

Testimony before the Subcommittee on Labor, Health and Human Services,  
and Education and Related Agencies, Committee on Appropriations  
United States Senate

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State of Iowa

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I thank you for this opportunity to speak to you today on federal issues that have a direct effect on Iowa and its citizens.

As Chair of the Senate Economic Development Appropriations Sub Committee, I have the opportunity to hear from many of Iowa's top CEOs and their message is clear and consistent.

Iowa's economy is shifting farther away from private sector jobs requiring low skills to an often highly specialized innovation-based economy that requires advanced skills and competencies.

A recent report from ACT predicts that in three short years nearly 45% of all jobs will require "middle skills" which is additional training, but not necessarily a four-year degree.

Unfortunately, only 25% will have the skills needed.

Iowa lost approximately 55,000 jobs during this recession, of which 37,000 came from the manufacturing sector. These individuals have been identified as needing significant skill upgrades and retraining to secure self-sustaining employment for the years to come.

Although Iowa's current unemployment rate is lower than the national average at 6.3%, the data for these unemployed workers points to significant challenges.

- \*14% of the customers coming into the IWD offices do not have a GED

- \*57% are male, reflective of the significant job loss in manufacturing and construction.

- \*14% are older than 55 years of age

- \*Only 7% have a college degree

- \*87% have qualified for WIA adult services

- \*29% qualify for WIA dislocated worker services

If we are to be successful in moving workers from unemployment to work, enhanced services are clearly needed and increased funding is crucial.

The Workforce Investment Act or WIA provides opportunities for Iowa's disadvantaged adults, youth, and dislocated workers for retraining and enhanced worker services.

Iowa integrates its efforts with other programs and services at its one stop centers to greatly increase the number of individuals served in adult and dislocated worker programs. For Iowa's 2010 budget year, wage record data for adults exiting the program indicates that for each \$1.00 of WIA resources spent there was an increase of \$77.59 in participant earnings over the next 12 months after completion of services.

For youth, it was \$2.25 for \$1.00 spent. And, for the dislocated worker population, participant earnings were \$11.44 per \$1.00 invested.

Senator Harkin, WIA efforts clearly have positive results. But federal funding levels are too low to meet the need.

Many unemployed workers are on a waiting list for WIA funded training opportunities. On a statewide average, a year's training allocation lasts only a little over six months.

When larger mass layoffs occur, the state must rely on National Emergency Grants to meet the needs of workers, all of which results in longer periods of unemployment before services are delivered.

Often workers run out of benefits before training dollars become available creating a new set of barriers for the worker to overcome.

We are working with local employers and our community colleges to develop statewide short term certified training programs to deliver skills in demand to unemployed and under employed workers.

A pilot program at Kirkwood Community College has already helped 350 Iowa workers complete certificate programs and fill jobs with those needed skills, all at an average cost of only \$1,000 per student.

Timely and adequate WIA funding can remove barriers that prevent struggling Iowans from helping themselves and at the same time help many Iowa businesses fill their need for skilled workers that is currently preventing them from expanding.

I recently had the opportunity to speak with an unemployed mother, Donnie Stanley, who entered Kirkwood's pilot program. Three months later she was a certified nursing assistant. She now works full-time, supports her family and plans to keep upgrading her skills.

Donnie's success story is what the act is about.....Investment in Our Workforce equals quality employment!

Senator Harkin, in my remaining few minutes, I would like to speak briefly about the importance of maintaining and continuing to improve The Affordable Health Care Act.

After hearing from hundreds of Iowans and business owners, it is clear to me that any successful attempt to nullify health reform would be a major blow to our state.

We cannot afford to eliminate the tax credits that are helping to make health insurance more affordable for small businesses.

In recent surveys that I and my fellow Senators have sent out, employers have identified health care costs as a major limiting factor in job growth.

As a result, we have proposed to add an additional 25% state tax credit to the federal credits that are already helping to make it more affordable for small businesses to provide insurance for new and existing employees.

The Affordable Care Act plays an important role for families' financial security and removes the fear of insurance companies raising premiums by double digits with no recourse or accountability.

A personal friend of mine who is on a limited income had her rates increased by 24% last year alone.

Importantly, it provides workers the freedom to change their job without losing coverage.

Last fall my brother-in-law was laid off from his job and couldn't afford to continue his insurance. He found work with a new employer and while waiting for his probationary period to end and his new insurance to take effect, he had a heart attack. His hospital bill is now close to \$100,000.

He was then financially forced to wait for his insurance to take effect before having a second procedure. Luckily his lack of insurance didn't cost him his life!

Finally Senator, I believe the competitive bidding process for durable medical equipment could result in rural Iowan's having less access to critical supplies of much needed equipment like oxygen tanks.

I would like to give you several examples, but time does not permit. I recommend that this be reviewed for a possible rural exemption.

I thank you for your willingness to hear from Iowan's on these critical issues and thank you for your service to this great State of Iowa.

Bill Dotzler  
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