

Iowa Politics Roundup: IASB Board Fires Executive Director Over Scandal

Written by Lynn Campbell
Friday, 26 March 2010 13:35

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The Iowa Association of School Boards (IASB) announced the termination of Executive Director Maxine Kilcrease, while the Legislative Council voted to authorize the legislature's government-oversight committees to meet jointly during the 2010 interim to conduct an investigation, issue subpoenas, and take other actions relating to the IASB.

IASB Board President Russ Wiesley said the board voted Thursday to terminate Kilcrease's employment, citing her decision to request and accept a salary increase of more than \$100,000 without board approval. The board said Kilcrease also gave raises to several employees at the same time other employees were being terminated for financial reasons; prevented the IASB's auditing firm from providing information to the board; and directed an attorney to threaten the firm.

"We believe this to be in the best interest of the association," Wiesley said. "As a board we feel we were misled and blocked from information, and it has caused a huge amount of distress for this critical Iowa organization we so deeply care about."

Kilcrease also failed to utilize competitive bidding for projects over \$10,000 and failed to obtain board approval for projects more than \$75,000 by breaking them into smaller projects, Wiesley said.

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Kilcrease has so far refused to cooperate with an investigation or appear before the government-oversight committees. Wiesley said the Polk County attorney, the Des Moines police, the attorney general, the departments of education at the state and federal level, the office of U.S. Senator Tom Harkin, the IRS, and the FBI have all contacted IASB.

A preliminary audit has shown the IASB will be in the black for 2009, and Wiesley said the group has voted to cut membership dues by 5 percent this year. Legal counsel Nolden Gentry said the group will be asking Kilcrease to pay back a sum in the neighborhood of \$50,000.

"We share your anger at this situation," Bill Morain, treasurer of the board, told the legislature's Government Oversight Committee earlier in the week. "Anger because people we trusted with the management of our 64-year-old service organization let us down and erected such a barrier to information that it took months of painful disentanglement to tear down this wall. Looking back, we recognize that we could have exercised greater oversight during the transition between management teams. But none of us could have envisioned that such an appalling level of misconduct was even a remote possibility."

Morain explained that both Kilcrease and former Chief Financial Officer Kevin Schick came to the board highly recommended during the search process.

"While Dr. Kilcrease quickly assumed an uncommon level of autonomy in her leadership style, we accepted the matter with a deference we would have afforded to any new chief executive," Morain said. "In turn, Mr. Schick portrayed his numerous prior corporate leadership roles as valuable assets in assisting with our less-robust financial position. Both brought sharp new directions to the organization."

Morain called it devastating that these two executives broke the board's trust. "We did not have a credit-card policy," he said. "We had gone for two decades without a credit-card policy because everyone understands what the rules are with credit cards."

But Senator Rich Olive (D-Story City) said there's also a frustration among lawmakers: "Even though the board may not have been aware of some of these problems, a number of us feel the board should have been aware and taken steps earlier."

Legacy of the 2010 Session: Government Reorganization or \$1-Billion Deficit?

The Iowa legislature is expected to adjourn this weekend with Democrats hailing passage of what they say is the largest government reorganization in history, and Republicans decrying what they say will be 2,500 pink slips for teachers, an increase in property taxes, and a \$1-billion deficit next year.

"It has been no doubt the most challenging fiscal time that most of us in this body have even been alive to see," said Representative Jo Oldson (D-Des Moines), chair of the House Appropriations Committee, noting that budget chairs did everything they could to protect priorities such as education and health care.

"We can all feel good about the fact that we are going to leave here having reduced state-government spending and made further efficiencies in the way that we operate state government," Oldson said. "That we will have a balanced budget, that we will still have money in our savings account, ... and that we will have continued and will continue to be committed to educating our kids."

The Iowa House on Thursday wrapped up a two-day debate of the \$2.7-billion catchall cleanup standings bill, which contains the all-important \$2.5 billion in state aid for K-12 schools and has traditionally been the last bill debated by lawmakers before they go home for the year. The bill moved to the Senate for further debate.

Republicans said the state budget produced by Democrats that's moving through the legislature would commit the state to more than \$1 billion in built-in expenditures without a funding mechanism.

"What have we done?" asked Representative Rod Roberts (R-Carroll), one of three Republican candidates for governor. "High expectations, missed opportunities, and the problem as large now as it was in January. People in Iowa are going to be dismayed."

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Representative Elesha Gayman (D-Davenport), an assistant House majority leader, confirmed Thursday on the House floor that the standings budget bill underfunds K-12 education by \$167 million, shorts the homestead property tax credit by \$11.6 million, shorts the ag land tax credit by \$2.2 million, and shorts the mental-health property-tax relief fund by \$13.8 million.

"By my math, that adds up to \$194.6 million," said Representative Chris Rants (R-Sioux City). "Today, you're making the decision to raise property taxes in this state by \$194 million."

