



2017 Advocacy Agenda

Building on Smart Investments in Iowa's Workforce and Industries

by Renée Miller, Dave Stone, and Britney Samuelson

Iowa Skills2Compete Coalition





Call to Action: Middle Skills Gap

Iowa is back. Iowa's economy continues to expand. By the end of 2016, Iowa experienced a record level of nonfarm employment. This is the sixth consecutive year of employment gains.¹ As of December 2016, the state unemployment rate is among the lowest in the country at 3.6%.² There is an abundance of middle-skill jobs in Iowa that pay family-sustaining wages and provide pathways to advancement. Middle-skill occupations—including jobs in administrative support, health care technology, and construction—grow at a rate more than twice as fast as Iowa's annual job growth rate. Even with all of these opportunities, the state's middle skills gap persists.

Business voices for closing the skills gap

A high-performing workforce can help a business compete at a higher level in its respective industry. Workforce training has become a critical component to maintaining a competitive workforce. It is vital to the individual employee as well as the business as a whole.



Tray Wade
HCI Care Services & Visiting
Nurse Services of Iowa
President and CEO

Every year, we hire approximately 750 employees. The vast majority of these positions are technical positions, but **there never seems to be enough qualified applicants to meet our demands.** It is our top priority to provide the best care possible for our patients, without qualified applicants to fill these positions, this becomes more challenging. Workforce planning, adult education and training programs continue to be a priority for our organization and should be for our community as well.



Joyce McDanel
UnityPoint Health –
Des Moines,
Vice President of Human
Resources and Education

We recognize the benefits to our business, and the broader economy, when we are able to take advantage of the talent, experiences and skills of our local workforce. An increasingly tight labor market has become a significant problem for all employers. **Unless we are able to focus on reskilling our existing workforce to meet demands for middle-skill positions, it will become increasingly complex for businesses to meet future growth strategies.**



Kerry Gumm
Principal Financial Group,
Director - Recruiting &
Diversity

Skills Gap

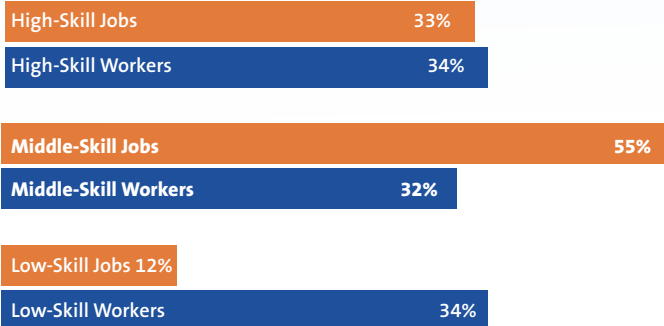
Middle-skill jobs remain an important part of Iowa’s expanding economy. This trend is expected to continue as more of the baby boomer generation retires and employers expect more from their employees in terms of higher education and skills.

“Middle-skill” jobs account for over half of the Iowa economy at 55 percent. Yet, only 32 percent of working Iowans have the skills and credentials to match what is required for these jobs.

Middle-skill jobs generally require some education and training beyond high school, but less than a bachelor’s degree. They are important because they pay family-sustaining wages and provide pathways to advancement.



Iowa’s Jobs by Skill Level, 2015



Source: Iowa Workforce Development. Middle-Skill Jobs In Iowa, November 2015 Report

