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Subject: 08-31 Political Briefing (IA).doc
Sent: Mon, 30 Aug 2004 12:44:20 -0500
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IOWA BRIEFING

STATE ISSUES

ECONOMY

Iowa's unemployment rate in July was 4.4 percent, 0.3 percent below its peak of 4.7 percent in July 2003. (**Note:** As of July 2004, the national unemployment rate was 5.5 percent.) Overall, jobs have been returning to the state since June 2003; it has gained 10,900 jobs since then.¹

IOWA SCHOOLS

On August 19, the Iowa Department of Education released its annual list of schools and districts in need of assistance. The designation means the school or district did not meet the requirements either of Adequate Yearly Progress (AYP) or Annual Measurable Objectives (AMO) for two consecutive years. Sixty-six public schools and nine school districts were listed (Iowa has 1,491 public schools and 370 districts). The Des Moines School District, the largest in the state, had 16 schools on the list.

STATE LEGISLATURE AND GOVERNOR VILSACK

In a July *Des Moines Register* poll, Governor Tom Vilsack's (D) job approval was 56 percent among the state's adults, up from February when the Governor's job approval was 49 percent.

Iowans' overall opinion of the Republican-led Legislature has changed little since February. In the latest poll, 49 percent approve and 29 percent disapprove of the Legislature's performance. Iowans were also feeling more positive about the direction of the state. Fifty-one percent of Iowans believed the state was headed in the right direction.² In February, only 41 percent of Iowans believed the state was headed in the right direction.

On August 25, Democratic National Committee Chairman, Terry McAuliffe announced that Vilsack would be in New York leading the Democrat response during the Republican National Convention. Vilsack is finishing his term as chairman of the Democratic Governors Association.

GROW IOWA VALUES FUND

In 2003, the State Legislature passed the Grow Iowa Values Fund legislation. The \$503 million legislation had numerous components: the Grow Iowa Values Fund (an economic development fund to support biotechnology and other key industries in the state) was created; Iowa's property tax structure was reformed; business regulations

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were changed; and income taxes were cut. Vilsack used line-item veto power to approve the Values fund and property-tax reforms while rejecting the income-tax cut and business regulations. Republican leaders in the Legislature appealed Vilsack's use of the line-item veto to the Iowa Supreme Court.

In June, the Iowa Supreme Court unanimously struck down the Grow Iowa Values Fund law, stating in its ruling that the Governor violated the State Constitution by vetoing only portions of the legislation. Over the summer, Governor Vilsack and Republican leaders in the Legislature have been negotiating to re-create the program and fulfill a promise of \$56 million in aid to 36 companies that intend to expand or locate in Iowa.

In recent weeks, negotiations between the two sides produced tentative agreements including approval of a \$70 million, one-time reduction in business taxes. On August 27, Vilsack announced he would call lawmakers on September 7 for a one-day special session to finalize the plans.

LOW-INCOME HOUSING

On August 25, the U.S. Department of Housing and Urban Development introduced new rules to close loopholes that have allowed wealthy and middle-class students to live in subsidized housing. The rule changes follow a June report in the *Des Moines Register* that showed hundreds of University of Iowa students and scholarship athletes had been accepted to live in low-income housing, although some of those students are considered financially well-off. The changes unveiled by the offices of Senator Chuck Grassley (R) and Congressman Jim Leach (IA-02) bar students who are already declared as dependents on their parents' income tax from being eligible. Students must also report all income they receive from their parents. Under previous rules, some parental income and financial aid, including scholarships was not considered.

MEDICARE

About 460,000 Iowans (17 percent) are eligible for Medicare. The Medicare Prescription Drug, Improvement, and Modernization Act you signed in December 2003 helps remedy the historically low Medicare reimbursement rates for Iowa health care providers, especially those in rural areas. At least 14 hospitals, most often rural facilities, have closed in Iowa since 1985. Because of the state's low reimbursement rate, expanded services have not been made available.

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As a result of the Medicare overhaul, over the next ten years, Iowa hospitals and health care providers will receive an additional \$438 million dollars from Medicare, and Iowa hospitals will receive an additional \$141 million from Medicaid.

The law also gives Medicare recipients the option of purchasing prescription drug coverage, which will reduce the typical beneficiaries' drug costs by about half. Senator Chuck Grassley (R), as Chairman of the Senate Finance Committee, was crucial to the formulation and passage of the landmark legislation. Senator Tom Harkin (D) and Congressman Leonard Boswell (D, IA-03) were the only members of the Iowa Congressional delegation to vote against the legislation.

