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THE OLD REPORTER



James
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How auditor sees Branstad

More than two years ago, Gov. Terry Branstad blew up when his fellow Republican, State Auditor Richard Johnson, said the state was \$400 million in the red.

"You don't know what the hell you are talking about," said Branstad.

But Johnson proved otherwise. Republicans running the Iowa House and Democrats running the Iowa Senate have fashioned what amounts to a spendthrift trust to handle it.

Branstad's claim of credit for it was more than Dick Johnson could take. He endorsed Branstad's June primary challenger, Fred Grandy, and he put out a letter damning Branstad's stewardship.

"As you are aware," Johnson writes, "my relationship with Governor Branstad has been somewhat adversarial since his first year in office when the State Auditor's Office issued a report criticizing the governor's use of the state aircraft for political purposes. That report resulted in recovery of costs by the State of Iowa for that aircraft use, but it has strained our relationship.

"Over the years, my office has tried in vain to alert the governor to serious problems in state government. In almost every case, only after public disclosure and the resultant citizen pressure did our recommendation get serious consideration by the governor.

"Other significant recent reports issued by our office for the operations of state government have identified serious management problems and reflect a continuing breakdown of state government.

"Johnson lays the entire state financial mess at Branstad's feet, contending that it began when Branstad became governor in 1983.

"Taken individually, each report could be blamed on a lapse of oversight or inadequate long-range planning. However, when we look at these reports in context of other actions taken by the governor in recent years, they represent a serious lack of effective leadership.

That's more than the usual political ballyhoo. Johnson doesn't play that game; he's a certified public accountant, was city councilman and mayor in his hometown of Sheldahl; treasurer, board member and trustee of the Madrid Evangelical Free Church.

"A matter of conscience" is how he describes his decision to endorse Grandy and denounce Branstad's record. He'd planned to stay neutral, and, as a good party member running for his own re-election, campaign for the winner in the fall election.

"Now, as I hear the advertised claims by the governor that he has eliminated his \$400 million deficit in two years, I can no longer stand on the sidelines and grimace at these misleading statements," says Johnson. It wouldn't have happened if Branstad hadn't been forced, and it's still a mess because half the reduction comes from bookkeeping adjustments.

"Claimed reductions in numbers of state employees, reduction in number of 'management' employees and number of new jobs created are all so distorted that they lack any semblance of credibility.

"If someone with some credibility does not challenge these distortions and inaccuracies, I believe the citizens of Iowa will accept them by default."

Petty politics, says Branstad. Johnson's pushing himself as Grandy's choice for lieutenant governor. On the inside, that's viewed as an absurdity. Johnson stifled an effort to make him the standard-bearer of an effort to blow Branstad out of the governorship two years ago. Moreover, against the auditor's job, which Johnson has held since 1979, the lieutenant governorship is pale and impotent.

Branstad's options may be limited. Johnson has volunteered to document his complaints. On top of that, Johnson lays the entire state financial mess at Branstad's feet, contending that it began when Branstad became governor in 1983.

"Our state budgets were traditionally built on a cash basis of accounting," says his letter.

That changed in June, 1983, when, even though state sales taxes were raised 33 percent effective March 1, 1983, a constitutionally based deficit was avoided by adding July and August receipts to the June 30 books to erase a deficit of \$112 million.

"The pattern of deficit spending has started in 1983 continued until 1992 when the Iowa Legislature finally passed a 25 percent sales-tax increase and a seven-point expenditure limitation plan to restrict state spending and require limitation of the accumulated deficit of over \$400 million."

Add that to the apparent runaway costs of the state's fiber-optic network and it has the makings of the first genuine challenge of the Iowa Republican Party since 1970.

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