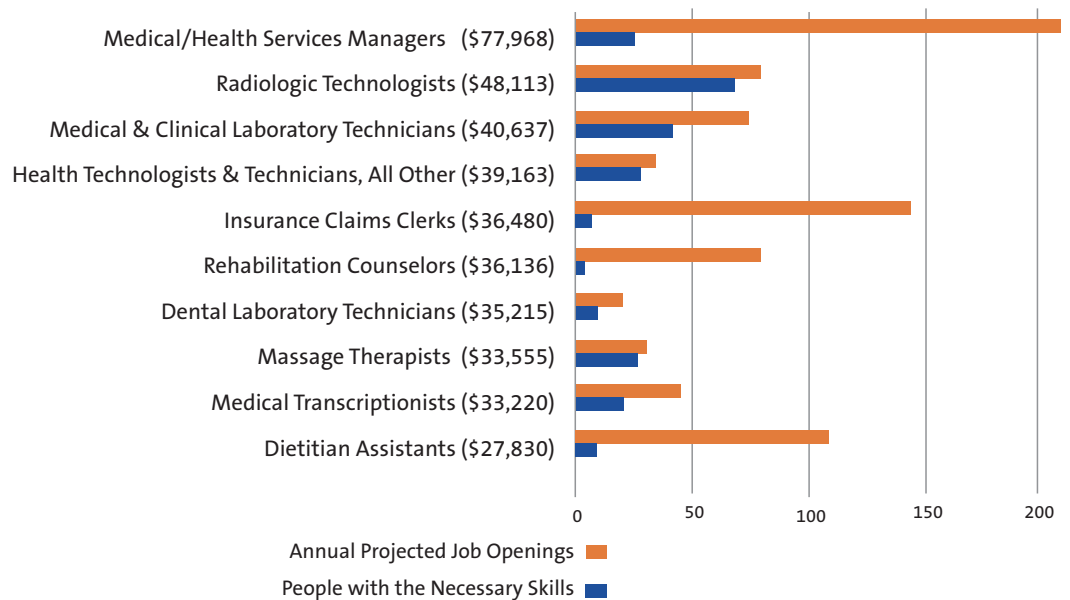




Occupational Example of the Skills Gap

In many Iowa job sectors, especially in health care occupations, there is a mismatch between the number of people who have the middle-skills required for these jobs and the number of these jobs that are available. These jobs will often pay a sustainable salary, but without the skills necessary, the opportunity to receive such a salary is not there. The chart below shows an example of one of the sectors in Iowa that have this discrepancy between jobs that are available and people who have the required skills for these jobs.

Skills Gap in Middle-Skill Healthcare Occupations



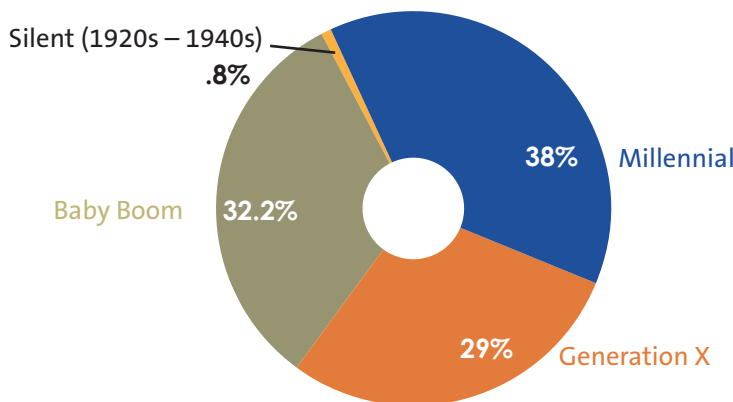
Source: Iowa Department of Education, Community College Division, Health Care Supply and Demand Analysis, 2014.

Iowa's Future Education and Workforce Trends

Since the 1980s, education or training beyond high school has become the new minimum threshold for Americans to earn a living wage and attain middle class status. In 1973, only 28 percent of U.S. jobs required education beyond a high school diploma; by 2025, almost two out of three jobs in the nation will require at least some postsecondary education or training. Iowa's economy reflects this national trend and demonstrates a steady increase in the demand for postsecondary education and training in the industries that form the mainstay of the national economy.

The ongoing retirements of Baby Boomers are likely to cause skill shortages and will need to be replaced by younger generations.

Iowa's Workforce by Generation—2015



Source: 2013 Iowa Population Estimates by Age and 2013 Current Population Survey (CPS). U.S. Census Bureau, Department of Commerce.

Governor Branstad and state policymakers have taken significant steps to ensure that as employers bring on new workers, the talent is available. Since 2013, the state is investing \$12.5 million each year towards adult basic education, Pathways for Academic Career and Employment (PACE) programs, GAP tuition assistance, pathway navigators to assist students in PACE programs, and industry sector partnerships. Moreover, the Department of Human Services is taking action to participate more fully in the federal Supplemental Nutrition Assistance—Employment and Training (SNAP E&T) “50-50” program. The federal program reimburses states up to 50 percent for expenses associated with providing supportive services and tuition to food stamp recipients enrolled in education and training. This program was designed to lead people to jobs and to alleviate the drain on public benefits. We recommend that DHS expand the current pilot program from three community colleges to as many community colleges and community based organizations that express an interest in participating in the program. Iowa's SNAP E&T program is currently receiving technical assistance from the Seattle Jobs Initiative being funded by the National Skills Coalition.

