

## Who's the Boss? by Deborah D. Thornton

Generally, the owner and managers of a company make more than the employees. The owner takes the risk; they get the bigger reward. The manager has more experience, works longer hours, and gets a correspondingly higher salary. This is a basic principle of capitalism. However, as the United States and the State of Iowa continue to move closer to socialism, the workers are being paid more than the owners. That is, the government workers are being paid more than the taxpayers, who play the role of the owners. If the taxpayers do not make money, then the government cannot tax the money and pay the government workers, hence we are the “owners.”

In Iowa, State government workers make \$1,051 per week, on average. Private sector worker/owners, in contrast, make an average of only \$702 per week, or over \$300 less. On an annual basis this translates into average annual salaries of \$54,650 for state employees and \$36,500 for taxpayers such as you and me. The difference between Federal government workers and the private sector employees is comparable. The average Federal worker in Iowa makes \$1,025, or about \$25 per week less than State employees, but still \$275 more than the private sector.<sup>1</sup>

There are over 69,000 State and Federal government workers in Iowa. If you multiply it out, 69,000 by the combined average of \$1,038 per week, that makes \$71.6 million dollars in payroll per week, or over \$3.7 billion per year. Maybe if all government workers received a pay cut to the average of the rest of us, they would understand why raising taxes during a recession is not a good economic idea. For example, if the average of the government workers' salaries was the same as that of the private sector, at \$702 per week, the total annual payroll for those 69,000 workers would decrease to \$2.5 billion. This would save over \$1.1 billion per year in taxpayer money. Governor Culver, if you are serious about balancing the budget and cutting spending, you should study these numbers carefully.

In a similar vein, Iowa Legislators each receive \$25,000 for their annual salary. The leadership is paid as much as \$37,500. The Legislature is in session only 4 months of the year. Extend these numbers on an annual basis and it translates into from \$75,000 to \$110,000 per year equivalent salary. Though, to give them credit, most Legislators work very hard and spend significant amounts of time outside of the session on state business, this still seems to be inappropriate. On top of their salary, all Legislators except those from Polk County receive \$118 per day per diem during the session, plus \$0.34 per mile for travel expenses to and from the Capitol each week, and \$300 per month for office expenses.<sup>2</sup> If they too took a proportionate pay cut, to meet the average \$36,500 the taxpayers make, there would be significant savings in the State budget. Senator Gronstal, I trust you'll refuse your next check.

Currently, we are in the middle of a major economic recession; the national unemployment rate is 7.2 percent, 4.6 percent in Iowa.<sup>3</sup> Only 1.5 million Iowans were working in December 2008, the lowest number since August 2007. Companies from the venerable John Deere to the local coffee shop are cutting hours and laying off workers. The Consumer Confidence Index is at an all-time low, falling over

*continued on page 6*

## IOWA ECONOMIC SCORECARD

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### **Jose Maria Aznar** **to Speak at Global Warming Conference**

*Spain's former PM rips alarmists' 'new religion'*

By: Tammy Nash, The Heartland Institute

Former Spanish Prime Minister Jose Maria Aznar -- an outspoken critic of global warming alarmism as a "new religion" -- will be among 70 skeptics who will confront the subject of global warming at the second International Conference on Climate Change in New York City, March 8-10, 2009.

Aznar, who as Prime Minister in 1998 signed the Kyoto Protocol against global warming in Spain's name, told an audience in Paris in October, "In these times of global cooling of the international economy ... the standard bearers of the climatic apocalypse demand hundreds of billions of euros" to combat global warming.

The former chief executive doesn't deny global warming exists in some measure, but he questions the benefit of dedicating so much money to combat it while the world is in an economic crisis and other more pressing health problems face the world's population.

"Many of the champions of the idea of climatic apocalypse have little or nothing to do with science," he said. "They are something else. It is more like a new religion that condemns to the public bonfire those who dare question their theses, forecasts, and warnings."












The United Nations' Intergovernmental Panel on Climate Change has said global warming is "unequivocal" and "most of the observed increases in temperatures over the last 60 years is very likely due to increases in human-generated greenhouse gas concentrations."




However, the empirical evidence continues to mount in the skeptics' favor, and more than 1,000 attendees -- including private-sector business people, state and federal legislators and officials, policy analysts, media, and students -- are expected in New York in March.

Joseph Bast, President of The Heartland Institute, producer of the event along with more than 40 co-sponsors, explained, "At the first conference last March, we proved that the skeptics in the debate over global warming constitute the center or mainstream of the scientific community while alarmists are on the fringe. "Now in the past nine months, the science has grown even more convincing that global warming is not a crisis. The crisis has been cancelled by sound science and common sense."

