

For Immediate Release

Capitol Comment

Eyeballing the Culver Budget

By State Rep. Mike May

All legislative eyes were on the governor last week as we waited on his proposed 2011 state budget. We in the legislature don't have to follow his recommendations, but they are still interesting because it is the first budget written down in black and white, and hence the first one that we can actually analyze.

Republicans in the house have developed one simple test to evaluate the Culver spending plan. "Does the budget spend less than the state takes in?"

The corollaries to that are, "Does his budget raise taxes?" and "Does it rely on one-time income items such as special federal grants to begin long-term programs that we'll need to pay for ourselves?"

It is critical that we present the public with a spending plan that takes us off of one-time money, uses no other accounting gimmicks, and does not raise taxes.

So how did the governor do?

Unfortunately, not very well. In addition to general fund appropriations of \$5.32 billion, the governor uses \$387 million in one time money to increase spending. He wants to spend from the cash reserve, the Senior Living Trust Fund, and federal stimulus money. None of those has a sustainable income source to replenish them.

Does the governor's budget raise taxes? He says no, but the real answer is quite different. Schools, for example, are allowed a 2 per cent spending growth for 2011, and the governor funds that with \$333 million from the general fund and the cash reserve fund. The Legislative Services Agency estimates that 2 percent will cost \$514 million.

Therefore Governor Culver comes up \$170 million short of paying for the allowable growth at the state level, and since schools will still have full spending authority, guess where the extra money will come from? Right: still higher local property taxes.

The Governor also prompts other property tax increases by reducing state support for property tax credits and paying for the Iowa State Patrol out of the Road Use Tax Fund. Both will increase property taxes.

A final thought on the budget: The Governor claims the Government Reorganization Bill will save \$341 million, and he blithely applies that figure to what he has available to spend.

Now, some of the things in this reform effort are suggestions the Republican caucus made last year. These include government technology consolidation, reducing the state motor fleet, and eliminating phantom employees -- good ideas that will reduce state spending. Many of the others are dubious, and their promises of savings are unlikely to materialize.

We cannot base a state budget on anticipated government savings. That may be the ultimate oxymoron.

### School Start Date

Local folks will be interested to know that we moved HF589 out of subcommittee. This bill changes the school start date from the week in which Sept. 1 falls to the fourth Monday in August. Schools could not start before Aug. 24.

As most of you are aware, schools ask for waivers from the Department of Education and they are routinely granted without question. Consequently, last summer we had schools starting August 10 -- just about the time we ended summer sports.

This year schools will be playing football games before school actually starts. In fact it could be said the athletic unions are now driving the school calendars to the detriment of families, education and business.

The Department of Education believes the language of our new bill is far more enforceable. I will not bore you with all of the arguments for doing this, but two of the top educational states in our nation, Minnesota and Wisconsin, have start dates much later than those we are suggesting. They value the tourist industry and still produce great students.

Student achievement then is not the issue. Frankly, the only thing I know we can do to enhance the economy of Iowa that will cost the state nothing is to move the start date back 10 days. The economic benefits alone would have District 6 sending an extra \$1 million to the state treasury, the SILO fund, and the LOST fund. Think of the impact on the entire state.

### Race to the Top

I have reported on the Race To The Top application we have submitted to the federal Department of Education. Iowa may be in line to receive up to \$175 million in federal money to improve failing schools.

I believe the application is weakened by language inserted by the teachers union that prohibits school boards from taking swift action to improve failing schools.

Additionally, the application does not link teacher pay to student achievement in any meaningful way, nor do we deal with the need to make it easier for public, private, and nonprofit organizations to acquire charter status.

I do not believe Iowa will or should receive RTTT funds unless we enact laws that allow failing local districts to respond quickly to the needs of their students. I am now involved in serious discussions concerning these changes and will give you a report in the coming weeks.

### Federal Deductibility

Having told you last week I doubted the likelihood the majority party would try to take away federal deductibility this year, I am a bit red-faced in reporting new rumblings at the capitol on this topic. Your concerns should be directed at the majority party. None of the 44 Republicans in the House favor eliminating the ability to deduct your federal tax on state income tax returns.

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