

PUBLIC MONEY IN PUBLIC HANDS FOR THE PUBLIC GOOD



A People's budget for Iowa
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<https://www.sehn.org/sehn/2019/5/17/public-money-in-public-hands-for-the-public-good-the-public-trust-doctrine-public-well-being-and-government-budget>

Why State Budgets Matter

- ▶ Spending money is how governments do their work
- ▶ A budget is a moral document - this is how we express our values
- ▶ Almost every progressive issue requires government financial investment
- ▶ A budget reflects a theory of government

Differences Between Federal and State Budgets

- ▶ The federal government
 - ▶ Can print money
 - ▶ Doesn't need to balance its budget (because it can print money)
 - ▶ Primary source of revenue is taxes
- ▶ States
 - ▶ Have to balance their budgets
 - ▶ Have more diverse funding sources than the federal government:
 - ▶ Taxes
 - ▶ Federal funds
 - ▶ Service charges
 - ▶ Miscellaneous
 - ▶ Local funds

Federal Funding of State Budgets

- ▶ Federal government funds about 31% of state budgets for education, Medicaid, transportation and environmental programs.
<https://www.cbpp.org/research/state-budget-and-tax/federal-aid-to-state-and-local-governments>
- ▶ Peter Montague: “In 1996, the federal government overturned 30 years of policy, giving states greater authority over programs like welfare and Medicaid, replacing entitlements with “block grants” that had far fewer strings attached. After this “devolution,” states were free to impose more conservative welfare policies, including punitive restrictions on welfare recipients, such as cutting off cash.”
<https://truthout.org/articles/people-who-live-in-red-states-die-younger-conservative-policies-are-to-blame/enefits> after a certain period of time.”

Iowa: A Case Study

- ▶ Initiated by the environmental and public health community
- ▶ Goal was to look at the whole budget to compare two theories of government and how they were reflected in the state budget



Government as “growing
the economy”

Or?

Government as trustee of
all the things we
share—also known as “the
commons”

Protecting, enhancing and restoring our
shared public wealth and public health is the
central responsibility of government.

“Every Policy is a Public Health

Policy.” Steven Woolf, physician and Virginia Commonwealth University epidemiologist

- ▶ Blue states have established steep tobacco taxes, strict automobile emissions standards and (relatively) generous unemployment benefits. Red states have restricted welfare, lifted regulations on businesses and preempted cities from raising wages or requiring sick leave for workers.
- ▶ Over time, these policy changes have produced strikingly different outcomes. Every year, Massachusetts spends more than \$14,000 on welfare per low-income resident. Florida spends a paltry \$3,904. Seattle has a minimum wage of \$15.75 per hour, whereas Atlanta is prohibited by state law from exceeding \$7.25 per hour. A pack of cigarettes costs \$5.25 in Missouri and \$12.85 in New York.

https://www.huffpost.com/entry/us-life-expectancy-republican-policies_n_5f45845ac5b6cf66b2afc90c?ncid=engmodushp-mg00000004

When in Doubt, Start with the Constitution:

“All political power is inherent in the people. Government is instituted for the protection, security, and benefit of the people, and they have the right, at all times, to alter or reform the same, whenever the public good requires it.”

Bill of Rights to the Iowa Constitution, Article I, Political Power, Section 2



Our Thesis: Government Is the Trustee of the Things We All Share

A fiduciary duty is a legal obligation to take care of assets for the sole benefit of a designated beneficiary. It is time for government to return to its primary function of serving the public good, the common good.

Context for the Iowa State Budget Review:

Iowa is the most biologically altered, and most ecologically damaged state in the Union. Less than 3% of its land base is in an intact ecosystem.

How bad is it? A Snapshot (8/27/20)

- ▶ “The Des Moines River is “essentially unusable” as a drinking water source for 500,000 central Iowans because of toxins from algae, leaders of the Des Moines Water Works said Wednesday.
- ▶ Des Moines River levels of a toxin that comes from blue-green algae, [microcystin](#), have recently been more than 10 times the federal recommendation for drinking water, said Laura Sarcone, Water Works spokeswoman. The river is one of the two largest sources of water treated to provide tap water.”
- ▶ <https://iowacapitaldispatch.com/2020/08/26/des-moines-river-essentially-unusable-for-drinking-water-due-to-algae-toxins/?eType=EmailBlastContent&eld=9fd8bd18-f921-4cf2-903f-af6db92db20d>

Governor Reynolds' Budget Goals

The 2018 budget goals for Iowa put forward by Governor Reynolds:

- Create a Competitive Business Environment;
- Develop the Most Innovative Energy Policy in the World;
- Educate our Children for the Knowledge Economy;
- Train Iowans for the Jobs of Tomorrow.

Even education is designed to funnel kids into the economy, rather than develop their unique skills and enable them to be effective citizens.

Note:

In the most ecologically damaged state, the governor does not have a goal of clean water and nothing on climate change.



The public trust should be designed into the state budget.

The public or common good *must be funded sufficiently:*

1. Education
2. Public health
3. The environment
4. Infrastructure such as road and bridges
5. Government services such as courts



Four Discoveries

Discovery 1: Writing checks to major corporations.

