



During his 14 years serving as governor of Iowa, Terry Branstad has sought to lead the state from an area heavily dependant upon agriculture to one that hosts a healthy, diversified economy. New technology and education were seen as the instruments to achieve this.

"Main Street Iowa," an innovative economic development program launched 10 years ago, can now boast that for every dollar the state spends, over \$33 of local investment results.

More than 3,500 new jobs have been created and almost 3,000 building rehabilitation projects undertaken. Today, more Iowans than ever before are working and the state's unemployment rate remains half the national average. Exports and land values continue to rise in the state. And the state budget -- with cash reserves full and a surplus of \$435 million -- is in the best condition it has been in a generation.

Meanwhile, Iowa has become an international example of how countries can build a telecommunications infrastructure designed to meet the economic and social needs of the 21st century.

Gov. Branstad talked with Government Technology Staff Writer Blake Harris about the vision that has driven statewide technological innovations.



**GT:** *Iowa is the first state to have a statewide fiber-optic network. Can you describe the vision that led to building this infrastructure?*

**Gov. Branstad:** I was elected governor back during the farm crisis period of the 1980s. During my lifetime, farm values had always gone up. I was elected governor in January 1983 and then they dropped 60 percent during my first term.

It was very obvious -- during that time when we were closing banks and losing farm

machine manufacturing jobs -- that we needed to diversify the economy. I learned about fiber optics and what its potential was and I didn't want to see rural Iowa left out.

Growing up in a rural area, I was aware of what rural electrification had done for agriculture. And I chaired a telecommunications task force on the National Governors' Association back in about 1986. That is when I became convinced I wanted to see every county and school district in Iowa connected to a fiber-optic network.

**GT:** *You have been especially concerned about ensuring that educational institutions all had fiber-optic access. This seems to also embrace a vision of what 21st century education should encompass.*

**Gov. Branstad:** That's right. And now we have made the commitment to build a fiber-optic network to every school district -- it is already completed to all 99 counties, and by 1999, it will be completed to every school district. We also are investing \$150 million from state resources to help schools purchase technology and train teachers to use technology as an effective tool to motivate students. Additionally, we have extended the network to rural hospitals and clinics to enhance telemedicine and health delivery. And we have the federal government to help finance the connecting of all our National Guard armories. So we are also using it for our emergency communications network.

**GT:** *As I understand it, Iowa is now serving as something of a model for other countries such as Japan and Switzerland.*

**Gov. Branstad:** Yes. In fact, Japan intends to do nationwide what we have done in Iowa following our approach.

**GT:** *Why is the Iowa approach so innovative?*

**Gov. Branstad:** Well, for one thing we were bold enough to say that we were going to build it. They made the movie *Field of Dreams* here which said, "If you build it, they will come." We were bold enough to say that we were going to build it to every county and every school district because we think that this will not only be a great educational tool, but also a great economic development tool. It will give our rural areas a leg up because, through the Internet and the World Wide Web, they can connect to other locations.

**GT:** *As governor, you have been instrumental in driving all this.*

**Gov. Branstad:** Yes, and I've taken some flack for that. We are the state with more telephone companies than any other state in America.

**GT:** *What battles did you have to fight? Was it because you wanted to ensure that the network was state-owned?*

**Gov. Branstad:** Actually, we didn't set out to have it state-owned. We put it out for bid. The problem was that we didn't have anybody who wanted to build it to every part of the state. We had no telephone company that served all the state and so we decided that if it was going to happen, the state had to do it.

**GT:** *So it was primarily a problem of universal access to the fiber-optic network?*

**Gov. Branstad:** Yes, that's right. And that is still our goal -- to ensure that every resident and every business has access to the Internet and the World Wide Web in a cost-effective way. A lot of people live in rural Iowa and they have to pay long-distance phone charges just to call a neighbor a few miles away. So we need to be able to overcome those costs and make it cost-effective. And we have our utility regulation board presently reviewing that.

We are also looking at how we can make it so every transaction conducted by state government can be conducted electronically so that people don't have to go to the capital or the state office building. They can do business with the state from their own home using a home computer or from their business or their local government or school or wherever.

**GT:** *This is one of the new technological goals for the state which you just announced?*

**Gov. Branstad:** That's right. I just announced two goals. One was universal access to the Internet and the World Wide Web at a reasonable cost. And the other was that by the year 2000, the state would be able to do business electronically with people in all locations in Iowa from their homes or business.

**GT:** *You have just been appointed chairman of the Education Commission?*

**Gov. Branstad:** Yes, I will chair the Education Commission of the States starting next summer. It is a one-year assignment and it rotates between the parties. I will take over in July 1997 through to July 1998. I'm going to focus on technology because I think that is one of the best things we can do for schools. We had an opportunity to demonstrate some of the technological advances in terms of improving assessment, for example, with the Education Summit last year.