Future Ready Iowa

Future Ready Iowa is a proactive partnership between the National Governor's Association and the State of Iowa which is developing a shared vision for ensuring we are preparing workers to match the needs of Iowa's employers.

Future Ready Iowa's four main objectives are to: identify and meet companies' needs for highly skilled employees through sector strategies and career pathways; communicate high demand career information to students, parents and teachers; improve career readiness for students by increasing interest and achievement in STEM subjects; and, minimize education related debt.

All of these objectives will work towards the initiative's overarching goal of at least 70 percent of Iowa's workforce having education or training beyond high school by the year 2025. The Skills2Compete Coalition supports Future Ready Iowa's initiatives, and we believe that these goals complement our recommendations to solve the skills gap in the state.

To view a complete list of goals for Future Ready Iowa, go to:

<https://www.iowaworkforcedevelopment.gov/sites/search>.

[iowaworkforcedevelopment.gov/files/WIOA%20Vision%20and%20Goals.pdf](https://www.iowaworkforcedevelopment.gov/files/WIOA%20Vision%20and%20Goals.pdf)





2017 Workforce Policy Agenda

The Iowa Skills2Compete Coalition advocates for policies that enable Iowans to obtain and sustain employment while also providing solutions to Iowa's growing middle skills gap. The Coalition offers these **policy recommendations for the 2017 state legislative session**:

- 1 Maintain current investments in adult basic education, PACE programs, pathway navigators, industry sector partnerships and gap tuition assistance at the level of \$12.5 million and ensure these opportunities are available in each of the state's 15 service areas.
- 2 Provide the Iowa State Board of Education with the authority to adopt additional pathways to achieve a High School Equivalency Diploma (HSED) as recommended in the Iowa HSED Task Force Report.
- 3 Eliminate the child care "cliff effect" and increase access to quality and affordable child care assistance to help employers address the growing middle-skills gap and help working families balance their household survival budget. Expand the income eligibility level of the Child Care Assistance (CCA) program for working families from 145% to 200% of the federal poverty level (FPL) and index the child care provider reimbursement to the current market rate.
- 4 Support the recommendations of the Older Iowan Legislature to address Iowa's direct care workforce needs.
- 5 Support policies and investments that help prepare offenders for a successful reentry to Iowa communities and employment through education and training during their incarceration.
- 6 Support both public and private transportation initiatives introduced during the 2017 legislative session that will reduce barriers to employment and education.
- 7 Support policies that eliminate wage theft in Iowa to ensure that workers are being fairly compensated for their services.

Recommendation 1

Maintain current investments in adult basic education, PACE programs, pathway navigators, industry sector partnerships and GAP tuition assistance at the level of \$12.5 million and ensure these opportunities are available in each of the state's 15 service areas.

Investing in career pathways increases the likelihood that students who participate in the programs will be employed or will go onto pursue postsecondary education.

Success Stories

JOANEE



Joanee was 32 years old when a car accident caused her to lose her job working in a plastic factory. With a broken collar bone, she came to Indian Hills Community College to earn her High School Equivalency Diploma. She passed all five of her finals with flying colors, and tested as college-ready on her placement test. Joanee was accepted into Indian Hills Practical Nursing Program. This mother of five intends to pursue her Associate Degree in Nursing, her dream job and a family-sustaining wage.

Program	Numbers Served FY16	Notable Impact
Gap tuition assistance	<ul style="list-style-type: none"> • 2,792 students applied for tuition assistance • 1,097 students awarded tuition assistance • 715 students completed training • 199 students from FY16 are participating or waiting to participate 	<ul style="list-style-type: none"> • 85.6% of students completing training secured employment after using tuition assistance to complete an education program and established an overall new employment rate of 82.8% of those completing training in FY 16.
Adult Education & Literacy Program	<ul style="list-style-type: none"> • 18,771 students enrolled • 12,378 program persisters • 5,453 students completing • 1,866 HiSET awards 	<ul style="list-style-type: none"> • 1.4% increase in participants since last year. Even though enrollment has slightly decreased over time, more people are persisting in the program.
Pathways for Academic, Career, and Employment Program (PACE)	<ul style="list-style-type: none"> • 4,387 students applied for tuition assistance to cover the PACE program • 3,426 students approved and accepted into the PACE program <p>Training activities pursued:</p> <ul style="list-style-type: none"> • HSED and basic skills: 876 • Certificate programs: 1,651 • Degree seeking: 1,614 • Diploma programs: 589 • Total training activities: 4,730 	<ul style="list-style-type: none"> • 88.9% overall employment range among students completing the PACE program in FY 16. • 66.7% overall new employment rate for those exiting the PACE program.