## Iowa Statewide Economic Indicators

*Data source: <http://www.iowaworkforce.org/trends/?zineid=00000015> January 21, 2009*

<b>Latest Economic Indicators</b>	<b>Updated as of:</b>	<b>Actual Number</b>	<b>Amount of Change</b>	<b>Time Period Reported</b>
 New Vehicle Registrations	<b>1/9/2009</b>	<b>109,885</b>	<b>-4.1%</b>	<b>November 07 - November 08</b>
 Housing Permits	<b>12/30/2008</b>	<b>7,442</b>	<b>-28.1%</b>	<b>November 07 - November 08</b>
 Existing Home Sales	<b>11/21/2008</b>	<b>58,400</b>	<b>13.2%</b>	<b>2nd Qtr. - 3rd Qtr. 08</b>
 Total Resident Jobs	<b>12/19/2008</b>	<b>1,679,000</b>	<b>-2,000</b>	<b>October-November 08</b>
 Non-farm Employment	<b>12/19/2008</b>	<b>1,523,500</b>	<b>-1,400</b>	<b>October-November 08</b>
 Factory Jobs	<b>12/19/2008</b>	<b>225,900</b>	<b>200</b>	<b>October-November 08</b>
 Initial Unemployment Claims	<b>12/19/2008</b>	<b>32,268</b>	<b>64.3%</b>	<b>November 07-November 08</b>
 Jobless Rate	<b>12/19/2008</b>	<b>72,300</b>	<b>4.3%</b>	<b>November-08</b>
 Personal Income per Capita	<b>3/27/2008</b>	<b>\$35,023</b>	<b>+7.0%</b>	<b>2006-2007</b>
 Exports of Goods	<b>7/15/2008</b>	<b>\$2,899,340</b>	<b>+27.7%</b>	<b>1st Qtr 07 - 1st Qtr 08</b>
 Farmland Values	<b>12/5/2008</b>	<b>NA</b>	<b>+17.0%</b>	<b>October 07-October 08</b>

-  Change is Insignificant
-  Change is Negative
-  Change is Positive

In addition to Mr. Aznar, headliners among the 70-plus presenters include:

- Vaclav Klaus, President of the European Union and the Czech Republic, outspoken critic of global warming
- American astronaut Dr. Jack Schmitt
- Dr. Richard Lindzen, Massachusetts Institute of Technology, leading expert in dynamic meteorology
- William Gray, Colorado State University, leading researcher into tropical weather patterns
- Willie Soon, Harvard-Smithsonian Center for Astrophysics
- Roy Spencer, University of Alabama at Huntsville, team leader on NASA's Aqua satellite

Dan Miller, Executive Vice President of The Heartland Institute, a 25-year-old national nonpartisan think-tank based in Chicago, said, "All of the event's expenses will be covered by admission fees and individual and foundation donors to Heartland. No corporate dollars earmarked for the event were solicited or accepted."

*The Public Interest Institute is a co-sponsor of the 2009 International Conference on Climate Change and has free Conference tickets available to anyone interested in attending. All other expenses are the responsibility of the participant. Please call Madeline Swales at 319-385-3462 if you are interested. For further information contact Tammy Nash at [tnash@heartland.org](mailto:tnash@heartland.org).*

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**Iowa's Monthly State Revenue:**

Monthly state revenue for FY2009 stands at \$479.9 million in December 2008. For fiscal year to date total gross cash receipts were \$3,280.8 million, an increase of 6.1% over the same period FY 2008. Personal income tax collections were down by 15.1 percent compared to December 2007.

**Iowa's Estimated Net Yearly Revenue:**

The Revenue Estimating Conference met in December and the estimate for FY2009 net General Fund receipts is now \$6,052.0 million, down from the FY 2008 actual yearly revenue of \$6,084.5 million, down \$100 million from the October 2008 estimate.

**Source: Legislative Fiscal Bureau, "Monthly Revenue Memo," Revenue Estimating Conference Report**

**Iowa's Unemployment:**

The U.S. unemployment rate in December 2008 was 7.2 percent, up from 6.8 percent in November. Iowa workers continued to fare better with an unemployment rate of only 4.6 percent. This is up from 3.8 percent in December 2007. Iowa's Workforce Development reported that total employment in December was only 1,594,800, the lowest since August 2007. The number of workers on unemployment increased 5,400 from in November. The largest gains were in the leisure and hospitality, education, health, and trade and transportation sectors.

