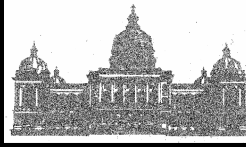


Representative Jeff Kaufmann

November



Newsletter

Hello 79th District,

As autumn rolls by, activities at the Capitol hit full stride in preparation for the 2008 session. I have been very active visiting community events, meeting with constituents, and preparing bills and legislation I plan to introduce. I will have legislation on eminent domain, school funding, oversight of the regents, community college transfer courses, and several pieces to move Iowa veterans programs to a level of acceptability. As one of the elected Leaders of our caucus, I am working on a team to initiate movement on health care affordability, property tax reform, and protection of Iowa's Right to Work status.

I hope you have a wonderful time at Thanksgiving with your families.

Jeff

Budget faces a \$450 Million Deficit

In October, the Revenue Estimating Conference (REC) met to revise the general fund revenue estimate for FY 08 and set the first estimate for FY 09. While the REC increased the FY 08 estimate from 4.2 percent to 5.1 percent, the FY 09 estimate of 2.6 percent is well short of what is needed to cover built-in spending.

There, however, continues to be good news on the revenue side of the ledger. Through the end of the first quarter of the fiscal year, revenue grew by 8.7 percent, compared to the new REC estimate of 5.1 percent. The primary drivers of the increase were personal income tax receipts, up 8.9 percent, and corporate income tax receipts, up 19.9 percent. Capital gains and corporate profits continue to drive strong revenue growth.

According to Fiscal Services, that increase in the revenue estimate for FY 08 leaves an ending balance of \$91 million. Under current law, that would be split between the cash reserves and the Senior Living Trust Fund (SLTF). However, since the reserves were full in FY 07, it only takes \$17 million to keep the reserves full at 10 percent in FY 08. The remaining \$74 million would be deposited in the SLTF.

However, in FY 07, \$132 million was used from the ending balance to fund the FY 08 property tax credits. It could use the \$74 million that should be deposited into the SLTF, but that would still leave a hole of \$58 million that would have to be covered in FY 09.

The news is even worse regarding the FY 09 balance sheet. **The 2.6 percent revenue growth estimate leaves the budget \$450.4 million short of covering the spending already built into the FY 09 budget.**

Here is the breakdown of the major spending increases already approved for FY 09: *(Note that the built-in spending does not include expected increases for Regents, community colleges, private colleges, Courts, prisons and other areas of the bureaucracy.)*

- Homestead Property Tax Credit -- \$119.9 million
- State Employee Salary Bill / Collective Bargaining -- \$100.6 million

- K-12 School Foundation Aid -- \$89.2 million
- Teacher Pay / ISEA Kickback Bill -- \$75 million
- Medicaid (expected growth w/o any policy changes) - \$55 million
- Agricultural Land Property Tax Credit -- \$33.7 million
- Iowa Power Fund (built-in b/c FY 08 was supplemental appropriation) -- \$25 million
- Elderly and Disabled Property Tax Credit -- \$20 million
- Human Services – MHI Iowa Care Loss -- \$17 million
- Healthy Iowans Tobacco Trust Fund Shortfall -- \$16.5 million
- Preschool Foundation Aid (universal preschool) -- \$14.3 million
- Shared Weighting for sharing incentives -- \$8.5 million
- Mental Health Allowed Growth Factor -- \$8.1 million
- All other built-in and anticipated increases -- \$41.4 million

Total Built-In and Anticipated Spending for FY 09 -- \$624.2 million

Total Shortfall (Deficit) in the FY 09 General Fund Budget -- \$450.4 million

Skilled Worker Crisis Felt Across Iowa

In September , the members of the Skilled Worker Shortage Study Committee became true believers. Iowa’s shortage of skilled workers is not a thing of the future, it’s happening now and it’s hampering economic development across the state.

Legislators heard from Ron Dooley of Rockwell-Collins, who opened his presentation citing a 2006 Manpower, Inc survey which shows that 44% of the employers in the U.S. have difficulty filling positions.

