



UPFRONT

April 18, 2011

Title: Why Zero Allowable Growth???

The Iowa House is now entering its last two weeks of scheduled session. There are many things yet to be decided. Budget bills are bouncing back and forth between the House and Senate. The decision of whether to agree with the Governor on a biennial budget is still being debated.

One of the big issues that is yet to be decided is education spending, especially those funds that would go to K-12. Newspaper articles express the concerns of teachers and administrators as the Legislature debates this issue. The majority party in the House feels very strongly about setting the allowable growth at zero percent. This has the support of the Governor. The majority party in the Senate wants to set it at two percent. This is one of the differences that must be resolved before this Legislature can adjourn.

What is allowable growth and why does it have such an impact on the financing of our K-12 school system? The Legislature annually sets the amount of growth your local school district can grow. The Legislature agrees to increase the per pupil funding by a certain percentage, and that money is applied to your local district's school funding formula. Local school districts, at the same time, are allowed to increase their budget using local revenues, but are limited to that same amount; therefore the term, allowable growth.

Why does my party, the House Republicans, make such a strong stand on setting the amount of allowable growth at zero?

We have to go back to December and examine the challenges that faced this Legislature when they came to town in January. This Legislature faced a spending gap of \$750 million dollars that had to be addressed. This huge deficit, which represented almost 15 percent of our annual budget, was the result of a history of spending more than the State was taking in and, at the same time, supporting the last three years' budgets with one-time federal monies.

Last year, the majority party and Governor Culver used \$735 million dollars of one-time money to fund ongoing general fund expenditures, with most of the money, \$450 million dollars, going to support Medicaid. The federal money is now gone, and this Legislature came to town looking over a cliff. Something had to be done. The budgeting process had to be brought under control. House Republicans feel strongly that we must adhere to existing state law that says we can spend no more than 99 percent of the estimated revenue determined by the Revenue Estimating Conference (REC) on December 6, 2010. Governor Brandstad's budget of \$6.1 billion dollars reflects that identified amount.

House budget targets reflect the Governor's approach and does as much as it possibly can to back-fill the spending gaps. Medicaid is taken care of and K-12 education is held at the previous year's spending level. Zero allowable growth means adding \$215.9 million state dollars to the budget. This is new money going to schools.

Not only does the house stand ready to fully fund the \$215.9 million dollars this year, but HF 189 allocates \$47 million dollars more to districts with declining enrollment so that they need not raise property taxes. In any other year, a total state spending increase of \$262 million dollars more would be the equivalent of more than seven percent allowable growth.

Why does zero percent increase still cost \$215.9 million dollars? The state increased spending authority for districts last year with a two percent allowable growth, but then proceeded to under-fund the state's share of that authority by \$156 million dollars. In addition, the state used over \$53 million dollars in one-time funds (Federal Stimulus and transfer from another fund) that are not available again this year. So when we look at what we spent last year versus what we will spend in FY '12, unless we want to short-change schools again and have property tax payers pay the bill, we have to include these numbers in our budget. That's \$209 million to get the State back to zero. The remaining \$6 or \$7 million would be the actual impact of zero percent if we paid our bills last year.

How will the \$215.9 million dollars affect our school districts? School districts in House District 91, which is my house district, would receive new state money for 2012 in the following amounts: Mount Pleasant, \$575,391; Waco, \$251,821; Winfield- Mt Union, \$177,952; New London, \$195,614; and Fort Madison, \$257,587. Central Lee gets \$88,215 less. Central Lee and Fort Madison were negatively impacted because of loss of student enrollment. Central Lee has 30 less students. Fort Madison enrollment is down 33 students. Negative enrollment impacts the amount of new money a school district would receive.

The budget guarantee money appropriated in HF 189 would also impact our local school districts. Mt. Pleasant would receive an additional \$127,067; Winfield-Mount Union \$7,705; New London \$22,890; Central Lee, \$229, 273; and Fort Madison would receive \$334,131. This is one-time money appropriated to these school districts to help them with their declining enrollment and to avoid sending this bill to property tax payers.

Why is the House advocating zero percent? Increasing state funding by over \$1 billion dollars over the last four years was unprecedented, not to mention unsustainable. Zero percent allowable growth is necessary to get this state back on track.

One only has to look at the past three years and see what spending more than we can afford does to schools. In FY '09 the governor responded with a one and one-half percent across-the-board cut, which amounts to \$33 million dollars. In FY '10, the Governor and the Legislature underfunded education by \$31 million dollars and the Governor issued a ten percent across-the-board cut at the cost of \$230 million dollars. In FY'11, as I have said before, the Governor and the Legislature underfunded education by \$156 million dollars. K-12 education, because of poor budgeting practices in a struggling economy, suffered by \$450 million dollars in reduced appropriations. But with spending obligations already in place, schools had to go to property tax payers to make up for that.

That's why we have to get this state's budget on track. It must be affordable, sustainable and predictable if we are to be fair to our kids, the teachers, and their schools. I recognize that there will be difficulty this coming year, as school districts adjust their budgets to the resources available. But if we can get through this one year, and get our budget practices under control, school districts will once again be assured of adequate funding to satisfy their needs in the future.

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If you have any issues or concerns, please contact me.

Be sure to include your name and address with any communication to my office.

State Rep. Dave Heaton, R-Mount Pleasant, represents the 91st House District,
which includes all of Henry County and the northern half of Lee County.
