

## **Federal Stimulus Bill Jump-Starts State Budget Work**

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Approval of the \$790-billion economic-stimulus bill in Congress and a signature by President Obama will set the stage for the Iowa legislature to establish its budget targets and determine how much will still need to be cut, Democratic leaders said Thursday.

"We believe it will, in fact, provide some flexibility for state budgets and that will need to be taken into account before we make final judgments on our budget," said Senate Majority Leader Mike Gronstal (D-Council Bluffs). "All of us knew from the start that that was a moving target. None of us made any kind of judgments and now, once we get those numbers from the feds, we can start to make those judgments."

Lawmakers expect to have "some pretty good numbers" on the stimulus' impact on Iowa by the middle of next week.

Republican legislative leaders warned against using the one-time bailout money for ongoing expenses in state government.

"To add that to the base of spending is a mistake," said Senate Minority Leader Paul McKinley (R-Chariton). "There are areas that would be non-inflationary that you could spend it on."

House Minority Leader Kraig Paulsen (R-Hiawatha) said the state will not be able to avoid deep budget cuts, even if the stimulus is used to help fill the state's \$779-million budget gap.

"At best, it would postpone them," Paulsen said. "I don't think it's going to save us from having to make the cuts this year."

### **Labor Bills Advance Through Legislature**

A pair of labor bills -- one giving injured workers a choice of doctors and another to require

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contractors to pay workers a "prevailing wage" on public projects -- were debated before legislative committees this week.

The controversial "choice of doctor" bill cleared the Iowa Senate Labor and Business Relations Committee on a partisan 6-4 vote, but not until Democratic lawmakers got an earful from Republicans on how much it would drive up costs in a struggling economy.

"I believe this bill will have a chilling effect on job creation," said Senator Pat Ward (R-West Des Moines). "When costs go up on employers, especially small employers, in a struggling economy, those employers are going to have to cut somewhere. They're going to cut jobs, they're going to cut hours of work and they're probably going to cut benefits. Be careful what you're doing here because the impact on real workers could be very significant."

But Senator Thomas Courtney (D-Burlington) promised that the bill would be revised before it's debated on the Senate floor so that workers would probably choose from a panel of doctors rather than having open choice. Senator Bill Dotzler (D-Waterloo) said it boils down to not how much it costs, but whether individuals deserve the right to have proper and adequate care. "I'm going to always side on the individual's side," he said.

Giving injured employees the choice of doctor would increase the cost to do business in the state of Iowa by \$120 million, Myron Linn of the Pella Corporation told a panel of state lawmakers.

Mike McRoberts, a union representative with the United Auto Workers, said workers prefer going to their primary care doctor because they'd rather go to someone they feel comfortable with. Mike Harkin of the United Steelworkers said that sometimes, in-house treatment for carpal-tunnel syndrome has amounted to "aluminum braces with an elastic band," and many workers have recurring injuries due to inadequate treatment.

The second labor bill -- requiring contractors to pay workers a "prevailing wage" on public projects -- will be up for a committee vote next week after a public hearing before the House Labor Committee on Monday.

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During a subcommittee hearing this week, backers said the bill would level the playing field and provide incentive for workers to receive health care and pensions, while opponents said it would increase taxpayer costs up to 20 percent.

Iowa is one of only eight states that has never had a prevailing wage law, said Tom Fey of the Iowa State Building & Construction Trades Council. He said all of Iowa's neighboring states except South Dakota have such a law. In all, he said 32 states and Washington, D.C., currently have prevailing-wage laws.

"When bidding on public projects in the state of Iowa, we're at a disadvantage," said James Piazza Jr. of the Heavy Highway Contractors Association. "The lowest responsible bidder can win those public projects, but there's no incentive to have health and welfare programs, there's no incentive to have a pension program, there's no incentive to have training programs when bidding on Iowa public projects."

But Linda Hinton of the Iowa State Association of Counties said the prevailing-wage bill will increase labor costs on affected projects between 10 and 20 percent.

"Counties spend more than \$150 million annually on capital projects and road projects that would be subject to prevailing wages under the bill," Hinton said. "Assuming conservatively that labor costs are 20 percent of project costs, the prevailing-wage bill will increase county spending on road projects and other capital projects by \$3 million to \$6 million."

Governor Chet Culver was noncommittal this week about his position on the labor bills; his positions on the issues are key because last May, he vetoed a bill that would have expanded the scope of collective bargaining.

"I continue to work with leadership and legislators on any number of issues that might be addressed this session, including a number of labor issues," Culver said. "Once there is some consensus reached on any issue left this session, whether it's related to labor or not, we'll move forward."

Gronstal, who personally helped usher the doctor-choice bill through committee this week, defended the bills. "We're concerned about the middle class in Iowa. We're trying to build the middle class in this state and we're going to continue to do our best to do that."

But Paulsen said Republicans are frustrated because instead of addressing the more than 80,000 Iowans out of work, Democrats are spending their time on bills that raise costs for employers and taxpayers. "It's the wrong way to go," he said.

### **Public Says State Workers, Teachers Should Sacrifice in Tough Budget Times**

Some members of the public writing in to state-run budget-balancing Web sites think that Iowa state-government workers should have to pay more for health-insurance premiums, that they should be encouraged to retire early, and that any furloughs should extend to all state workers and not just some of them.

