



# The Iowa Policy Project

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NOTE: Full CBPP report is available [here](#).

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## Billions vs. Balance

### Scratching Revenues from Budget Plan Whacks Iowa, Other States

IOWA CITY, Iowa (August 8, 2012) — Raising revenue must be part of efforts to reduce federal deficits and prevent the loss to Iowa of billions in funding for education, water and other critical services in coming years, a new report said today.

“We have better options to achieve fiscal balance, and at the same time encourage economic recovery and growth in our state,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project in Iowa City.

“As we have said many times: Congress must take a balanced approach that includes revenues, which are part of any budget.”

A [report released today](#) by the nonpartisan Center on Budget and Policy Priorities (CBPP) in Washington, D.C., found that Congressman Paul Ryan’s budget plan passed by the House — which is illustrative of how deficit reduction would look if it does not include significant new revenues — would cost states and localities an estimated 22 percent of their federal funding in 2014 alone.

“For Iowa, the projected loss is \$237 million in 2014 alone and \$2.1 billion from 2013 through 2021,” Osterberg said.

The CBPP report said Ryan’s plan also would shift other very large costs to states by reducing sharply federal funding for Medicaid (in addition to repealing the health reform law), and likely by cutting deeply into funding for highway construction and other transportation projects.

“Nobody disputes the need to reduce unsustainable long-term deficits and debt. The question is whether we’re going to do it in a way that makes sense for American families and businesses, and the economy overall,” Osterberg said.

“If you cut too heavily into public services, there are two critical impacts. First, people will lose their jobs. Second, just when people lose their jobs, there will be fewer critical services to support families and businesses.”

Those state and local services, however, would be threatened by the unbalanced approach of the Ryan budget and any plan that takes military spending and other issues off the table, leaving federal funding for states and local areas as one of the few remaining sources of savings.

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These cuts likely would bring federal aid to state and local governments to historic lows. CBPP reported that by 2021, under the Ryan budget, federal grant programs for states, counties and cities likely would be less than half the average of the last 35 years.

“There are automatic cuts — known as ‘sequestration’ — scheduled to begin in January because of the budget deal last fall. It’s important to note that, according to this report, the Ryan plan has cuts to states, counties and cities that are far greater,” Osterberg said.

In fact, the CBPP report found that in 2014, the Ryan budget cuts would be three times as deep as those in sequestration. In later years, as the sequestration cuts diminish but the Ryan cuts remain as deep, the difference would be even larger.

Specifically, the Ryan budget proposal likely would reduce federal funding in these areas in Iowa:

- **Education** — Head Start, teacher quality programs, special education, and schools in high-poverty areas that likely would face deep cuts.
- **Transportation** — funding to build and repair roads, bridges, airports and public transportation systems.
- **Public safety** — funding for disaster assistance and grants programs that help local police departments hire, train and equip officers.
- **Community development** — funds that help improve water and sewer systems and revitalize deteriorating neighborhoods likely would face cuts.
- **Housing** — funding to provide rental assistance and heating and cooling assistance for low-income people, many of them elderly.
- **Workforce** — would have fewer resources for workforce training and placement services and child care assistance for low-income working parents.
- **Health** — funding to keep community health centers open, provide mental health and substance abuse services, and give nutrition support to low-income mothers and young children.

The Iowa Policy Project is a nonpartisan, nonprofit public policy research and analysis organization based in Iowa City. IPP reports are at [www.iowapolicyproject.org](http://www.iowapolicyproject.org)

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The full CBPP report can be found at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3816>.