



Iowa Fiscal Partnership

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Getting a Grip on Revenues

Iowa Leaders Need Updated Information, to View All Options

DES MOINES, Iowa (July 31, 2009) — Deteriorating revenues demand a fresh review of Iowa's fiscal situation so policy makers can make budget decisions with the best information available.

Iowa Fiscal Partnership (IFP) analysts outlined the latest available information in a new report today, but said the condition of the state's economy and tax collections calls for more.

"It could be risky to wait until the next scheduled revenue forecast, in October," said Charles Bruner, executive director of the Child & Family Policy Center (CFPC). "Legislators and the governor need to address the challenges ahead without cutting services that are critical in this recession."

The state's Revenue Estimating Conference makes projections, typically three times a year, for review by the Legislature and governor in setting and managing the budget. The last review was in March, and the next is scheduled for October.

"August would be better," Bruner said, noting the budget year is already a month old and that mid-year cuts can have more severe impacts on services than budget changes early on. "The REC has done this before, meeting a fourth time, in August, in 2000 and 2003.

"While we recommend a special meeting of the REC, that's not enough. We also emphasize the need for our state officials to examine the tax code for changes that could stabilize state revenues and the state's economy. We have shown in the past that the state spends considerable sums through the tax code, often without oversight, and Iowans must demand better accountability."

While many are talking about cuts in state expenditures, IFP analysts said some cuts would be short-sighted, particularly when they could be offset by wasteful spending on corporate tax breaks. He noted several state services already have seen cuts in the past year.

"Further reductions in state expenditures not only will jeopardize needed services for Iowa families. It could also exacerbate the recession," said David Osterberg, executive director of the Iowa Policy Project (IPP).

The Iowa Fiscal Partnership is a joint policy analysis initiative of CFPC and IPP, both of which are nonpartisan, nonprofit organizations. IFP reports are on the web at www.iowafiscal.org.

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