

## New Revenue Estimates Mean \$1-Billion Shortfall, Layoffs

Written by Lynn Campbell  
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More budget cuts are on the way in Iowa after the three-member Revenue Estimating Conference (REC) on Friday lowered estimates of state revenues by \$129.7 million this fiscal year and \$269.9 million next fiscal year.

"The economy continues to falter," said Holly Lyons, director of the Legislative Services Agency's fiscal services division. "We're witnessing more layoffs. We're witnessing reduced hours and furloughs. We may not even be halfway through this recession."

The lowered revenue estimates, combined with the \$700-million budget gap the state already had for Fiscal Year 2010, make for a \$1.1-billion gap between expenses and revenues over the next 15 months, according to Representative Scott Raecker (R-Urbandale), ranking member of the House Appropriations Committee.

"That's significant in a \$6-billion budget," he said. "I think one of the things we need to listen to very carefully of what was stated today is we have not hit the bottom yet. If we've not hit the bottom yet, that tells us we need to protect our cash reserves for that case when we get to the absolute bottom."

Layoffs will be difficult to implement this year under the collective-bargaining law and the notice that must be given to state workers being laid off, said Charlie Krogmeier, the governor's chief of staff and a member of the REC. However, layoffs are almost a certainty next fiscal year,

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which begins July 1.

"You can't furlough enough days to get there," Krogmeier said. "Federal stimulus money will help because some of that federal stimulus funding has to be used for Medicaid or education funding. ... It's going to be a struggle over the next week or two to figure this out."

Following the revised revenue projections, Governor Chet Culver must submit within two weeks a new proposal for a balanced budget for fiscal years 2009, and he indicated that he'd be proposing that the state use money from the American Reinvestment & Recovery Act.

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### **Legislation Would Require Gender Balance on Local Boards, Commissions**

Lawmakers disagreed sharply this week over whether discrimination and bias still exist in the state as they debated a bill that would require Iowa boards and commissions at the local level to be gender balanced by January 1, 2012.

The Iowa House approved House File 243 on a 71-27 vote Wednesday, and the Senate has yet to vote on the matter.

"Unfortunately, there's a lot of bias out there, and that's what we're battling," said Representative Mary Mascher (D-Iowa City). "The status quo is not working. Women are not being asked to serve, and therefore the best qualified citizens are often not being selected at the local level."

Statewide boards and commissions have been gender-balanced since 1987. The Iowa Commission on the Status of Women proposed this legislation to extend this requirement to the local level, where the average rate of female appointments is 18 percent, according to a survey taken this year. Advocates say that even though some cities and counties have adopted gender balance in appointments to boards and commissions, the majority have not.

An attempt by Representative Lance Horbach to strike the entire gender-balance bill and instead say that there should be no bias or discrimination, and that the most qualified person should be appointed, failed on a 44-53 vote.

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"We are way beyond the time of discrimination: man, woman, race, I don't care what it is," said Horbach (R-Tama). "We're beyond that. You must appoint the most qualified applicant or person of consideration without any bias."

Local officials have a tough enough time filling positions on boards and commissions, and this legislation requiring gender balance would make it even more difficult for them, said Representative Betty De Boef (R-What Cheer). It would also decrease the size of the pool of candidates available to fill an open spot on a board or commission, Republicans said.

Under the bill, exceptions to the gender-balance requirement would include political subdivisions that have made a good-faith effort to comply but have been unable to make an appointment for a period of three months. It also says a member of a board or commission whose term expires prior to January 1, 2012, may be reappointed even if the appointment continues an inequity in gender.

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### **State Ban on Wage Discrimination Sent to the Governor**

The Iowa House gave final legislative approval this week to a bill that makes it illegal for businesses with four or more employees to discriminate in pay based on gender, race, national origin, disability, or sexual orientation, and increases penalties. Senate File 137 was approved on a 90-7 vote.

"This bill is about pay equity," said Representative Vicki Lensing (D-Iowa City), the bill's floor manager. "We know we live in a state where women make 78 cents for every dollar that men make. Iowa as a state ranks 37th among all states for gender wage equity. So our work is not finished."

President Barack Obama in January signed the Ledbetter Equal Pay Act, which addresses the issue on the federal level, but the federal law only applies to employers with 15 or more employees.

Lensing said most Iowa employers do not engage in unfair wage discrimination. However, this

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bill would enhance penalties for employers that do. It authorizes the Iowa Civil Rights Commission to award damages to a person subject to wage discrimination of either double or triple the wage differential for the period of discrimination, depending on whether there was willful violation.

"For those few employers who discriminate, getting caught will be more costly than paying equal pay for equal work," Lensing said.

But House Minority Leader Kraig Paulsen (R-Hiawatha), said the bill does nothing to help Iowa's economy or high rate of unemployment. "There's 80,000 Iowans out of work, and the bill we're spending time on this afternoon makes it harder to be an employer in the state of Iowa," he said.

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### **Governor Promotes Bonding Plan; Lawmakers' Plan Excludes Bridges and Roads**

Culver and Lieutenant Governor Patty Judge took to the road this week with the "Shovel Ready Tour" to promote their \$750-million I-JOBS bonding plan. They argued that the plan, combined with federal stimulus money, is a better way to pay for current transportation needs than raising the gas tax.