- ▶ We give tax credits to major corporations, actually writing them checks for things like research and development. We then financially starve our public universities research fund. This further privatizes the research agenda
- ▶ Corporations like Apple that received large tax credits and incentives make donations to their communities which are then also tax deductible. (A tactic also used by Dakota Access to gain support from local law enforcement.) This turns government into a charity.
- ▶ Note: This is also going on in Minnesota around Enbridge Line 3. Enbridge is making donations to law enforcement.

Discovery 2: Many of the 2018 tax credits went to big corporations, including:

- ▶ Rockwell Collins, which claimed \$13.7 million
- ▶ Deere & Co., which claimed \$4.8 million
- ▶ E I DuPont De Nemours, owner of Pioneer, Hi-Bred which claimed \$4.8 million
- ▶ John Deere Construction & Forestry, \$2.4 million
- ▶ Green Plains Inc., which claimed \$1.7 million
- ▶ Other recipients: Monsanto, Cargill, Dow Chemical, Syngenta

Discovery 3: Two Banks in Iowa hold 10 million or more dollars of state money

- ▶ Wells Fargo
 - ▶ Wells Fargo was sanctioned for fraud by both the state and the federal governments
 - ▶ Wells Fargo was a major funder of Dakota Access Pipeline
 - ▶ It provides the infrastructure for the financial transactions in the state. The state no longer has the capacity to manage its own money in real time.
- ▶ Bank of New York Mellon
 - ▶ Also has funded pipelines
- ▶ (US Bank also holds over 1 million)
- ▶ Source:
https://www.iowatreasurer.gov/media/cms/Annual_Report_2019_68899E542DB6C.pdf

Discovery 4: No State-Wide Climate Body

- ▶ In 2007 the Ia. legislature, during Gov. Chet Culver's administration, established a Climate Change Advisory Council. The Iowa Climate Change Advisory Council was responsible for
 - ▶ providing policy options for reducing statewide greenhouse gases, while also
 - ▶ considering the cost-effectiveness of different scenarios.
- ▶ The Council produced a report in 2008 with a list of actions that the state of Iowa could undertake to reduce the effects of climate change.
- ▶ The Council was disbanded in 2011, as part of the 2010 State Government Reorganization. Information about the Council and its work can be found at <https://www.iowadnr.gov/conservation/climate-change>

State Budget Principles

1. The common wealth and public health are the basis of the economy.
2. Tailor the budget to the public assets, the commons.
3. Corporations must pay their fair share.
4. No privatization of essential governmental responsibilities.
5. Fund solutions that solve more than one problem.
6. Prevent problems rather than clean up the mess later.
7. Keep public money within the state.
8. Budget and spending processes should be transparent and accountable.
9. Taxes should be fair.
10. Tax incentives should benefit the public good and the commons.
11. Revenue should be adequate to care for the common wealth and public health.
12. Revenue streams should be stable and predictable.
13. The tax system should be simple.

Opportunities for Organizing

1. Demand that the governor set appropriate goals for the budget
2. Eliminate corporate tax incentives and credits
3. Establish a state bank
4. Block efforts to privatize public goods
<https://www.inthepublicinterest.org/fact-sheet-the-perils-of-privatizing-parking-assets/>
5. Create a budget score card that measures well-being



What other states and municipalities are doing: New Jersey

- ▶ New Jersey has a coalition of labor, environmentalists and the faith community working on the state budget in light of the necessary recovery from Covid-19

“Trenton allocates billions of dollars to our recovery budget, we need to ensure they’re rescuing communities and workers, not corporations, and investing in a future safe from health, economic and climate catastrophe for us all.

- Invest in a clean, renewable energy system - no more raids to the Clean Energy Fund!
- Fund NJ Transit to keep workers and riders safe
- Protect workers and our environment - fully staff our state agencies
- Invest public money in the public good

New York

- ▶ Participatory Budgeting: New York City gives a portion of the budget to boroughs for a participatory budgeting process

“This year in New York City, 33 Council Members are asking residents how to spend at least \$35 million in capital funding. PBNYC enables New York City residents to propose and vote on projects in their City Council districts. Projects that receive the most votes during a nine-day Vote Week are adopted in the City’s fiscal year budget and implemented by city agencies.”

<https://council.nyc.gov/pb/>

Applicable to state or federal budgets

► The Poor People's Campaign's Moral Budget

In the seven sections of the Moral Budget, we look at policies and investments for seven critical areas of the Poor People's Moral Agenda:

- 1) democracy and equal protection under the law;
- 2) domestic tranquility;
- 3) peace and the common defense;
- 4) life and health;
- 5) the planet;
- 6) our future; and
- 7) an equitable economy.

In each case, we've found that our nation has abundant resources to meet the demands of the poor, and to address the widespread and systemic injustices we face. In contrast, the current realities of voter suppression, low and inconsistent wages, insecure access to health care and other basic needs, wealth inequality, war, and climate change are far costlier than we have been led to believe.

<https://www.poorpeoplescampaign.org/wp-content/uploads/2019/12/PPC-Moral-Budget-2019-report-FULL-FINAL-July.pdf>

New Zealand's budget

- ▶ The goal of New Zealand's budget is well-being

“The Wellbeing Budget will broaden the Budget's focus beyond economic and fiscal policy by using the Treasury's Living Standards Framework to inform the Government's investment priorities and funding decisions. The Government will measure and report against a broader set of indicators to show a more rounded measure of success, as a country and as a Government.”

<https://www.weforum.org/agenda/2019/01/new-zealand-s-new-well-being-budget-will-fix-broken-politics-says-jacinda-ardern/>