The landmark bill of the session came several weeks before adjournment: A government-reorganization bill estimated to save state and local governments \$126 million, or \$270 million when combined with early retirement and an executive order. The bill consolidates agencies, eliminates 14 different boards and commissions, reduces energy costs, combines state purchasing, requires a span of control of one manager per 15 employees by 2011 (which some say will cut down on middle management), and consolidates information technology.

Legislature Considers I-JOBS Sequel for Public Construction Projects

Under a 77-page RIF budget bill released Friday, the Iowa legislature would create an I-JOBS II program for public construction projects relating to disaster prevention, would change the bonds authorized last year from appropriations bonds to revenue bonds, and would increase the amount of net proceeds from \$105 million to \$150 million by using money from the Rebuild Iowa Infrastructure Fund. This would bring I-JOBS to a total of \$875 million over two years.

Senate Minority Leader Paul McKinley (R-Chariton) condemned Governor Chet Culver's plan to plow an additional \$150 million -- including \$45 million from the Rebuild Iowa Infrastructure Fund -- into I-JOBS, which McKinley called a "failed temporary work debt scheme."

"A year ago, Governor Culver promised Iowans that his I-JOBS plan would create 30,000 new jobs, but since that time, Iowa has actually lost over 30,000 jobs. If the goal was to create jobs, Governor Culver's plan has been a colossal failure," McKinley said in a news release. "All we get from Governor Culver is more unacceptable spending, more debt, and more Iowans out of work."

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The infrastructure budget is the last budget bill to be released. It allocates \$33.6 million for targeted disaster relief and rebuilding, flood mitigation, and construction projects, many which had applied for funding but were deferred. It also allocates \$30 million to the I-JOBS board for a new Disaster Prevention Smart Planning Local Grant Program, under the I-JOBS II Program.

The bill instructs the Department of Administrative Services to conduct a cost/benefit analysis of using existing office space for state employees in downtown Des Moines and other areas in close proximity to the state Capitol Complex, in lieu of replacing or renovating the Wallace State Office Building and prior to leasing any space in the Mercy Capitol hospital building. The report to the legislature would be due January 14, 2011.

Debate on the bill is likely to include talk of leasing or selling the Iowa Communications Network (ICN). It includes \$2.7 million for maintenance and lease costs associated with connections for Part III of the ICN, and \$2.2 million for replacement of equipment for the ICN, an increase of \$33,000 from this year.

The bill reduces money to the Grow Iowa Values Fund from \$50 million to \$38 million. It keeps the \$47.5-million allocation to expand the Iowa correctional facility for women at Mitchellville and \$130.7 million to build a new Iowa State Penitentiary at Fort Madison, but now says that can include costs related to project management. These are the first two projects to be covered under project labor agreements following an executive order by Culver. The Department of Corrections will receive a total of \$2.5 million for prison-construction management for the two projects.

Obama Revisits Campaign Themes in Return to Iowa

Almost three years after first promising to reform health care during a campaign stop on the University of Iowa campus, President Barack Obama returned to Iowa City Thursday to start the work of selling a new and narrowly passed health-care-reform law to the American people.

"Today, health-insurance reform is the law of the land," Obama said. "It was because of you. This is the place where change began. ... From this day forward, all of the cynics and all of the

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naysayers will have to deal with what this bill is and what this bill isn't."

During his speech, Obama chided the Republicans for some apocalyptic rhetoric, and challenged them to make good on their threats to run on repealing the bill, arguing that once the American people realize the benefits of the bill, it will be much harder to demonize the legislation.

"My attitude is: Go for it," Obama said. "I don't believe the American people are going to put the insurance companies back into the driver's seat. We've already had that."

The president said some benefits in the bill include a tax credit to small businesses to help them pay employee health insurance, the prohibition of dropping patients from coverage due to illness or denying coverage based on pre-existing conditions, and the extension of the age dependent children can be covered by their parents' health care insurance to 26.

After the speech, a small group of roughly 25 protesters stood facing the departing crowd, holding signs with slogans such as "Taxed Enough Already" and "Don't Tread on Me."

Two of these protesters were John Hulsizer Jr. and his wife Amy, both of Dubuque. The pair of armed-service veterans came to protest with a few of their children for various reasons, including longstanding frustration with the care provided by the government-run health program for veterans.

"They can't run that system as it is, and now they want to stick their hands into the private sector. They're wrong." John Hulsizer Jr. said.

Opponents Rally in Advance of Obama Visit

About 250 Republicans and Tea Party activists rallied at the University of Iowa in protest of federal health-care reform on the eve of Obama's visit.

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"We're here to stand up in one voice and say, 'No more, Mr. President, not without a fight,'" said GOP Second Congressional District candidate Christopher Reed of Marion, likening the backlash against health-care reform to the emotions Americans felt following the bombing of Pearl Harbor and the September 11, 2001, terrorist attacks. "Now our government is usurping the Constitution. We have to stand up and say, 'You have awoken a sleeping giant.'"