Health care continues to play a prominent role in Iowa, where 14.9 percent of the population is aged 65 and older. In Waterloo and Des Moines on August 15, Senator John Edwards (D, NC) criticized your positions on a patients' bill of rights, drug reimportation, and Federal funds for stem-cell research.

DRUG REIMPORTATION

On April 8, Senator Grassley introduced legislation to immediately legalize the importation of prescription drugs from Canada while a new importation system is developed and implemented by the Food and Drug Administration (FDA). The bill is much broader than legislation previously introduced by Senator Byron Dorgan (D, ND); it allows for the importation of non-FDA approved drugs. After two years, the bill would allow the importation of prescription drugs from other countries, including Australia, Japan, and the European Union. Drug manufacturers that take any action to limit supply to Canada would lose their tax deduction for advertising expenses. Drug manufacturers who continue to sell drugs to Canada would see a 20 percent increase in their research and development tax credit.

Governor Vilsack supports a proposal to allow state workers to buy Canadian drugs through local pharmacists. However, the proposal would not allow direct customer orders from Canadian suppliers.

On August 24, Vilsack announced in an address to the Iowa Citizen Action Network Education Foundation that he is considering joining a lawsuit brought by the state of Vermont against the FDA for its refusal to import prescription drugs. The Foundation is encouraging state officials to get more involved in lowering the cost of prescription drugs for Iowans.

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SAME-SEX MARRIAGE

In February, a State Senate committee narrowly approved a pair of proposals calling for amendments to the U.S. and Iowa Constitutions defining marriage as between a man and a woman. In March, however, the full State Senate disapproved the resolution to amend the State Constitution. Governor Vilsack had opposed amending the State Constitution, arguing that Iowa law already defined marriage as between a man and a woman.

A poll conducted in July found 65 percent of Iowans are against same-sex marriage while 25 percent are in favor. The poll also found 49 percent of Iowans oppose a constitutional ban on same-sex marriage while 43 percent favor it.³

In November 2003, Woodbury District Judge Jeff Neary granted a lesbian couple a legal divorce even though Iowa law does not allow same-sex marriages and does not recognize civil unions. Judge Neary later revised his ruling to say it ended only their civil union in Vermont. Congressman Steve King (R, IA-05), six state lawmakers and an Iowa church appealed Neary's ruling, arguing that he overstepped his authority. The case is now on appeal to the Iowa Supreme Court.

On August 6, an Iowa group calling itself the Judicial Accountability Group filed organizational papers allowing it to raise money for an effort to block Judge Neary's retention this fall. Neary, appointed by Governor Vilsack in October 2002, faces his first retention for a six-year term in Judicial District 3B, which is made up of six counties and includes Sioux City. The area is mostly rural and heavily Republican.

UNBORN VICTIMS LEGISLATION

In April, the Iowa House voted 63 to 36 to approve a bill providing criminal penalties for the murder of a fetus at any stage of development; similar legislation had been approved in the Senate by a 30 to 19 vote on March 24. The bill was sent to Governor Vilsack who vetoed it in May. The media speculated that his decision to veto the bill was motivated by his desire to be selected as Senator John Kerry's (D, MA) running mate.

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STATISTICS

2000 General Election Results (Presidential):

	Total Votes	% Won
Gore	638,517	49%
Bush	634,373	48%
Nader	29,374	2%
Others	13,299	1%

1996 General Election Results (Presidential):

	Total Votes	% Won
Clinton	620,258	50%
Dole	492,644	40%
Perot	105,159	9%
Others	16,014	1%

CONGRESSIONAL DELEGATION

U.S. SENATE:

- Chuck Grassley (R), 4th term, re-elected in 1998 with 68%
- Tom Harkin (D), 4th term, re-elected in 2002 with 54%

U.S. HOUSE: 5 Total (4R, 1D)

- Jim Nussle (R-01), 7th term, re-elected with 57%
- Jim Leach (R-02), 14th term, elected with 52%
- Leonard Boswell (D-03), 4th term, re-elected with 53%
- Tom Latham (R-04), 5th term, re-elected with 55%
- Steve King (R-05), 1st term, elected with 62%

STATE GOVERNMENT

Governor Thomas Vilsack (D), 2nd term, re-elected in 2002 with 53%
Lieutenant Governor Sally J. Pederson (D), 2nd term, elected in 2002 with Gov. Vilsack
Attorney General Tom Miller (D), 6th term, re-elected in 2002 with 65%
Auditor Dave Vaudt (R), 1st term, elected in 2002 with 48%
Secretary of State Chet Culver (D), 1st term, elected in 2002 with 50%
Treasurer Mike Fitzgerald (D), 5th term, re-elected in 2002 with 55%
Secretary of Agriculture Patty Judge (D), 1st term, elected in 2002 with 50%

State House: 100 (54R, 46D)
Speaker: Christopher Rants (R)
Majority Leader: Chuck Gipp (R)
Minority Leader: Pat Murphy (D)

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State Senate: 50 (29R, 21D)
President: Jeff Lamberti (R)
Majority Leader: Stewart Iverson, Jr. (R)
Minority Leader: Mike Gronstal (D)

STATE PARTY

Chairman: State Senator Chuck Larson

Note: Although he remains Chairman, Senator Larson was called to active duty with his Army Reserve unit on November 12 and is serving in Iraq. Gentry Collins now serves as Deputy Chairman.