Rockwell-Collins employs approximately 9,200 people in the Cedar Rapids/Iowa City corridor. 3,600 of these employees are engineers, scientists, and information technology workers.

Mr. Dooley expertly pinpointed that not only are there fewer workers, but also a skills mismatch. This “talent gap” shows itself in two ways - obsolete skills or non-degreed individuals. Mr. Dooley offered four suggestions:

- Continue to focus on improving graduation rates. Committee discussion concluded also that the high school experience must be meaningful
- Enhance initiatives to address science, technology, engineering, and math pipeline (STEM)
- Enhance initiatives and education to ensure that diverse talent is developed
- Create stronger partnerships with industry to ensure proper programs are in place to prepare students for the workforce.

Mr. Don Dedobbelaere with Deere & Company in Moline, Illinois echoed much of Mr. Dooley’s testimony. He said Deere also needs science-related skilled workers. Deere’s manufacturing needs include robotics, welding, and electronics.

Mr. Debobbelaere offered these additional suggestions:

- Enhance existing programs and create new programs for machining, production and maintenance welding, and assembly
- Recognize the need for more community college instructors and for stability in funding for community college programs.
- Create a shorter cycle for student completion of community college skilled trade programs

Ms. Candace Drahn, owner of M’s Machine & Manufacturing in Monona, testified that her small business benefited initially from off-shoot contracts from Deere. Today her clientele includes several international businesses.

Ms. Drahn said that her critical need is for machinists. She feels an essential starting point is selling high school students AND their parents about the career. The current perception is that the only successful people are those with four-year degrees.

Ms. Drahn recommended that community college programs be brought closer to her community. Located in Peosta, the community collage welding and machinist program is not readily accessible to her Monona business. At this time, Ms. Drahn anticipates having to hire unskilled workers and train those new employees.

The committee also heard individual presentations from the Departments of Economic Development, Workforce Development and Education. The day concluded with representatives from the community colleges describing their initiatives.

Affordable Health Care Commission continues its marathon of meetings

Currently, the Commission has assembled seven work groups that will explore a variety of health care topics. These topics are:

- Electronic Health Records
- Health Care Workforce Shortages
- Medical Home/Wellness/Chronic Disease Management
- Individual Health Care Mandate – including Representative Clarence Hoffman
- Medication Purchasing Pools/Preferred Drug List
- Patient Rights
- Funding

The creation of the Individual Health Care Mandate group gives the indication that at least some members of the group are interested in a Massachusetts-style proposal, where all residents would be required to have a health insurance policy of some sort. What is unknown is how such an arrangement would work in a state with 91 percent of the population already covered. Experts inside Iowa and around the nation are cautioning groups to take their time with this approach, since Massachusetts is starting to experience issues with implementation.

National Ethanol Distribution Hits a Wall and Prices Plummet, Profits Dry Up

In a rapid fall from boom times, select spot prices for ethanol have plummeted from \$4.00 per gallon late last year to \$1.60 to \$1.70 range in recent days. The national average spot price has likewise slid from \$2.45 per gallon in mid-May earlier this spring to \$1.60 to \$1.70 in recent weeks. This remarkable turn around in prices is putting a severe squeeze on some ethanol plants that just a year ago were profiting from ethanol fuel price premiums of almost \$1 per gallon over conventional gasoline. The situation now sees gasoline priced 20 to 40-cents higher than ethanol, despite the fact that world oil crude prices have been in the \$70 to \$80 per barrel range for last several months. The adverse economic squeeze has become severe enough that not only have a number of planned ethanol expansions been placed on hold, but on Thursday, October 11, 2007, a North Dakota Ethanol plant at Grafton announced that it was temporarily shuttering operations until the economics of ethanol production turned around.