**Source: Iowa Workforce Development, Labor Market Information Bureau, "Monthly Unemployment Rate"**

**Consumer Confidence Index:**

As of December 2008, the Consumer Confidence Index (CCI) had fallen to an all-time low of 38.0, down from 44.7 in November. In Iowa it dropped even more significantly from 61.1 in November to 40.5 in December. Nationally the CCI has dropped 52.6 points from December 2007 to December 2008. The Conference Board reported that this reflected the "rapid and steep deterioration of economic conditions in the fourth quarter of 2008."

**Source: Conference Board, "Consumer Confidence Survey."**

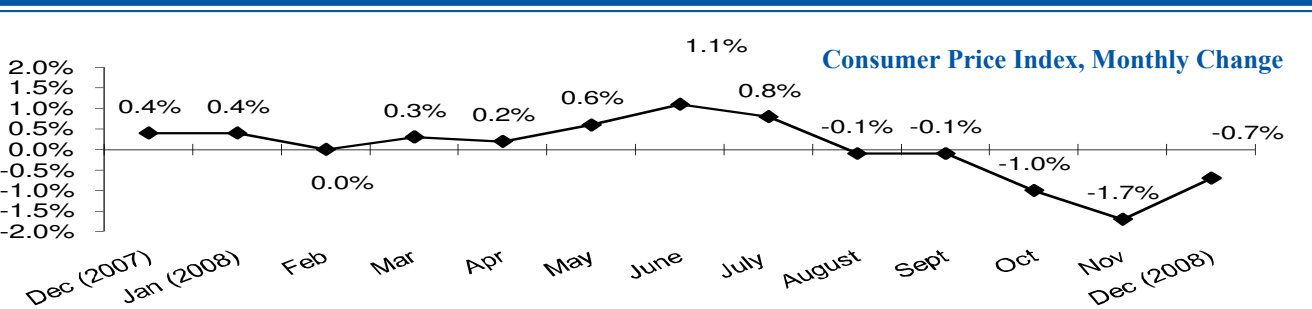
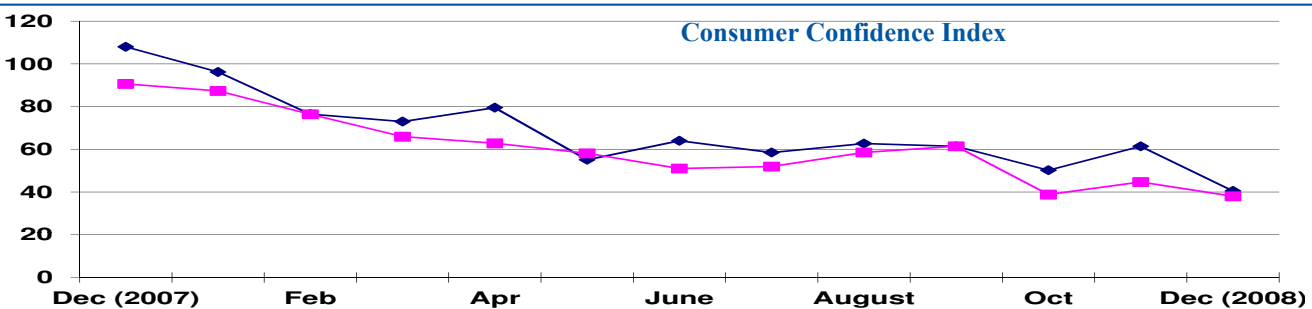
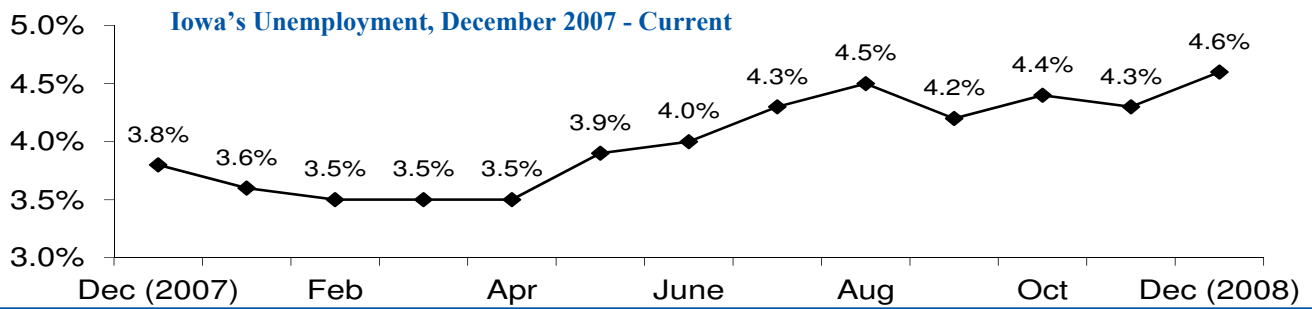
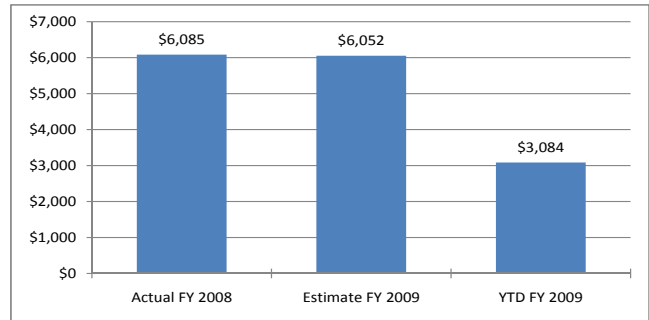
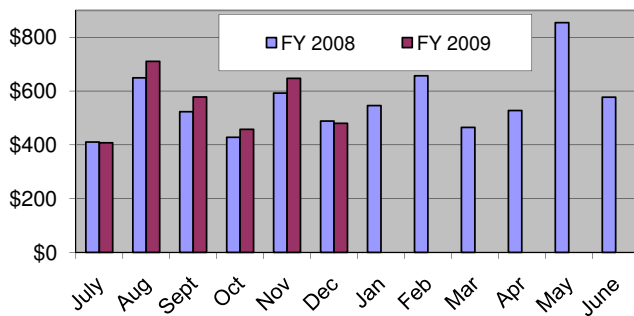
**Consumer Price Index, Monthly Change:**

