



## Cut Iowa's Budget

by David Hogberg

It appears that Iowa Legislators are putting tax increases on the table as a tool for fixing the projected \$400 million deficit in the Fiscal Year (FY) 2004 budget. Republican Stewart Iverson, the Senate Majority Leader, has suggested a new tax on Iowans who put their money in the stock market or bank, and has also suggested ending various tax exemptions. Meanwhile, Governor Tom Vilsack has reiterated his desire to “revamp” the sales tax so that it is “better suited” to Internet sales.<sup>1</sup>

Adding to the bad news is that the desire to make spending cuts is waning. The Legislature-created Program Elimination Commission was supposed to find ways to trim \$100 million from the FY 2004 budget. Yet the head of the commission, Bob Raferty, recently stated “I don’t think we’ll get to \$100 million. We could see \$50 million to \$70 million of annual savings.”<sup>2</sup> With recommended spending cuts likely to be much smaller than anticipated, the pressure to increase taxes will only grow.

If we are to avoid tax increases, it is imperative that the state of Iowa looks for every possible way to reduce spending. The author has examined the FY 2003 Iowa budget and found numerous ways to cut state spending. Here are his suggestions:

**Art and Culture.** The Department of Cultural Affairs gives grants for Cultural and Arts projects each year. For example, “the Cultural Enrichment Grant program provides annual general operating support grants to major, multidisciplinary cultural organizations that demonstrate cultural and managerial excellence on a continuing basis to the citizens of Iowa.”<sup>3</sup> The Iowa Arts Council “awards matching grants to eligible organizations to plan and conduct significant arts-related conferences, workshops and forums that improve the business and managerial practices Iowa artists, arts organizations, performing groups, arts venues and business [*sic*].”<sup>4</sup> While these may be nice things to do, they are by no means vital government functions. Estimated savings: \$1,461,246.

**Advocacy Groups.** These include the Commission on the Status of African-Americans and the Commission on the Status of Women. The Commission on the Status of African-Americans advocates an increase in “diversity training for education professionals,” while the Commission on the Status of Women advocates the “development of a plan to achieve pay equity in private industry.”<sup>5</sup> Activities like these are the purview of interest groups and should not be funded by Iowa taxpayers. Estimated savings: \$446,584.

**Reduce the Increases.** Three areas of education funding saw very large increases last year. Student Achievement Grants increased \$7,750,000, Early Intervention Block Grants increased \$10,000,000, and School Foundation Aid increased \$58,852,350. The author proposes a cut of 20% in each of these increases. Estimated savings: \$15,320,470.

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**Consolidation.** There are many government “districts” that could be consolidated to save the state money. For example, there are 99 Soil and Water Conservation Districts, one for each county.<sup>6</sup> The state should consolidate these by enfolding the ones with only support staff into the ones that have environmental and soil technicians. Estimated savings: \$1,409,672.

**Economic Development.** Not all funding for the state universities comes from the education portion of the budget. The University of Iowa, Iowa State University, and the University of Northern Iowa each receive funds from the Department of Economic Development. Given that these institutions already have business and economics departments, why do they need more money for economic development? Estimated Savings: \$2,909,424.

The cuts proposed in this BRIEF amount to \$21,547,396. For more ideas on trimming the state budget, see the January 2003 issue of Iowa Economic Scorecard. Indeed, it is vitally important that legislators look for as many ways to cut the budget as possible. Raising taxes is the wrong solution to fixing the state budget crisis because lack of tax revenue is not the problem. The problem is overspending; the solution is to spend less.

## ENDNOTES:

<sup>1</sup>Rod Boshart, “Iowa Leaders Thinking Reform,” *Cedar Rapids Gazette*, December 2, 2002, <[http://www.gazetteonline.com/go\\_article/0,1336,46611%252D1,00.html](http://www.gazetteonline.com/go_article/0,1336,46611%252D1,00.html)> (December 3, 2002).

Lynn Okamoto, “Senate Leader Urges ‘Bold’ Tax Changes” *Des Moines Register*, December 3, 2002, <<http://desmoinesregister.com/news/stories/c4780934/19888382.html>> (December 3, 2002).

<sup>2</sup>“Panel Unlikely to Reach Goal.” *Iowa City Press-Citizen*, November 27, 2002, Sec. A, p.5, col. 2.

<sup>3</sup>“Cultural Enrichment Grants,” Iowa Department of Cultural Affairs, n.d., <<http://www.state.ia.us/government/dca/ceprogram.htm>> (December 3, 2002).

<sup>4</sup>“Funding Programs,” Iowa Department of Cultural Affairs, n.d., <<http://www.culturalaffairs.org/iac/guidebook/gb07.htm>> (December 3, 2002).

<sup>5</sup>“Iowa Commission on the Status of African-Americans Annual Report,” Iowa Department of Human Rights, August 2002, p.2, <<http://www.state.ia.us/government/dhr/saa/pdfs/AnnualReport2002.pdf>> (December 3, 2002).

“Iowa Commission on the Status of Women 30<sup>th</sup> Annual Report,” Iowa Department of Human Rights, February 1, 2002, p.11, <<http://www.state.ia.us/government/dhr/sw/pdf/2001AR.pdf>> (December 3, 2002).

<sup>6</sup>“Soil and Water Conservation District Offices,” Iowa Department of Agriculture and Land Stewardship, n.d., <<http://www.agriculture.state.ia.us/swcd.html>> (November 26, 2002).

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