

Slight Uptick in Revenue Gives Lawmakers \$250 Million More Next Year

Written by Lynn Campbell
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Governor Terry Branstad and Iowa lawmakers will have \$6.25 billion in state revenue to work with for the Fiscal Year 2013 budget, and state law allows them to spend up to 99 percent of that amount.

That's \$251.3 million, or 4.2 percent, more than what's available in the current fiscal year, but only a slight uptick from previous projections.

"Very little has changed in the national or the Iowa economy" since October, said Holly Lyons, director of the fiscal services division of the Legislative Services Agency – the nonpartisan support arm of the legislature.

Iowa's three-member Revenue Estimating Conference (REC) on December 15 made the [official estimate](#) of state revenue that Branstad and lawmakers must use to craft the budget for the upcoming year.

For the current fiscal year, the panel projected \$6 billion, which is \$25.4 million more than October's REC projection. For the upcoming year, it projected \$6.25 billion, which is up \$41.7 million from October.

Lyons compared the status of the economy and state revenue to going to the doctor for an annual physical and having an unremarkable visit.

"It doesn't mean it's bad news, but it doesn't necessarily mean that it's outstanding news, either," Lyons said. "On the bright side, the economy has not slid back into a recession, ... but it does appear that a self-sustained expansion has been delayed."

Economic uncertainty exists, and there's new talk about a European recession, which would affect Iowa exports negatively, said REC member David Underwood, a retired chief financial officer and treasurer for AADG Inc., a Mason City manufacturer and supplier of hollow metal

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doors and frames.

“I’m seeing a little bit more of a pessimistic view of the revenues in 2012 than what I was seeing two months ago,” Underwood said.

Iowa House Speaker Kraig Paulsen (R-Hiawatha) warned at recent legislative forums that next year’s budget will be tight. That puts into question how much money Branstad and lawmakers will devote to top priorities in the 2012 legislative session – property-tax reform and education reform.

Branstad has not released cost estimates of either plan, but last year, his plan for a 40-percent rollback on commercial property taxes over the next five years would have cost the state \$500 million.

“I am confident that we will find ways to fund the priority initiatives for Iowans,” said Iowa House Appropriations Chair Scott Raecker (R-Urbandale), whose Republican caucus holds a 60-40 majority in the chamber. “There is some modest revenue growth. We have a very responsible budget.”

David Roederer, director of the Iowa Department of Management, supports a tight budget.

“If it’s not a tight budget, then we should be looking at whether we are taking in too much revenue from taxpayers,” he said.

But Iowa Senate Majority Leader Mike Gronstal (D-Council Bluffs), whose Democratic caucus holds a 26-24 majority, took a rosier view of the situation.

“Today’s report of rising state revenues is another sign that our response to the national recession is working,” Gronstal said. “The focus of Republican and Democratic legislators during the 2012 session should be doing everything we can to help more Iowans get back to

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work. It's time to roll up our sleeves and help working families.”

Gronstal has pointed out that Iowa has \$1 billion in the bank – \$600 million in its reserve accounts, plus another \$400 million.

Regents Approve 3.75-Percent Tuition Increase

The Iowa Board of Regents has approved one of the lowest average tuition increases at Iowa's public universities in 15 years.

Regents voted 7-1 on December 8 for a 3.75-percent tuition increase for resident undergraduates in the 2012-13 school year. The increase of \$240 per student would raise about \$24 million.

When tuition, fees, room, board, and other costs are combined, the average cost for attending Iowa State University in Ames, the University of Iowa in Iowa City, or the University of Northern Iowa in Cedar Falls as a resident undergraduate would be \$19,920 next school year.

The 3.75-percent tuition increase is the second-lowest average tuition increase since Fiscal Year 1997. The lowest increase of 3.2 percent occurred in Fiscal Year 2009.

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