The seasonally adjusted Consumer Price Index for urban consumers decreased 1.0 percent in December 2008, driven mostly by declining energy prices, which fell by 8.3 percent. Within energy, the gasoline index fell by 17.2 percent and accounted for almost 90% of the total decline. Other indexes which decreased nationwide were food, declining for the first time since April 2006. These indexes offset increases in rent and owners' equivalent rent, medical care, and education.

**Source: U.S. Department of Labor, Bureau of Labor Statistics**

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Iowa's Monthly State Revenue and Estimated Net Yearly Revenue (in millions)



REVENUE ESTIMATING CONFERENCE ESTIMATE OF GENERAL FUND RECEIPTS (in millions)

**Historical Figures**

**TAX RECEIPTS**

	<b>FY 05 ACTUAL</b>	<b>FY 06 ACTUAL</b>	<b>FY 07 ACTUAL</b>	<b>FY 08 ACTUAL</b>	<b>% Change FY 08 Act vs. FY 07 Act</b>
Personal Inc. Tax	2,782.3	2,854.2	3,085.9	3,359.7	8.9%
Sales/Use Tax	1,812.3	1,881.1	1,910.1	2,000.2	4.7%
<i>School Infrastructure*</i>					
Corporate Income Tax	280.9	348.6	424.6	483.8	13.9%
Inheritance Tax	78.4	73.1	76.0	78.4	3.2%
Insurance Premium Tax	130.9	121.4	105.2	111.7	6.2%
Cigarette Tax	87.4	89.5	122.0	229.5	88.1%
Tobacco Tax	8.7	9.2	12.1	21.2	75.2%
Beer Tax	14.0	14.2	14.3	14.5	1.4%
Franchise Tax	35.4	35.5	33.3	37.6	12.9%
Miscellaneous Tax	0.6	0.6	1.0	1.0	0.0%
<b>Total Tax Receipts</b>	<b>5,230.9</b>	<b>5,427.4</b>	<b>5,784.5</b>	<b>6,337.6</b>	<b>9.6%</b>
<b>OTHER RECEIPTS</b>					
Institutional Payments	12.7	13.0	12.9	14.9	15.5%
Liquor Profits	59.0	63.8	64.8	72.4	11.7%
Interest	9.7	17.5	28.7	25.3	-11.8%
Fees	72.3	76.2	84.7	82.1	-3.1%
Judicial Revenue	59.2	63.1	66.9	90.0	34.5%
Miscellaneous Receipts	65.1	49.7	35.7	36.1	1.1%
Racing & Gaming	60.0	60.0	60.0	60.0	0.0%
<b>Total Other Receipts</b>	<b>338.0</b>	<b>343.3</b>	<b>353.7</b>	<b>380.8</b>	<b>7.7%</b>
<b>Total Gross Receipts</b>	<b>5,568.9</b>	<b>5,770.7</b>	<b>6,138.2</b>	<b>6,718.4</b>	<b>9.5%</b>
Accruals (net)	(31.4)	54.0	37.4	(24.0)	-164.2%
Refunds	(696.9)	(586.0)	(597.9)	(674.8)	12.9%
School Infrastructure Transfer					
<b>Total Accrual General Fund Receipts</b>	<b>4,840.6</b>	<b>5,238.7</b>	<b>5,577.7</b>	<b>6,019.6</b>	<b>7.9%</b>
<b>Transfers**</b>					
Lottery	49.3	79.6	59.3	55.3	-6.7%
Other Transfers	39.1	64.4	9.3	9.6	3.2%
<b>Total Transfers</b>	<b>88.4</b>	<b>144.0</b>	<b>68.6</b>	<b>64.9</b>	<b>-5.4%</b>
<b>Net General Fund Revenues</b>	<b>4,929.0</b>	<b>5,382.7</b>	<b>5,646.3</b>	<b>6,084.5</b>	<b>7.8%</b>
Estimated Gambling Revenues Transferred To Other Funds	160.4	171.5	208.7	220.7	5.7%