Iowa House Democrats and Republicans launched Web sites February 2 seeking public input on how to balance the state budget, with participants granted anonymity to encourage the flow of ideas. Since then, hundreds of Iowans have written in with their comments. The Democrats' site had 1,717 visits as of earlier this week, and 460 people had shared their suggestions. Republicans said more than 400 people had posted ideas on their site.

Several Iowans point to the state's 53,016 budgeted full-time employees as the place to find savings as the state struggles to fill a \$779-million budget gap in the fiscal year that begins July 1. One poster said all state officials should work without pay for one week. Others say workers should freeze their wages for a few years, and that furloughs should be shared by all.

"If every state worker would be furloughed from judges to professors to lesser-paid employees, it would save more money and fewer days lesser-paid employees would be furloughed," said one respondent who identified herself as a state worker in the judicial branch, whose 1,600 clerks of court and other employees will take their first furlough day Monday.

Other suggestions included:

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- Offer early retirement to state workers who are three years or less from retirement.
- Drop the "use it or lose it" policy so money budgeted for a department isn't spent hastily at the end of the fiscal year, out of fear of next year's budget being decreased.
- Increase the gas tax to pay for all road maintenance and new construction not paid for by the feds.
- Close small county courthouses.
- Require all state employees to live in Iowa.
- Eliminate court reporters with video equipment.
- Stop spending thousands of dollars on consultants to identify problems.
- Eliminate duplication in services, such as between the departments of Public Health and Elder Affairs.
- Cut down on the spraying and mowing near the state's highways.

House Speaker Pat Murphy and Majority Leader Kevin McCarthy have publicly committed to reviewing "every program and line item in the state budget to find waste and inefficiencies."

House Republicans said members of their research staff review the budget-savings ideas on the Web site each Friday, sort the ideas by issue area, and then research the suggestions.

"Through the research we hope to find how much money can actually be saved, what waste can be uncovered, and which ideas are feasible and which are impossible to investigate or unworkable," said Josie Klingaman, a spokesperson for House Republicans. "Our plan is use the suggestions to ask questions in the budget-subcommittee process, offer amendments in subcommittee and the full appropriations committee, and offer amendments on the floor."

The concept of getting public feedback to improve government has become so popular, legislative leaders have asked that all Iowans be given the chance to post their suggestions on the legislature's nonpartisan site. A third Web site to collect those ideas was launched Wednesday.

To submit suggestions to improve Iowa government: [http://www.legis.state.ia.us/asp/SurveyForm/Improving\\_StGvt/](http://www.legis.state.ia.us/asp/SurveyForm/Improving_StGvt/)

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See House Democrats' site: [IowaHouse.org/openbudget](http://IowaHouse.org/openbudget)

See House Republicans' site: [IowaHouseRepublicans.com/contact/budget-savings-ideas?from=380](http://IowaHouseRepublicans.com/contact/budget-savings-ideas?from=380)

### **Culver Vows to Prevent Repeats of "Deplorable Situation" in Atalissa**

The governor this week put unlicensed residential facilities in the state "on notice" after the state discovered the "deplorable situation" in Atalissa, where 21 adult men with mental retardation who worked for West Liberty Foods were housed in a "bunkhouse" for the past 20 years.

"They lived in a place that had no heating system and boarded-up windows. In fact, reports indicate that the boiler had been out for several years," Culver said. "Let me be very clear: The State of Iowa is not going to stand for this type of treatment to people who deserve our support and protection. Other unlicensed residence facilities should be on notice: We are going to find you and shut you down."

The state became aware of the situation through a tip on the Department of Human Services' abuse and neglect hotline. A few days later state officials shut down Henry's Turkey Service, the company that operated the residence and provided the workers for West Liberty Foods. The state is investigating for possible labor-law violations.

Henry's Turkey Service had control both of the men's federal Supplemental Security Income checks and their salary checks. Money was taken from their paychecks for housing and other services.

The men, ranging in ages from 39 to 72, were originally from Texas but have lived and worked in Iowa for 20 years. They were transferred this week to living quarters operated by Exceptional Persons Incorporated, of Waterloo.

Culver said he'll seek more teeth in state laws or rules to find situations like the one in Atalissa sooner and prevent them from happening again.

### King Contemplates Run for Governor

U.S. Representative Steve King (R-Kiron) this week discussed a Republican resurgence in 2010, skirted questions about his own intentions of running for governor, and defended his vote against the Obama-backed economic-stimulus legislation during a taping of *Iowa Press*.

"I've made no decisions" on a potential run for governor, King said, adding that he was looking to "reunify" the Republican Party in Iowa.

King said he believes the country is in the midst of an economic crisis but does not believe the measures proposed in the Obama administration's economic-recovery plan are the correct solutions. He said he does not want to "rush off that cliff" and support the current stimulus package, which is why he voted against it. He said House Republicans were right to reject the bill, even if it meant running the risk of being called obstructionists and ignoring the perceived mandate Obama won last November. He advocated a different solution.

"The capital-gains tax cut puts the most money into the economy the quickest -- there's nothing that can bring us around faster than just simply eliminating the capital-gains tax. I didn't advocate going that far last October, but today I would because I think our economy has slipped down some. You cannot help the poor by punishing the rich."

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