With continued state support of these efforts, more Iowans can work towards economic security and self-sufficiency that training and earning skilled credentials helps to provide. In turn, employers can rely on a dependable pool of ready to hire workers.

Recommendation 2

Provide the Iowa State Board of Education with the authority to adopt additional pathways to achieve a High School Equivalency Diploma (HSED) as recommended in the Iowa HSED Task Force Report.

Despite strong efforts to increase adult basic education in Iowa, 145,991 working age Iowans (age 18 – 64) do not have a high school diploma or equivalent.³ A minimum of a high school equivalent is required for a vast majority of the skilled jobs currently open at Iowa businesses. Without it, individuals are unable to advance onto post-secondary training and will be left unable to fill the middle-skill jobs that are in current demand and foundational to Iowa's economy.

We know that many adults pursuing their high school equivalency degree experience multiple barriers in completing their degree including academic anxiety, transportation, childcare assistance and more. Adults without a high school diploma are twice as likely to receive public assistance from the government, creating an economic strain on both the individual and the state.⁴ By examining current Iowa Adult Basic Education data, we can see that in 2016:

- 18,771 Iowans enrolled in Adult Basic Education & Literacy Programs
- 12,378 Iowans received at least 12 or more hours of instruction
- 5,453 Iowans completed over 40 hours of instruction and made a level gain
- 1,866 completed and received their HSED⁵

While level gains are being made, the number of Iowans achieving their HSED is not growing at the pace needed to meet the growing workforce demands. In response, the Iowa Department of Education convened a High School Equivalency Diploma (HSED) Task Force in July 2016 to evaluate what could be done to increase the success of adults trying to achieve their HSED.

The Task Force examined the need for alternative pathways to achieve a high school equivalency diploma, assessed best practices in the field, evaluated the feasibility of adopting new pathways and developed a recommendation grounded in comprehensive data and research. By allowing the Iowa State Board of Education to have the authority to adopt additional pathways to achieving a High School Equivalency Diploma, adult learners will have more opportunities for success and Iowa businesses will have a more skilled and educated workforce to utilize.

During his or her working life, an Iowa high school graduate earns over \$700,000 more than a high school dropout.⁶

Individuals who attain a high school equivalency diploma will earn 38% more than those who drop out of high school. For those advancing onto middle-skill training they can increase their earnings by 58%.⁷

Recommendation 3

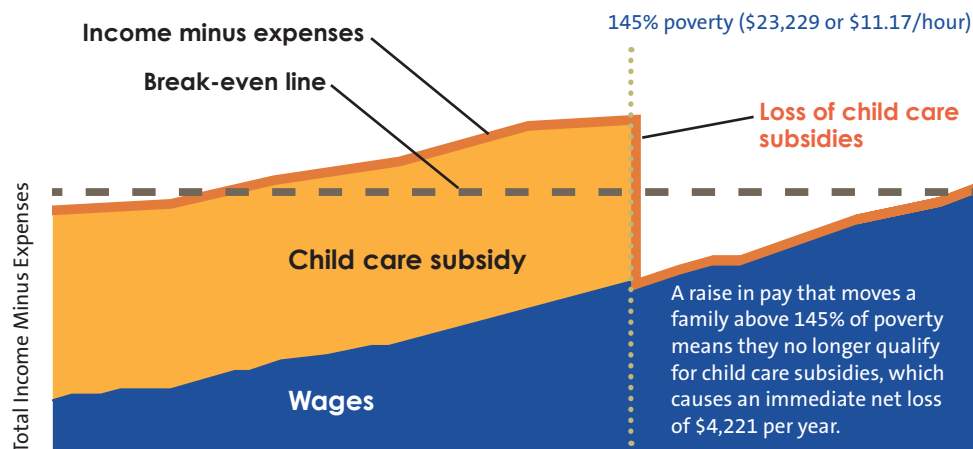
Eliminate the child care “cliff effect” and increase access to quality and affordable child care assistance to help employers address the growing middle-skills gap and help working families balance their household survival budget. Expand the income eligibility level of the Child Care Assistance (CCA) program for working families from 145% to 200% of the federal poverty level (FPL) and index the child care provider reimbursement to the current market rate.

