

IOWA TRANSPARENCY NEWSLETTER



Just Like Taking Candy from a Baby

by Doug Stout

Our State Auditor David Vaudt has announced that he has decided not to run for the Governorship, but will instead focus on educating Iowans on the state budget mess. He has steadfastly tried to make the complexities of the state budget more transparent by creating short readable explanations of the budget maneuvers made by the Governor and the Legislature. He has also traveled around the state making presentations which try to break the figures down to a level that the average taxpayer can understand. Now he has been encouraged to try a “new” approach to reach the average Joe and Mary who are concerned about how their money is being spent. He has picked a somewhat unique way to do it, but he can assure you that they will “melt in your mouth, not in your hands.” For those of you who have no idea what I am talking about, the Auditor launched his own YouTube video about the state budget situation recently.

He is attempting to portray the fact that state leaders have continually improperly taken money out of the various state trust funds, which are dedicated for specific purposes (at least they were supposed to be dedicated for specific purposes) and the Governor and the Legislature have used them to “fill-up” the General Fund, which is the primary place where the state keeps its money.

This has allowed them to avoid the

restriction that they not spend more money in a fiscal year than they take in, because that restriction only applies to the General Fund. So they have bent the rules, misled the taxpayer, violated the spirit of the Constitutional provision which calls for a balanced budget, and spent more than we have been taking in to our state coffers over an extended period. So when they try to tell you that our state budget problems are caused only by the recession, don’t you believe them. They spent every cent they could get their hands on...and then got caught with their hands in the cookie jar...(or maybe the M&M bag?) when revenues did not increase the way they had gambled on. Instead Iowa tax revenues actually decreased due to the national economy. Yet, based largely on spending the federal stimulus money which Iowa received (also of course borrowed from our nation’s children), the state managed to break their own record and spend more this year than has ever been spent in Iowa before. I am sure you are all very proud of their accomplishments. I know I am. It takes a lot of gall to spend more money than any Legislature in history in the middle of a recession with tax revenues plummeting. Of course, what happens when the federal stimulus money isn’t there anymore?

This is why you have the state’s

political leaders speaking out of both sides of their mouths. While on one side they are talking about the fact that they were fiscally responsible... which they were not. They will also tell you that there is still money in the reserve fund. (That is technically true, but money is interchangeable, so the fact that there is still money in that specific account does not really mean anything when we borrowed almost twice as much as is left in the reserve fund...we also got bailed out by the federal government on a one-time basis and they spent that money too...and they drained every special trust fund the state had which were supposed to be used for a variety of dedicated purposes.)

On the other side of their mouth, you will hear them speaking about the need for restructuring our state government next year. Because they know they have spent everything they could beg (from the federal government), borrow (from our children with \$765 million in bonding) and steal (by inappropriately looting every other trust fund the state has in order to make the General Fund look balanced). The clock is ticking on their fiscal day of reckoning, so they need a new plan. I just wish their creativity would come with a little more fiscal integrity attached to it. Based on projections by the non-partisan Legislative Services Agency, the state’s budget is facing at least a

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\$900 million dollar deficit for Fiscal Year 2011.¹

So what does the media say about the Governor's bonding legislation, which borrows \$765 million dollars now and which will cost us \$1.7 billion dollars to pay back when taking into account the interest we will have to pay in addition to the principal?²... Since the bonds will be paid back over 20 years the funds will be coming from money taken from your children... which would seem to be the essence of why we have rules to keep the state from going into debt... to keep Legislators from avoiding their responsibilities and pushing obligations onto future generations. The bonding scheme used was examined by the *Des Moines Register* which concluded that the maneuver does not technically violate the State Constitution and while it may violate the spirit and intent of the Constitution, the Legislature has used similar approaches in the past.³ Well, that is reassuring... if politicians have done it before, then it must be ok.