What appears to be the problem is that burgeoning ethanol production this year seems to have exceeded the oil distribution systems ability to receive and mix the fuel with gasoline. Proponents of the ethanol industry question this excuse, noting that California and other states which switched from MTBE to ethanol were able to do so in several months, albeit with sharply higher temporary motor fuel prices. It appears that ethanol production has surged this year from an annualized rate of 5.5-billion gallons per year last December to an estimate 6.9-billion gallons rate for the current year. This continued surge in production has collided with lagging growth in ethanol usage that is currently in the 5.5 to 5.9 billion gallon range. Much of the problem appears to be outside the Midwest, where ethanol blended

fuel has been prevalent for sometime and appears to be due in part to the fact that a majority of the nation's 1,000 terminals that serve gas stations aren't equipped with rail access to bring in ethanol, nor have they installed the tanks, pipes and meters necessary to splash blend ethanol into outbound motor-fuel tanker delivery vehicles.

Regrettably, this problem isn't solvable by pro-ethanol states such as Iowa and other states in the Midwest and it's up to Congress to make things happen. For example changing Iowa's law to require that all gasoline must be a blend of ten percent or more of ethanol would only increase state use of ethanol by 2-3% of Iowa total ethanol production capacity. Likewise, efforts to ramp up higher blend ethanol fuel sales such as E-85, and intermediate mixes via either so-called blender distribution pumps that would allow a consumer to set the amount of ethanol in fuel dispense from 10 to 85% is awaiting both Underwriter Laboratory certification and insurance underwriting, or allowing the sale of E-15, or E-20 which is undergoing a review by the United State Environmental Protection Agency that is not yet completed. Some of the other options being considered in Washington, D.C. are to accelerate and increase the renewable fuel standard that specifies how much renewable fuel must be included in the national motor fuel mix. Unfortunately, there doesn't appear to be any immediate assistance provisions to accelerate ethanol receiving and mixing facilities at motor fuel terminals. Even worse, the intense partisan sniping and positioning that the is consuming Capitol Hill looks like it will delay resolving the differences between the Senate and House versions on the Energy Efficiency bill (HR 6 and HF 3221) until late this fall or perhaps extending into next year.

New Salary Listing for County Elected Officials

On average your county elected officials got a 4.3% salary increase this year.

Check out this link on the Iowa State Association of Counties web site. You'll find the salaries for the six elected officials in each of Iowa's 99 counties:

<http://www.iowacounties.org/News/Master-Elected%20Salaries08.xls>

For example, the average salary for the 375 county supervisors in Iowa is \$28,155, which reflects an increase of 3.8%. Both Polk and Linn Counties pay their supervisors at least \$85,000. Conversely, Adams County pays just \$16,000 per year.

The link contains a separate spreadsheet for each county office which factors in years of experience as well as whether the county official receives extra compensation for a leadership role.

Below you'll find the statewide average salary, percentage increase from FY08, the high salary and the low salary for each office.

	<i>Statewide average</i>	<i>% increase from FY07</i>	<i>High salary</i>	<i>Low salary</i>
<i>Supervisor</i>	\$28,115	3.8%	\$89,500 (Polk)	\$16,036 (Adams)
<i>Attorney (includes full-time and part- time)</i>	\$65,980	5.3%	\$157,094 (Polk)	\$33,886 (Ringgold)
<i>Auditor</i>	\$46,991	4.2%	\$94,421 (Polk)	\$38,892 (Adair)
<i>Recorder</i>	\$46,128	4.2%	\$89,500 (Polk)	\$38,892 (Adair)
<i>Sheriff</i>	\$60,714	4.6%	\$130,000 (Polk)	\$51,530 (Adair)
<i>Treasurer</i>	\$46,567	4.2%	\$92,400 (Polk)	\$38,892 (Adair)

Iowa's HUSH Program Looks Forward to Another Hunting Season

As fall and the hunting season approach, The Iowa Department of Natural Resources is advertising their Help Us Stop Hunger program. The HUSH program has two main goals:

- Providing high quality meat to less fortunate Iowans
- Reducing the problem of deer overpopulation.

The program's success here in Iowa is indicative a nationwide trend.

HUSH is the Iowa version of a nationwide "Hunters for the Hungry" campaign. These programs have been supplying soup kitchens and food banks with extra resources during the difficult winter months when demand is often highest. Here in Iowa, HUSH is operated through a partnership between DNR, the Food Bank of Iowa, and local community meat lockers. Last year alone the program supplied more than 1 million meals to hungry and needy Iowans.