A critical need for many of Iowa’s working parents is affordable and accessible child care. The need is particularly great in Iowa, which recently ranked first in the nation in the percent of children (76 percent) under the age of six with all parents in the labor force.⁸ Without child care for these children, the parents’ opportunities for employment and promotion are limited.

When a household increases in income, even slightly, work supports may be lost, resulting in a net loss of resources. Child care provides a prime example of this “cliff effect.” Iowa’s Child Care Assistance benefits abruptly disappear at 145 percent of the federal poverty level, causing the family (no longer considered living in poverty) to lose roughly \$4,221 annually, which is money that is desperately needed to cover a basic budget. Because of this “cliff effect,” a \$0.15/hour pay increase depletes a family’s net pool of resources by 20%. This causes a disincentive to work additional hours or aim for a higher paying job which in turn can decrease availability of middle skill workers and quality employees for Iowa’s employers. These families remain stagnant, and so does Iowa’s economy.

When More Means Less: The Child Care Subsidy “Cliff Effect”

For a single parent with one child, a raise of as little as 15 cents an hour could disqualify a parent from Child Care Assistance Benefits.



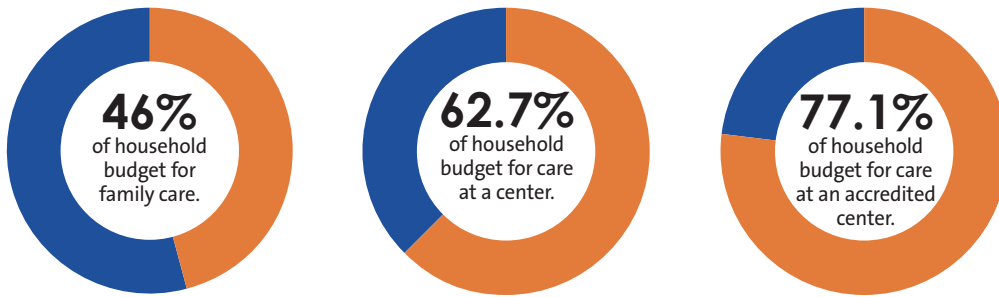
Source: Child & Family Policy Center. “What Does the Cliff Effect Look Like Today?” Sept. 16, 2015

A solution for this child care issue is to raise the family income eligibility rate for child care assistance up from 145% to 200% of the poverty level. In other words, families were previously eligible if their annual income was \$23,229 or less, but by raising the income eligibility rate to 200% of the poverty level, a single parent that makes up to \$32,040 a year can be eligible for child care assistance for their child. In the United States, the average state child care assistance rate is 177%. At 145% of the federal poverty level, Iowa has the 10th lowest eligibility level in the nation.⁹ By raising the eligibility to 200%, many families will avoid the “cliff effect” and parents will be able to maintain their productivity in the workforce because they will have accessible and affordable care for their children. Child care assistance does not make child care free for the eligible families, though.

Parents currently pay a co-pay if they receive state child care assistance. Parents will continue to pay an increased co-pay for their child care as their income climbs. Because it makes more financial sense, working parents could forgo positions that pay more and that could further improve their skills, just to maintain child care. In order to create more middle skill workers, we need to ensure that all workers have the ability to skill up and reach their full potential, and fill the open middle skill jobs.

The Family's Share of Childcare Expenses

For a family with one infant and one pre-schooler just over the Child Care Assistance limit (146% of poverty), child care expenses equate to:



Source: Iowa Department of Human Services; Child Care Resource and Referral

In the past three months, 29% of employed parents experienced some sort of child care breakdown which were associated with absenteeism, tardiness, and reduced ability to work.¹⁰

In FY 2016, 37,486 children were served in the Child Care Assistance program.¹¹



In 2015, the uninsured rate in Iowa was 6.2%. This has decreased by 7% since 2013 prior to the first open enrollment period. This shows that Iowans are rapidly becoming more insured and will likely utilize health care services more often than ever before.¹⁴

Recommendation 4

Support the recommendations of the Older Iowans Legislature to address Iowa's direct care workforce needs.