The crowd booed as speakers mentioned prominent Democrats who orchestrated passage of health-care reform that was signed into law on Tuesday. Protesters shouted "Tyranny!" and "Resist!" throughout the 90-minute event. But the crowd remained peaceful despite the frustration and anger expressed in the rhetoric.

"I would like to hear him [Obama] say logic rather than rhetoric, and explain how this really affects Americans," said Micah Doty, an uninsured woman from Williamsberg who described herself as a Libertarian. "We have no control over our home anymore, and I want to know why he thinks he has a right to usurp that power. I feel my future has been taken away from me."

Protesters and speakers echoed the rally's themes of "taking the country back" and "individual freedom" in opposing both the nationwide scope of the bill and the mandate on individuals to have insurance.

"What happened on Sunday [in the U.S. Senate] was touted as a victory. It was a victory over we the American people, a victory over our right of self-determination and our right to create our own destiny," said Republican Second Congressional District candidate Mariannette Miller-Meeks of Ottumwa. "In 10 years, the private health insurance companies will fail. When they fail, they will cry 'Uncle Sam' and the government will step in."

U.S. Representative Mike Pence (R-Indiana), the third-ranking Republican in the U.S. House, addressed the Iowa crowd via Skype and said the bill involved "job-killing taxes" and allowed the government to take over the health-care system. "This fight is not over," he said. "We can reform health care without putting our country on a path toward socialism."

Iowa Dems Praise Medicare Changes as House Passes Final Piece of Reform Puzzle

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While Obama was in Iowa to make his case for the new health-care-reform law, Congress was closing out an acrimonious, yearlong debate on the matter, as the Senate approved final passage of a fix-it legislative package and the House followed suit several hours after Obama's visit.

The reconciliation package, as it's better known, was approved by the U.S. House on a strict party-line vote Sunday night. But on Thursday, Senate Republicans were successful at sustaining two budget points of order against the legislation. The narrow rules governing reconciliation bills, which only need 51 votes to pass rather than the 60 necessary to stop a filibuster, require that all provisions have a direct impact on the deficit.

The two provisions challenged by Senate Republicans were stricken from the bill, forcing the House to re-vote on the measure Thursday evening. Meanwhile, the Senate approved the reconciliation package along party lines, with three Democrats defecting to vote with the Republicans: Ben Nelson of Nebraska, Mark Pryor of Arkansas, and Blanche Lincoln of Arkansas.

On Thursday night, in the final health-care-reform vote for this package, the House voted 220-207 to pass the slightly modified reconciliation bill. After the vote, Democratic U.S. Representatives from Iowa Bruce Braley and Dave Loebsack praised Medicare-reimbursement changes that they worked to include in the bill.

"Under the fixes secured in this package, Iowa doctors and hospitals would finally be rewarded for their excellent care," Loebsack said. "This change to the Medicare payment system is the right thing to do, and I am proud that I was able to help Iowa patients and America's taxpayers finally get a fair deal."

Earlier, following Senate passage of the reconciliation package, Senate Democrats took a victory lap of their own, praising the new law as fundamental reform that would lower costs, improve public health, and increase access to care. U.S. Senator Tom Harkin (D-Iowa), chair of the Health, Education, Labor, & Pensions Committee, was ecstatic. Harkin has pushed for this kind of health-care overhaul for years and played a key role in the negotiations during the past year.

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"The legislation passed by Congress this week looks to the future and means big things for Iowa's working families," Harkin said. "Comprehensive health reform eliminates the practice of denying coverage because of a pre-existing condition, lets kids stay on their parents' insurance until age 26, provides tax relief for small businesses, and provides a historic investment in prevention and wellness to change our current 'sick-care system' into genuine health care."

Prior to the final vote Thursday, the Senate debated and voted down scores of GOP amendments.

U.S. Senator Charles Grassley (R-Iowa) was on the losing end of those amendment defeats.

Grassley, the top Republican on the Finance Committee and a crucial player in the health-care fight, signaled that he was not giving up, as on Thursday afternoon he proposed a bill to ensure that the new health-care law applied to the president, the vice president, cabinet members, top White House staff, and the congressional staff who drafted the law.

Grassley had proposed this legislation as an amendment to the reconciliation package, but it was defeated.

"As a result," Grassley said, "President Obama will not have to live under the Obama health-care reforms, and neither will the congressional staff who helped to write the overhaul. The message to the people at the grassroots is that it's good enough for you, but not for us."

Obama's office says he will participate once the health-insurance exchange outlined in the reform package is set up in 2014.

This weekly summary comes from IowaPolitics.com, an online government and politics news service. Reporter Andrew Duffelmeyer and other correspondents contributed to this report.