But back to the YouTube video presentation by our State Auditor, he uses a whole lot of candy M&M's to illustrate his budget point. He repeatedly pours the candy from one cup into the other. Illustrating how they have used other "trust fund" candy to make up for the shortfall in the "General Fund" cup. Now he shows that all of the other "trust fund" cups are empty. Well, you probably have to see it to understand the analogy. The video can be viewed at YouTube.com (keyword "iowastateauditor").⁴

However, let me assure you, no one will accuse the Auditor of wasting funds on an elaborate production. He keeps it pretty simple. Basically, he prepared by getting a big bag of M&M's and a couple of plastic cups from the water cooler, all of which I am sure can be reused. Without belaboring the point, the conclusion he reaches is that the state is

down to its very last "M." We have now resorted to taking money from future proceeds... (i.e. our children's money)... or to say it another way, they have found a financing source that is as easy as "Taking candy from a baby"... in this case M&M's. Funny how times have changed... "bonding" with one's children used to refer to a good thing... not stealing away their future prosperity. It is the family equivalent of cutting a hole in the bottom of your three-year-old's piggy bank and "borrowing" the funds to continue running up bills on your credit card, when you have no intention of ever replacing the money. When they get older they will be required to put the money back themselves.

However, apparently if you put an attractive name on the borrowing package and call it "I-Jobs" and then go around the state showing people their children's tax dollars at work, you can make it the center point of your campaign for reelection. What if the Governor had spent some of the \$6.3 billion dollars from our state spending this year and used it for the I-Jobs priorities? Then he could have used the \$765 million in bonding money to pay state employee salaries. Do you think he would go around the state doing a promotional tour, telling every taxpayer of the fact? You do understand that money is interchangeable? One dollar looks pretty much like any other dollar the state spends. He could have paid for the job creation and flood relief with the money we actually had... and borrowed to pay for the state employee salaries just as easily.

Most Iowa state employees work hard at their jobs. I suspect that most of the employees at Principal Financial Group work hard at their jobs too, but it did not prevent the company from having to make layoffs and also to implement across-the-board salary cuts. Being an elected official means making dif-

difficult choices on spending priorities, particularly when irresponsible past budget practices are compounded by difficult economic times. We should do our best to respect the difficult budget decisions our elected officials make in the course of their duties. We should be less understanding when they choose to avoid making any of the difficult choices and mislead the public about the fiscal situation and how we came to be in this mess. They have a difficult job and they should all be commended for their public service, but with that public service comes accountability and a responsibility to act in an open and transparent manner.

This quote is from the State Auditor's official report on the state budget from May 18, 2009: "Iowans heard many times during the legislative session about all the difficult choices to be made in order to 'cut the budget.' Ironically, the adopted budget responds to the difficult fiscal challenge caused by a 2.7% decline in revenues with a 1% spending increase. Once again, the adopted Fiscal Year 2010 budget continues poor budgeting practices while pushing tough decisions to the next fiscal year." – State Auditor Dave Vaudt.

Take a copy of the Auditor's report on the budget from his official web site: (http://auditor.iowa.gov/press/Briefing_05-18-09.pdf). Read the short reports for the last several years and challenge your state elected officials to point out where he is wrong. The figures he provides are well documented, they are not partisan rhetoric. They also do not place all of the blame on the current Governor or on the current Legislature, although they have accelerated and expanded the problems greatly. Transparency in government is not just about having the figures available for the public to see, the public has to actually look at them and use them to bring about more accountability in the process.

Changing subjects – Respected Political Analyst and writer for the Washington, D.C. newspaper, *Roll Call*, which is a daily read for Members of Congress, their staff, and the Washington political community, Stuart Rothenberg, wrote a column this week. He writes a column every week, but this one should make us all think about "political spin" and what has become of our political dialogue. You would think with 24 hour news coverage and dozens, if not hundreds, of political commentators on the television airwaves, we should be enriched with the level of in-depth serious coverage of policy and political issues. We still have the "NewsHour with Jim Lehrer" which offers serious dialogue on the issues of the day on a nightly basis on the Iowa Public Broadcasting System. In my younger days, the place where you went to get the "real story" of what had happened that day in politics was the CNN daily show of "Inside Politics." I am embarrassed to admit I did not even know it had been canceled.

For those of you who have followed politics for decades you know that the coverage has changed; it is probably a matter of opinion as to whether it has gotten better or gotten worse. I think the number of viewpoints covered across the spectrum may have increased, but the number of well-reasoned, thoughtful discussions taking place on television is almost non-existent.