\* Included in the Sales/Use Tax number above

\*\* Transfers estimated on an accrual basis starting FY2009, October 2009 Estimate

Who's the Boss? continued from page 1

60 points, from 108 in December 2007 to 40.5 today.<sup>4</sup> It would seem to this “owner” that the government “workers” and “Legislators” should be getting a pay cut, not the taxpaying “owners,” who are anticipating paying higher taxes at the federal, state, and local level. Either take a paycut or end up, like 7.2 percent of the rest of us, losing your job.

(Endnotes)

<sup>1</sup> Quarterly Census of Employment and Wages (QCEW) Summary Report: Iowa State Preliminary Data for First Quarter 2008, Iowa Workforce Development, January 2, 2009.

<sup>2</sup> Iowa Code, 2.10 Salaries and Expenses -- Members of General Assembly, January 26, 2009.

<sup>3</sup> Iowa Workforce Development, Layoffs Push State's Unemployment Rate to 4.6 percent, January 27, 2009.

<sup>4</sup> December 2008 Consumer Confidence Survey, The Conference Board, December 30, 2008.



**REVENUE ESTIMATING CONFERENCE ESTIMATE OF GENERAL FUND RECEIPTS (in millions)**

December 12, 2008

	FY08	FY09	10/08 REC	% Change	10/08 REC	% Change	12/08 REC	% Change	12/08 REC	% Change
	ACTUAL	ACTUAL	FY 09	FY 09 Est vs.	FY 10	FY 10 Est vs.	FY 09	FY 09 Est vs.	FY 10	FY 10 Est vs.
	12 MONTHS	6 MONTHS	ESTIMATE	FY 08 Est	ESTIMATE	FY 09 Est	ESTIMATE	FY 08 Act	ESTIMATE	FY 09 Est
<b>TAX RECEIPTS</b>										
Personal Inc. Tax	3,359.7	1,456.0	3,452.8	2.8%	3,508.7	1.6%	3,424.4	1.9%	3,485.2	1.8%
Sales/Use Tax	2,000.2	1,187.5	2,458.5	22.9%	2,507.7	2.0%	2,418.8	20.9%	2,467.5	2.0%
<i>School Infrastructure*</i>		152.0	358.0		400.0		358.6		411.2	
Corporate Income Tax	483.8	\$180.9	437.1	-9.7%	408.1	-6.6%	407.1	-15.9%	366.7	-9.9%
Inheritance Tax	78.4	\$42.3	80.0	2.0%	80.0	0.0%	83.9	7.0%	83.9	0.0%
Insurance Premium Tax	111.7	\$49.4	114.5	2.5%	114.4	-0.1%	115.6	3.5%	115.6	0.0%
Cigarette Tax	229.5	\$116.5	224.0	-2.4%	221.8	-1.0%	224.0	-2.4%	221.8	-1.0%
Tobacco Tax	21.2	\$11.8	22.1	4.2%	23.0	4.1%	21.8	2.8%	23.0	5.5%
Beer Tax	14.5	\$7.8	14.6	0.7%	14.6	0.0%	14.5	0.0%	14.6	0.7%
Franchise Tax	37.6	\$14.5	32.2	-14.4%	29.1	-9.6%	32.2	-14.4%	29.3	-9.0%
Miscellaneous Tax	1.0	\$0.7	1.0	0.0%	1.0	0.0%	1.0	0.0%	1.0	0.0%
<b>Total Tax Receipts</b>	<b>6,337.6</b>	<b>\$3,219.4</b>	<b>6,836.8</b>	<b>7.9%</b>	<b>6,908.4</b>	<b>1.0%</b>	<b>6,743.3</b>	<b>6.4%</b>	<b>6,808.6</b>	<b>1.0%</b>
