues on the table. And not just about process, but outcomes. I don't think the question is whether Minnesota has too many counties," but instead how counties can do things differently.

Horner said the campaigns need discussions like this (at the Civic Caucus), and people interested in ideas calling on the candidates to "put ideas where their mouth is," and react to specific ideas. For that we need the right kinds of forums. There are three debates in coming days, Horner said. The question is whether people and the local papers can get involved in reporting not just the "flop", but more importantly the substance.

4. How the Independence Party candidate is positioned - - Having spent over two decades advising companies on how to position themselves in the marketplace, Horner now finds himself in a similar position. It is said that he is part of the 'honorable tradition' of the Independence Party putting forth quality candidates but unable to connect with voters. Horner is up against two strong personalities. Could he learn something from Ventura's simple, straight-talking style?

"I think so, and I think it's wise..." Horner said, with a grin. "We've got to figure out, as people who care about the state, what's the right balance between setting a provocative tone for a campaign, and what is responsible governance?" He recognized the need for a split-level campaign: what he called the Ventura side (character), and the policy side.

Horner said that he believes the opportunity now for an IP candidate is much like it was in 1998 when Ventura won. "I have got to be not a 51 percent candidate, but a 37 percent candidate." To reach that level Horner said that he could either do a scatter-shot strategy to spread his message, or use a more focused approach. Much of that will be determined by the availability of financing.

He knows that he needs to show momentum "People don't vote for you because it's the right thing to do," instead they do it to join a bandwagon, or to avoid someone else. In the coming weeks Horner said he will have a series of events that show momentum-with politicians, business people, community leaders supporting him.

Name recognition is important. He sees potential. Horner feels he has an opportunity to put voice to the problems people have, and then showing that he has ideas to handle them.

"It's like Jet Blue," he said, anticipating a reaction by voters to the other candidates: "'I'm sick and tired of all of you.' Minnesotans have done all the right things, and then you've got two candidates that keep pulling the rug out, each in their own way."

5. A need for leadership in post-secondary education — When discussing the need for leadership in post-secondary, a participant asked Horner what kind of new leadership he believes the MnSCU system and the University of Minnesota need to have?

He replied that post-secondary leaders need an ability to manage complex financial organizations, and do it well. They need to have business savvy. They need to be visionary, having a vision of what higher education needs to deliver, not to work simply with what we have now. This takes political will. Horner expressed discouragement that a majority of the U of M selection panel is from inside the institution.

A participant asked whether the state should change the alignment of the University of Minnesota and MnSCU? "First thing we need to do is clarify what we need them to do. First, understand: What are the goals of the system? Then we can start to think about how they need to change."

6. Jobs and economic development — A participant asked Horner about his interest in being involved in economic investment and business development: How do we avoid the government picking winners? He commented that the state should be interested in helping bridge its investment in research with the creation of jobs-creating jobs because we're going to have a partnership that's an umbrella. He gave an example: "The Mayo Clinic and the University of Minnesota have a partnership running at \$8 million now. They tell me now if they had \$25 million they could put Minnesota at the front of the nation on life science." There are clear opportunities.

7. Taming rapid growth in Health and Human Services costs — The Health and Human Services portion of the state budget is projected to grow faster than any others. A participant asked Horner what he could do?

Minnesota needs a fundamentally new model around how we finance and deliver health and human services. Particularly:

a. **Promote health and personal responsibility** (insurance, personal savings, redesign Medicaid so people need to contribute some of their own resources)

b. **Redesign delivery** (what kind of institutions, how people are admitted/removed)

c. **Redesign services** (consortium of non-profit industries; e.g., last year one consortium for aging in Steel Country saved 700+ days of nursing home care)

8. Resolve public needs without services? A participant commented that the greatest potential may be in non-service-in resolving public needs without services. For example with fire, it's not just about hiring fire fighters but prevention and volunteers. Health care should include prevention. The service

model takes you to more and more highly paid providers. In K-12 it may be about tapping into unpaid labor-student peer-teaching and self-directed learning.

Horner told a story about a woman who needed trash taken to the curb, in order to stay in her home. If she couldn't perform that task she'd need to go into a care facility. Recognizing the problem, some people helped her find an alternative garbage service that would come to her door-saving the system resources that would have been spent on substantial care.

9. What people understand and care about can be surprising - "When I'm talking to audiences what resonates is getting rid of ethanol subsidies. Those are \$7 million, and will sunset in two years. Is it as consequential as larger areas of spending? No. Is it something people understand and care about? Yes."

10. Recommendations for structural reform of government — Horner shared two particular areas he favors for structural reform: (a) judicial retention elections-moving to a merit selection panel; and (b) redistricting—shifting the responsibility for legislative redistricting from the Legislature to a bipartisan commission.

11. Leadership by the Governor — "The big issue in 2010 is leadership. Who's going to stand, put a stake in the ground, and say I'll take the hit?" In education there is a system where everything is governed by tenure, and pay rising faster than the private sector. The question is how to break out of that mode and begin getting more creative thinking. "You can do it. The governor's part is to say what's wrong, and to act on it."

12. Governing from the center? — "I would model Ventura, who assembled one of the best teams ever, based on merit and not politics. When his commissioners would walk in the door and present the options, he would ask what is in the best interest of Minnesota? Then would choose that."

D. Closing

"Thomas Paine said politics is about changing the hearts and minds of people." Horner noted that in 2002 the stake-in-the-ground issue was rail transit. "Pawlenty was opposed then, but last year when we cut the ribbon for corridor, he was there with a big smile on his face-because we built the coalitions, got people on board."

"I have no interest in being elected in a way that I can't then govern," he said. "We've got 20 percent of the electorate that say tear everything down; 20 percent say tax the wealthy; then 40-60 percent in the middle who want good ideas." That's where he wants to reside.

Thanks to Mr. Horner for taking the time today for a good discussion.