



NEWS RELEASE

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IFP Statement: Governor diverts revenue — and attention from choices on water and schools

IOWA CITY, Iowa — The Iowa Fiscal Partnership today issued this statement regarding Governor Branstad's promotion of a study claiming economic benefits of his proposed diversion of sales-tax revenue to water projects:

The Governor's office today asserted that his proposal to divert revenue from the school infrastructure sales tax to clean water initiatives "would mean more jobs for Iowa families." This assertion is quite misleading, because the Governor puts his plan in a vacuum.

In fact, there are alternatives to the Governor's plan, both in funding of water strategies and in the use of an already established statewide penny sales tax that he would divert from its intended purpose: school infrastructure. The study the Governor relied on makes it clear that researchers could not say whether the Governor's diversion would create more jobs or fewer jobs than alternative uses of the funds.

The Governor's news release cherry-picks the study's findings, quoting a line from its executive summary, that on an annualized basis, "projected spending under this proposal would generate approximately \$690 million in economic activity, 1,150 full-time direct employment positions and 2,800 total full-time positions."

The statement conveniently ignores the next, and concluding, line of the researchers' own summary of their findings: "**However, it should be understood that alternative projects and proposals are likely to result in similar economic activity and employment.**"

We make no conclusion about the researchers' findings. That there are economic benefits in addressing Iowa's significant problem with agriculture-induced water pollution will surprise no one.

What also would be no surprise is that economic benefits would result — perhaps more — from increased school infrastructure spending. The Governor's plan diverts funds from that already designated purpose between 2017 and 2029, and would direct the lion's share of growth in that revenue source to his preferences for the 20 years following.

The Iowa Fiscal Partnership is a joint public policy analysis initiative of two nonpartisan, nonprofit Iowa-based organizations, the Iowa Policy Project in Iowa City and the Child & Family Policy Center in Des Moines. Reports are at www.iowafiscal.org.

The Iowa Policy Project
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