<b>OTHER RECEIPTS</b>										
Institutional Payments	14.9	\$7.1	13.4	-10.1%	13.4	0.0%	13.5	-9.4%	13.5	0.0%
Liquor Profits	72.4	\$41.6	74.6	3.0%	74.6	0.0%	81.6	12.7%	74.6	-8.6%
Interest	25.3	\$9.5	12.0	-52.6%	11.5	-4.2%	16.5	-34.8%	15.9	-3.6%
Fees	82.1	\$34.7	72.1	-12.2%	72.9	1.1%	71.3	-13.2%	74.6	4.6%
Judicial Revenue	90.0	\$40.0	104.0	15.6%	106.1	2.0%	95.0	5.6%	99.0	4.2%
Miscellaneous Receipts	36.1	\$20.5	38.1	5.5%	37.2	-2.4%	38.3	6.1%	38.0	-0.8%
Racing & Gaming	60.0	\$60.0	60.0	0.0%	60.0	0.0%	60.0	0.0%	60.0	0.0%
<b>Total Other Receipts</b>	<b>380.8</b>	<b>213.4</b>	<b>374.2</b>	<b>-1.7%</b>	<b>375.7</b>	<b>0.4%</b>	<b>376.2</b>	<b>-1.2%</b>	<b>375.6</b>	<b>-0.2%</b>
<b>Total Gross Receipts</b>	<b>6,718.4</b>	<b>3,432.8</b>	<b>7,211.0</b>	<b>7.3%</b>	<b>7,284.1</b>	<b>1.0%</b>	<b>7,119.5</b>	<b>6.0%</b>	<b>7,184.2</b>	<b>0.9%</b>
Accruals (net) annual report	(24.0)		14.9	-162.1%	18.6	24.8%	14.9	-162.1%	18.6	24.8%
Refunds	(674.8)	(226.7)	(731.0)	8.3%	(788.0)	7.8%	(755.0)	11.9%	(821.0)	8.7%
School Infrastructure Transfer		(152.0)	(405.0)		(416.0)		(388.1)		(412.0)	
<b>Total Accrual General Fund Receipts</b>	<b>6,019.6</b>	<b>3,054.1</b>	<b>6,089.9</b>	<b>1.2%</b>	<b>6,098.7</b>	<b>0.1%</b>	<b>5,991.3</b>	<b>-0.5%</b>	<b>5,969.8</b>	<b>-0.4%</b>
<b>Transfers**</b>										
Lottery	55.3	24.5	57.0	3.1%	58.1	1.9%	53.0	-4.2%	54.0	1.9%
Other Transfers	9.6	5.8	4.6	-52.1%	1.6	-65.2%	7.7	-19.8%	2.0	-74.0%
<b>Total Transfers</b>	<b>64.9</b>	<b>30.3</b>	<b>61.6</b>	<b>-5.1%</b>	<b>59.7</b>	<b>-3.1%</b>	<b>60.7</b>	<b>-6.5%</b>	<b>56.0</b>	<b>-7.7%</b>
<b>Net General Fund Revenues</b>	<b>6,084.5</b>	<b>3,084.4</b>	<b>6,151.5</b>	<b>1.1%</b>	<b>6,158.4</b>	<b>0.1%</b>	<b>6,052.0</b>	<b>-0.5%</b>	<b>6,025.8</b>	<b>-0.4%</b>
Estimated Gambling Revenues Transferred										
To Other Funds	220.7	65.8	221.4	0.3%	222.0	0.3%	221.4	0.3%	222.0	0.3%

\* Included in the Sales/Use Tax number above

\*\* Transfers estimated on an accrual basis starting FY2009, October 2009 Estimate

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## *IOWA ECONOMIC SCORECARD*

### **Question of the Quarter:**

Has the federal “Bailout” money been used appropriately?  
Have you seen any economic change as a result?

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