"It is likely that there will be another discussion about a gas-tax increase in the future," Culver said at the tour's first stop in Des Moines. "But we have a \$600-million alternative today that I think is better certainly for the next 24 months, at a time when people are having a tough time paying their mortgage, filling up their gas tank, and buying their groceries."

Culver said the federal stimulus will provide Iowa with \$360 million for road improvements, along with the \$250 million he has proposed through bonding.

He also said he's open to compromise. "I am willing to meet people halfway, I am not expecting at the end of the day this will be a \$750 million plan exactly how we've laid it out," he said.

But a draft proposal of a \$700-million bonding plan created by a working group of 10 House and

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Senate Democrats does not include money for roads and bridges as proposed by Culver, and would be split into two or three bills as opposed to one big package.

Legislators' proposal includes \$325 million for flood-recovery projects, \$200 million for new public buildings or repairs, high-speed Internet in rural areas, alternative-energy projects, and rail projects, and \$175 million for already scheduled infrastructure projects such as those at the Iowa Veterans Home and correctional facilities.

Representative Doris Kelley (D-Waterloo), a member of the working group on the issue, said lawmakers still feel that roads should be funded with the gas tax and the road fund, not bonding backed solely by gambling revenue as proposed by Culver.

"We feel strongly that any road construction should come out of the fund that is set aside and constitutionally protected for that," Kelley said. "And if there's bonding, we feel like it should come from that area."

Kelley said Democrats want any money from bonding to focus on future flood prevention, disaster rebuilding, long-term job creation, and housing. They also want to leverage as much as they can from federal stimulus money so it lasts more than two years.

"The big thing is long-term job creation," Kelley said. "If we can leverage and actually create more jobs by bringing in more dollars to the state, we can put people back to work and we can keep people working. That's our goal here: jobs. We are trying to do what's right."

Republicans remained adamantly opposed to any bonding plan. Senate Minority Leader Paul McKinley (R-Chariton) said the bonding plans proposed by Culver and Democratic legislators.

"We now have dueling bonding proposals all put forward by Democrats," McKinley said. "They're competing to see which one can spend more money and put more money on to the state's credit card. Both proposals obligate generations of Iowans for decades to come with debt because for the last two years, the governor and legislative Democrats haven't been able to keep their spending, their craving under control, and these proposals highlight that addiction to

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spending."

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### **Legislation Targets Homeowners with Mortgage Problems**

A pair of bills aimed at alleviating mortgage problems by Iowa homeowners, including a bill that aims to put a halt to predatory-lending practices, were approved by the Iowa Senate unanimously this week.

"The bad actors in this industry made loans without fully disclosing the terms," Senator Swati Dandekar (D-Marion) said. "They made loans at sky-high insurance rates that made foreclosure inevitable. These practices put the homes of thousands of Iowa families at risk. This financial disaster helped kick off the deepening national recession."

Senate File 355 states that "the bill's provisions are directed at protecting consumers and ensuring that the mortgage lending industry is operating without unfair, deceptive, or fraudulent practices on the part of mortgage loan originators."

"Security of a family's home is something all Iowa families understand," Dandekar said. "That's one reason why owning your own home is such an important goal for so many families. That strong desire to own a home can make Iowans vulnerable to predatory or incompetent lenders."

The bill prohibits an individual from making a mortgage loan without first becoming licensed. Doing so would be a class "D" felony punishable by up to five years in prison and up to a \$7,500 fine.

Senator Rob Hogg (D-Cedar Rapids) said he believes the second mortgage-related bill approved by the Senate will be one of the most important bills this session dealing with the current economic situation. Senate File 364 was later approved by the House and sent to the governor.

"It's a bill that is fundamentally about Iowans who are facing foreclosure," Hogg said. "For those

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that are behind on their mortgage, it provides them with an opportunity to work it out voluntarily with their lenders."

Hogg said that in December 2008 nearly 900 properties in the state were subject to foreclosure. The bill requires a mediation notice before a foreclosure action when a residential property is involved.

The bill also expands the options for allowing postponements of a sheriff's sale and extends the number of allowable postponements from two of not more than three days each to two postponements not to exceed a total of 60 days.

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### **Health-Care Reform Would Expand Insurance to 30,000 Kids**

The Iowa Senate approved on a 30-18 party-line vote Thursday a sweeping health-care-reform bill that would extend health insurance to 30,000 uninsured children. But before debate was even over, House leaders said they intended to make dramatic changes to the bill to attract bipartisan support.

"It will look dissimilar from the Senate file," said House Minority Leader Paulsen. "The majority leader and I talked again about that very subject yesterday, and we're both committed to coming up with a strong, bipartisan bill that serves Iowans best."

Senate File 389 in its current form would extend health insurance to 30,000 currently uninsured children, and allow those working for small businesses and not-for-profits to be considered state employees to enroll in a state health or medical-group insurance plan.

"This will continue to leave us as the leader of the country in terms of the percentage of kids that have access to affordable health insurance coverage," said Senate Majority Leader Mike Gronstal (D-Council Bluffs). "Even if we have difficult, challenging times this year, we are not backing away from that commitment to help working-class families access health care coverage for children. We are very proud of that effort."

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Controversial proposals to ban free prescription-drug samples and extend public health insurance to immigrant children who are in the country illegally have been removed from the bill.

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