A number of states have seen their supplies and demand increase substantially; Iowa is no exception. The Iowa DNR expects that more than 7,000 deer will be donated to the HUSH program this year. The nationwide Safari Club began these programs in the early 1980's. Last year they saw a nationwide increase in donations of almost 30%. Programs in Texas, Georgia, Virginia, and Maryland are all receiving record donations and distributing millions of meals each year.

The program has a number of standards in place for donating the meat. The deer must be taken by a hunter with a valid Iowa permit. As with all felled deer, they must be tagged before donated. Meat lockers require that the deer be field dressed and most prefer that the deer be free of mud or debris and remain unfrozen. Hunters also must fill out a Hunter Card when the deer arrives for donation.

Hunters do not have to pay any additional fee for donating the deer. The program is funded in part by a \$1 surcharge on hunting licenses and grants a stipend to the Food Bank of Iowa for distributing the meat. Currently 82 Iowa meat lockers are involved with the HUSH program. And, if the nationwide trend is any indication, that number will continue to rise.

For more information about how Iowa's hunters can contribute to the program contact the Department of Natural Resources. In addition, the DNR has a list of all Iowa meat lockers participating in the program.

Veterans Groups Adopt Legislative Priorities

Three different Veterans groups have met recently to talk about their veterans legislative priorities. Those groups are the Veterans Council, the Veterans Commission, and the County Veterans Affairs Directors. Below is information about those legislative priorities. You can expect to see Veterans Groups lobbying for these priorities on January 16th which is their scheduled Veterans Day on the Hill:

Veterans Council and Veterans Commission - At their September 26th meeting the Veterans Commission approved the 15 legislative priorities the Veterans Council approved and forwarded to them. Below is each of those priorities:

- Provide Full Funding for Iowa Veterans Home and their Capitol Projects
- Require each county to have a Veterans Affairs Office that is staffed with qualified individuals
- Provide Matching Funds to Assist Veterans Service Organizations
- Pass a Veterans Trust Fund Constitutional Amendment and Appropriate \$5.0 million per year to the fund until it reaches \$50.0 million
- Provide funding for Veterans County Property Tax Exemption
- Provide funding as needed to complete Vietnam Veteran Bonus Program

- Exempt all Military Income received by National Guard, Reserve Forces or U.S. Armed Forces from State income taxes while on federal active duty.
- Prevent Loss of Income Due to the Elimination of Federal Tax Deductibility for Disabled Veterans
- Limit Changes to Primary Residence Property Taxes for Disabled Veterans
- Continue the Injured Veteran Grant Program
- Fully Fund the Iowa Department of Veterans Affairs and State Veterans Cemetery
- Continue the Military Service Member Home Ownership Assistance Program
- Fund Post Secondary Education by the State for Dependent Children of 100% Service Connected Disabled Veterans in a State Supported School.
- Support the State of Iowa Disabled Veterans Business Set Aside Program
- Limit the Cost to Veterans of Post-Secondary Education at State Supported Schools

County Veterans Affairs Directors – The county directors listed the following as their legislative priorities:

- Amend the definition of veteran to state, “veteran means a resident of this state who served in the armed forces of the United States completed a minimum aggregated of ninety days of active federal service, other than training.”
- Remove the bond requirement for county veterans commissions
- Allow county commission to employ directors and other staff as they see fit rather than requiring board of supervisor approval. The recommendation also addresses pay for their staff.
- Requires county commissions and all county veterans affairs employees to complete training as required by 35B.
- Establish the requirement which says, “Failure to maintain proper certification shall be cause for removal from office.”
- Remove the ability for an assistant county auditor to serve a the commission’s administrative assistant.
- Require all county offices to be open four hours each work day.
- Remove the requirement which says the commissions are to submit to the county supervisors a certified list of persons whom benefits are authorized and what the amount each individual shall receive.
- Remove the requirement which say the commission prepare a quarterly report for public inspection. Currently, the report shall include each individual’s case number and the amount he or she received.
- Strikes the requirements that the counties financially assist with the maintenance of veterans graves.