



## **STATEMENT**

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### ***IFP Statement:***

## ***Opportunity missed in ‘unleashing opportunity’***

***Statement of Iowa Fiscal Partnership • Mike Owen, Iowa Policy Project***

[We voiced optimism last year](#) that Governor Kim Reynolds could use her new position as “an opportunity to lead us past the divisive and cloistered decision making of the last six years.” [Her first Condition of the State address](#) Tuesday did not take that course. We will see if her “Unleashing Opportunity” tour to promote it around the state does more.

She did proclaim the state would lead against sexual harassment in the workplace. On tax policy she offered a meaningful step toward responsible tax reform by proposing to eliminate federal deductibility. But the impact of the latter depends on details she did not offer. Instead, a strong theme of tax cuts came through when the state already has trouble paying for critical services.

Governor Reynolds doubled down on her support of policies that hammered hundreds of thousands of Iowans in the 2017 “[session of suppression](#)” under her predecessor — suppression of wages, of local control, of worker rights, of voting rights and of workplace protections.

She repeated the partisan claims from Washington that federal tax reform would benefit Iowa families “across the board,” when the data are clear that [on average, three-fifths will wind up paying more](#) and the wealthy and corporations will benefit most.

She did not open doors to the process. She promised a tax reform plan but did not deliver it, offering only hints of lower rates but no detail of impacts on actual revenues or on individual taxpayers. There are many options to make tax policy friendlier to working families who need it while maintaining fairness in the overall system. We need details.

Will she suggest an expansion of working family tax credits, such as the Earned Income Tax Credit? Will she support keeping a progressive income tax that is the only check on an overall tax system that otherwise taxes low-income people at higher rates than high-income people?

The Governor called on lawmakers to “to focus on what we can afford,” but kicked the can to next year on reforming expensive tax credits, promising only a review that already has been done.

She refused to acknowledge that funding for Iowa schools has been held down and she declined even to state the number — a 1.5 percent increase — that she is supporting for school aid. Was she ashamed of the number? Knowing that Iowa schools have been held at only 1.8 percent growth on average for the previous eight years, that might be understandable.

She refused to acknowledge Iowa taxes are low by responsible measures — playing to business lobby spin by calling Iowa corporate taxes “uncompetitive” — something her own [Budget in Brief](#) document dismisses (page 7): “Iowa continues to boast one of the lowest costs of doing business.”

While asking for quick action on water quality, she refused to take a leadership role on what she wants. Two bills from last session both take money from other places in a tight budget to mainly have citizens pay for farm practices with no requirements and little guarantee that Iowa waters will get cleaner anytime soon.

While calling it “no secret we are working through difficult times with our state budget,” she left out the detail that she is proposing [\\$27 million in cuts](#) for the current budget year. If you dig into budget documents, this includes \$10 million in cuts to Medicaid, \$5 million cuts to regents institutions, over \$3 million in cuts to both human services and corrections, and nearly \$2 million in cuts to community colleges.

In short, there have been too many secrets as we approached the Governor’s first Condition of the State, and too many questions that remain after she has delivered it. Legislative sessions are short, and scrutiny will be limited.

We start off the legislative session not knowing where the funding will come from to maintain the services we have, with legislative leadership locked into an agenda to drive down those services, and no real sense of how the Governor will protect long-held priorities of Iowans.

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*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 and Family Policy Center in Des Moines. Find reports at [www.iowafiscal.org](http://www.iowafiscal.org), and the IPP and CFPC websites, [www.iowapolicyproject.org](http://www.iowapolicyproject.org) and [www.cfpciowa.org](http://www.cfpciowa.org).*