National Committeeman: Steve Roberts

National Committeewoman: Phyllis Kelly

STATE DEMOGRAPHIC PROFILE

Estimated Population 2000:

Iowa: 2,926,324, an increase of 5.4% since 1990

National: 281,421,906, an increase of 13.1% since 1990

Race/Ethnicity:

Iowa: 92.6% White; 2.8% Hispanic; 2.1% African-American; 1.2% Asian

National: 69.1% White; 12.5% Hispanic; 12.3% African-American;
3.6% Asian; 0.9% Native American

Median Age:

Iowa: 36.6 years (14.9% are 65 years and older)

National: 35.3 years (12.4% are 65 years and older)

College Educated:

Iowa: 21.2%

National: 24.4%

Median Income:

Iowa: \$39,469

National: \$41,994

Households:

Iowa: 67.0% family households; 55.1% married couple families

National: 68.1% family households; 51.7% married couple families

(Source: 2000 U.S. Census Bureau)

YOUR PREVIOUS TRAVEL

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Bush-Cheney '04 Rally	Sioux City	August 14, 2004
Remarks at Davenport, Iowa Rally	Davenport	August 4, 2004
Ask President Bush	Cedar Rapids	July 20, 2004
Remarks at Dubuque, Iowa, Send Off	Dubuque	May 7, 2004
Remarks on the Economy	Des Moines	April 15, 2004
Remarks at U.S. Cellular Center	Cedar Rapids	November 4, 2002
Remarks at Sears Manufacturing; Fundraiser for Jim Nussle	Davenport	September 16, 2002
Remarks at the Iowa State Fair; Fundraiser for Doug Gross	Des Moines	August 14, 2002
World Pork Expo	Des Moines	June 7, 2002
Tour and remarks at General Mills; Fundraiser for Greg Ganske	Cedar Rapids	April 15, 2002
Roundtable and Remarks at The Printer, Inc.; Fundraiser for Tom Latham	Des Moines	March 1, 2002
Tour and remarks at John Deere Harvester Works	Moline, Illinois (Davenport, IA)	January 14, 2002
Tax Cut signing celebration	Dallas Center	June 8, 2001
Iowa Energy Center remarks on energy bill	Nevada	May 17, 2001
Roundtable on the budget and lowering debt	Council Bluffs	February 28, 2001

THE VICE-PRESIDENT'S PREVIOUS TRAVEL

Townhall Meeting	Davenport	August 24, 2004
Bush-Cheney '04 Rally	Clive	August 10, 2004
Bush-Cheney '04 Rally	Waterloo	July 16, 2004
Bush-Cheney '04 Rally	Sioux City	June 25, 2004
Fundraiser for Stan Thompson and Bush- Cheney '04 Event	Des Moines	March 8, 2004
Reception for Congressman Jim Leach	Cedar Rapids	October 20, 2003
Bush-Cheney '04 Event	Des Moines	October 3, 2003
Welcome Event	Sioux City	October 31, 2002
Fundraiser for Stan Thompson	Des Moines	July 30, 2002
Fundraiser for Congressman Leach	Cedar Rapids	July 29, 2002

¹ Bureau of Labor Statistics
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202-456-5875 (O), 202-309-2139 (M)
Last Updated 8/19/04

7 ELECTORAL VOTES
2004 - SENATOR GRASSLEY (R) UP

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² *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21, 2004; 802 Iowans age 18 or older; margin of error +/- 3.1%

³ *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21, 2004; 802 Iowans age 18 or older; margin of error +/- 3.5%

⁴ Strategic Vision poll; August 14-17, 2004; 801 likely voters statewide, margin of error +/- 3.0%

⁵ Selzer & Company for the *Des Moines Register*; July 17-21, 2004; 641 definite voters; margin of error +/- 3.9%

⁶ Winston Group Poll for Thompson; August 15-16, 2004; 300 registered voters; margin of error +/- 5.7%

⁷ Voter/Consumer Iowa Research (R) for the Iowa Priorities Action Committee; July 18-20, 2004; 400 registered voters; margin of error +/- 4.9%