Mr. Rothenberg recently appeared on an episode of "Hardball" with host Chris Matthews on MSNBC. He was so disillusioned with the experience that he has concluded he will turn down any future requests for an appearance on the show. He does not single out Mr. Matthews; he indicates there are several other moderators on both ends of the political spectrum that he views as being far worse. He adds Keith Olbermann, Rachel Maddow, and Ed

Schultz from MSNBC on the left end of the spectrum and throws in Bill O'Reilly and Sean Hannity on the conservative side. Mr. Rothenberg has come to believe that the "news" networks "have concluded that most viewers don't want straight news and analysis as much as they want to hear what they already think or to watch predictable partisan attacks."⁵ He laments the demise of actual analysis on television reporting and concludes that he personally no longer wants to be part of the spectacle and asks his colleagues to consider their options... "But I know that I don't want to appear on shows that push a partisan or ideological agenda and that care more about demonizing one point of view than having a real discussion. At the very least, I hope others will take a few moments to consider whether they, too, should appear on these kinds of programs."⁶

So does more political coverage translate into more transparency as to what is actually occurring in our political system, or does real transparency require an objective viewpoint and a reasoned presentation of material to be effective? To what extent is Mr. Rothenberg correct? There is no question that the networks have the right to put on these types of partisan slugfests and that they must have made the decision that this was the way to draw the most viewers and make the most revenue. (Mr. Rothenberg recognizes this and acknowledges that they are free to cater to the choices of their viewers. He has just chosen to no longer participate.) So the question is not whether these shows should exist, but whether they are adding any value to the political debate of our democracy...or are they simply partisan entertainment offering competition to "Dancing with the Stars"...or the next installment of "Survivor?"

At what point did television coverage of political stories become akin

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to professional wrestling? Is it true that we only want to watch players whose backgrounds we already know and whose rhetoric we can anticipate before the words actually come out of their mouth? Do we want to see any new situation, broken down into its most basic elements and then applied to a formula where the other partisan side is raked over broken glass and left bleeding in the dust, week after week?

I suppose it is a rhetorical question, because obviously a lot of us do, or the shows would not continue to draw viewers and they would not stay on the air.

Personally, I prefer a reasoned debate, but I suppose there is a reason that the "Charlie Rose Show" is usually only on after midnight and in a limited number of PBS television markets. If you are looking for an interesting intellectual view of the topics of the day, be ready for an hour of quiet discussion and reflection. It is one of the few political

shows on television where you can sit down with someone who is 180 degrees philosophically opposed to your ideological views and have a good chance of having a civil discussion about the points that were raised after the show, assuming you can both stay awake late enough to do so. Most people do not even know who Charlie Rose is...but he is a host who lets his guests do most of the talking. Considering the hour and the limited number of viewers, his guest list is quite impressive.

But I don't think the solution to political transparency is encouraging everyone to stay up very late and watch an hour of educational television every night. I do think that Mr. Rothenberg has a legitimate point. There has to be a forum... where we can balance entertainment and relatively short attention spans...with the need to have civil and serious discussions on the policy issues of the day. I am not sure it is healthy when our choices range from

"Hardball" and like-minded shows on the conservative spectrum...and the intellectual and academic exercise which is Charlie Rose. Maybe something in the middle...someday in the future?...At least sometimes we have an interesting edition of "Iowa Press."

(Endnotes)

¹ Senator Paul McKinley, "IA Sen. McKinley: Memos," *Iowa Politics.com*, May 28, 2009 http://iowapolitics.com/index_pda.html?Article=159982, (June 8, 2009).

² Lynn Campbell and Andrew Duffelmeyer, "Legislature wraps up voting on \$765 million bonding plan," *Iowa Politics.com*, April 26, 2009, <http://iowapolitics.com/index.html?Article=156681>, (April 27, 2009).

³ Jason Clayworth, "Session recaps often stretch facts," *The Des Moines Register*, May 10, 2009.

⁴ Rod Boshart, "Vaudt bows out of bid for Governor," *Quad-City Times*, May 18, 2009, http://www.qctimes.com/news/state-and-regional/iowa/article_55d3b6fe-43e9-11de-ad67-001cc4c03286.html, (June 8, 2009).

⁵ Stuart Rothenberg, "It's Time to Change the Tone of our 'Politics' Coverage," *Roll Call*, June 8, 2009, http://www.rollcall.com/issues/54_141/rothenberg/35571-1.html, (June 8, 2009).

⁶ Ibid.