

Sweeney from the Statehouse 1-27-10

Greetings House District 44!

House Approves Taxpayers First Act

The House approved House File 45, also known as the Taxpayers First Act. This bill reduces state spending by almost \$500 million over three fiscal years and sets the stage for eliminating the over \$700 million general fund spending gap for FY 2012.

HF 45 creates the Tax Relief Fund (TRF) to capture the one-time money from the ending balance and return it to the taxpayers. We believe this one time money should not be used for additional spending - but should be returned to the taxpayer who created the positive ending balance by paying increased taxes due to the state not fulfilling commitments. For FY 2012 alone this would mean over \$300 million in the pockets of taxpayers.

We will use the two-year budget to fund the long-term tax reductions made possible by the TRF and fund minimal growth in essential areas such as public safety, Medicaid and education.

HF 45 provides two supplemental appropriations - funded from reductions in the current year rather than spending down the ending balance. The bill puts in place a \$25 million appropriation for 18 months to eliminate the Mental Health wait lists in Iowa and at the same time puts in motion the process that will be started immediately in the House to redesign the mental health delivery system in Iowa. The second supplemental will fund the underfunded expense for indigent defense. Both areas are priority needs to deliver necessary services to Iowans within the resources the state has available.

The original bill was part of the House Republicans' budget reform plan which was released in September 2009. It requires a zero-based budgeting concept to review all state programs and allow for the elimination or review of every single item of state spending every five years. This will allow the Governor and Legislature to prioritize limited tax revenue to the most important functions of state government.

- Requires the Revenue Estimating Conference (REC) to set estimates for the current fiscal year and the next two fiscal years in order to approve a biennial budget.
- Limits the Governor's transfer authority to one-tenth of one percent of the budget (roughly \$6 million in FY 2012).
- Requires the REC to use an average of the past 7 years plus inflation in order to set its new estimates. Also establishes an expenditure limitation for gambling receipts.
- Provides that unclaimed property and forfeited proceeds be deposited into the Cash Reserve Fund (since it is one-time money).
- Creates a new provision-if revenue drops below 98 percent of the previous year, the Cash Reserve Fund can be used to fund expenditures, not to exceed 25 percent of the balance of the CRF.
- States that in the event of an across the board cut, the collective bargaining agreements will be renegotiated to prevent teacher layoffs.

- Requires the Legislature to set K-12 allowable growth in the odd-numbered sessions. The growth for the upcoming fiscal year would be set in the first 30 days; the growth for the second fiscal year would be set prior to the conclusion of the odd-numbered session.

Education Reform in Tough Economic Times

Legislatures, governorships, director positions, and other policy leadership positions are changing all across the country due to a landmark election in which the balance of power shifted in many statehouses. As new leaders enter the political scene, education issues aren't necessarily on the front-burner. Education has been moved aside by the health care debate, job losses, and the growth of government spending. But many new leaders are seizing this opportunity with urgency to tackle the slide of American student success as compared to the rest of the world.

To read more on these priorities, visit www.studentsfirst.org.

The elimination of State sponsored preschool has drawn quite a bit of criticism. I believe it is fair for you to know why I support this provision. I think preschool is a good thing and has shown benefits for kids in Iowa. However, with a \$600 million budget shortfall for the upcoming fiscal year, tough decisions must be made. The current policy allows for anyone, regardless of income level, to attend preschool and have the State pay for it. I believe Iowans who can afford preschool should pay for it themselves. It is important to know that House File 45 directs the Education Committee to create an alternative program for parents who would otherwise not be able to afford preschool. There has been widespread uninformed speculation that House File 45 cuts all preschool in Iowa. This is absolutely false. Aside from the new program to be created, there are other existing preschool support programs using both federal and state dollars, including HeadStart, Shared Visions, and preschool tuition assistance through Early Childhood Iowa. House File 45 ends a program that blindly distributes dollars for preschool regardless of the ability of the family to pay.

The debate and questions about the current pre-school program are not about the value of pre-school. The problem is that current pre-school program is simply too expensive. The state does not have the money to maintain it. Iowans were able to send their children to pre-school four years ago and they will continue to be able to do that after this legislature crafts a more affordable pre-school system.

Renewable Fuels Industry Overview

Iowa is the leader in the production of renewable fuels. According to the Iowa Renewable Fuels Association, Iowa has 40 ethanol refineries with a combined annual capacity of nearly 3.7 billion gallons and 13 biodiesel facilities that are capable of producing 315 million gallons a year.

FYI

Free Tax Preparation: Workers with incomes below \$45-50,000 are encouraged to take advantage of free tax preparation by IRS-Certified volunteers. Appointments are available in Alden, Iowa Falls, and Eldora. Call MICA (641-648-5036) for an appointment.

Volunteer Opportunity: Read Across America Day promotes reading, particularly for children and young adults. Many schools, libraries, and community centers across the United States participate in the day by bringing people together to take part in reading books. Various reading activities and events are held across the country on this day. For example, some students take part in a Read Across America channel designed to showcase student and educator videos around the country. Others make reading pledges, organize book fairs, or read aloud to groups of people.

Activities being planned for Read Across America in Iowa Falls & Alden

Planned by Osgood Library (Ellsworth Community College), Barlow Public Library, Iowa Falls, Alden Public Library, Alden, Iowa Falls-Alden Community Schools and Iowa Valley Continuing Education.