**GT:** *In terms of using technology to improve education, you have maintained that connection is just the first step.*

**Gov. Branstad:** Absolutely. Here's what we did. Some states have made the mistake of spending a lot of money buying hardware and then finding out that teachers don't know how to use it. So I put together this plan for a \$150 million investment for technology in school improvement. We had hearings around the state and we determined that each school district ought to put together its own technology plan before they start spending any money. We would provide the money over a five-year period. And they would not have to use it or lose it. They could use it at any point during that time. And the money is also available for staff development because the key is that teachers have to be able to use the technology. In some cases, it's the kids who have a better grasp of the technology than the teachers. So we want to make sure that this money doesn't just go for hardware and software, but it also goes for staff development. And of course, we can now use our fiber-optic network in service for our teachers. We can use this as a training tool and we want to make sure that the teachers feel comfortable using technology as a motivational tool. It isn't that technology replaces the teacher. But the teacher who knows how to use technology can really motivate the kids to achieve at higher levels.

**GT:** *Part of your funding strategy, as I understand it, was also separating out this fund from regular school expenditures?*



**Gov. Branstad:** Yes, because we didn't want this to get mixed up in collective bargaining. What we did was say, okay, we are going to provide what we normally provide through the school aid formula, called the "allowable growth." That is the increase we provide to local schools. In addition to allowable growth, we will provide \$150 million over a five-year period. Actually, I recommended this over a four-year period, but the Legislature made it over a five-year period. So we essentially got what we wanted although they strung it out over one more year. This gives the flexibility to the schools to use it in the way that meets their local needs.

Some schools have already made substantial investments in technology. Some have a property tax levy for that, for instance. So these state dollars augment whatever money the local school was already putting in. This is the first year of this new plan, but it has been very well received. And the money, of course, is in a separate fund. It is not subject to collective bargaining. And, as I said, it isn't limited to just hardware and software. It can also be used for staff development. But it doesn't go into teachers' salaries or something like that.

**GT:** *As part of your overall vision, technology clearly plays an important strategic part in ensuring the economic health of the state.*

**Gov. Branstad:** It does. And one of the things we have done from a private-sector perspective is first eliminated the sales tax on machinery, equipment and computers. And then eliminating the property tax on these. This encourages private-sector businesses to invest in the technology which is going to help increase productivity in the workplace. We see the best paying jobs are associated with these kinds of investments. I've had the luxury of being governor for 14 years. And each and every year we are doing something to try to help Iowa become more competitive. So we have tried to invest in education and in technology to improve education. But also to make the state more competitive from an economic perspective so we could get the kind of capital investments that would create good jobs and provide better income for our citizens. You know, when I first came in I was a Republican governor with a Democratic Legislature and I had to fight real hard to get what I wanted. Then I got accused by some of my conservative friends of being a socialist because I had a state-owned fiber-optic network.

But I come from a rural background and I wanted to make sure that the rural areas and the small towns did not get left out. That was very important. I had seen how the REA had helped to finance rural electrification and what a difference that made. And I felt that during my time, I could be the one who would see to it that the citizens of Iowa really led the country in building this fiber-optic network. And this, I think, also really jolted the local phone and cable companies. It has caused a tremendous amount of private-sector investment and competition in the telecommunications field. We have had some real great entrepreneurs in the state that have also done some pretty exiting things in terms of telecommunications.

When I started this, it was sort of a shared vision with the legislative leaders and then those legislative leaders left the Legislature and the newly elected leaders did not necessarily share that vision. I went through a period of time when I had to defend it with my veto. But now we have a new generation of leaders that again share the vision. And as more and more schools are being connected up and more and more people are

becoming aware of this, the support and enthusiasm for it is growing. I think we really have weathered the worst of the storms, but there are still things with the deregulation of telecommunications. There is a lot more competition and a lot more change that has taken place. But we think we can manage it and that Iowa is positioned well for the 21st century.

**GT:** *Based on your experience in pushing technological development, do you have any advice for other governors?*

**Gov. Branstad:** I think that first of all, you need to put together a strategy and then have the courage to stick with it. That's what we did. I saw that this state could not continue to be so heavily dependant upon agriculture. We needed to diversify. And I didn't just want to see growth in a few urban areas. I really wanted to see growth in all areas of the state and the fiber-optic network was the way to help achieve that. I saw the telecommunications investment and the technology as really being part of achieving this overall goal of growth in jobs and personal income and population in parts of my state. So you have to develop a strategy and then stick with it.

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