Health care and social assistance currently account for 12 percent of Iowa's total employment. The health care and social assistance industry experienced the largest increase of any industry between 2005 and 2010, and it is projected to be one of the three major industries with occupational growth, accounting for 54 percent of the state's growth between 2014-2024.¹²

The demand for the health care workforce is driven by: 1) an aging population (in Iowa, we rank 11th in percentage of the population age 60 and older) that will increasingly seek care in the home, 2) a predicted increase in chronic conditions, including diabetes and obesity, 3) medical advancements that provide more health care services and therefore demand more workers, and 4) an increase in the percentage of people with health insurance coverage, who then seek routine medical care.

Health care faces several challenges in retaining and recruiting employees. Iowa has a shrinking labor pool due to the aging workforce. The health care industry is further challenged to recruit and retain workers because of low wages and high turnover rates¹³ for some health care positions. Therefore, people who may be interested in a health care career may not even seek employment or remain in the field because of low front line worker wages. Furthermore, all Iowa employers can experience decreased productivity when their employees are juggling work and caregiving responsibilities.

The Older Iowans Legislature (OIL) is a statewide non-partisan, non-profit volunteer organization whose members advocate for state legislators and the Governor to sign legislation that will result in an improved "Quality of Life for Older Iowans". Since the direct care workforce needs in Iowa especially effect this population, OIL has thoughtfully created recommendations for this issue that the Skills2Compete Coalition supports. These recommendations include:

- Expand existing recruitment and retention efforts of the Direct Care Workforce Initiative
- Lead a multi-stakeholder and interagency initiative to identify and implement strategies to increase wages/compensation/benefits of those who work in direct care
- Provide forgivable loans and scholarships for high demand healthcare occupations and place a high priority on strategies to attract and retain a diverse healthcare workforce
- Conduct research, data analysis and best practice dissemination specific to the health and long-term services and supports (LTSS) workforce

Recommendation 5

Support policies and investments that help prepare offenders for a successful reentry to Iowa communities and employment through education and training during their incarceration.

Studies consistently show that offenders are more successful upon their release when they have had access to education and training during their incarceration. For instance, recidivism decreases by up to 24% when interventions such as high school equivalency completion, vocational education and soft skills training are implemented in prison. In our state, there are 1,555 inmates currently in need of a high school diploma or an equivalency certificate, so the opportunities to engage this population and improve their chances for successful reentry are significant. Furthermore, investments in these programs do not only help the individuals, they benefit the society at large as well. For every tax dollar spent, there is a nearly 300% return on investment for correctional education and a 400% return on investment for vocational education because of the savings from recidivism and the economic benefits of having a more educated workforce.¹⁵

However, even skilled offenders face barriers to employment when they enter back into society. Their criminal records follow them even after they have made substantial improvements in their lives, which causes them to struggle to find work. Since nearly one-third of the national adult working age population has a criminal record, this issue affects our workforce and the hiring options available to Iowa businesses.¹⁶ We must find ways to keep offenders accountable while also giving them reasonable access to reenter the workforce.

In order to engage all populations of the Iowa workforce, we cannot ignore the needs and barriers of offenders. We ought to examine the ways that we can skill our incarcerated populations and resolve the hurdles they face when trying to find employment upon their release into our communities. To meet these objectives, the Skills2Compete Coalition recommends the following:

- Provide the Iowa Department of Corrections with the authority to require incarcerated Iowans to work toward achievement of a high school equivalency diploma if they currently do not have one or a traditional high school diploma.
- Increase the Iowa Department of Corrections education appropriation to help incarcerated Iowans obtain the adult basic education and technical training needed for successful reentry.
- Advocate that a comprehensive study be conducted to examine the legal and regulatory sanctions and restrictions a person convicted of crime is subject to that often prohibits them from gaining employment upon release.
- Institute a “ban the box” measure for all public employment, removing the conviction history question on job applications and delay background check inquiry until later in the hiring process.

For every tax dollar spent, there is a nearly 300% return on investment for correctional education and a 400% return on investment for vocational education.

About 20% of inmates in Iowa – or 1,555 inmates – are in need of a high school equivalency diploma or certificate.¹⁷

Recommendation 6

Support both public and private transportation initiatives introduced during the 2017 legislative session that will reduce barriers to employment and education.

Transportation has proven to be a significant barrier to people who are pursuing employment opportunities and enrollment in education and training programs. Even those who are the most dedicated and have motivation to find work or improve their skills are stunted when they lack affordable and reliable transportation options. When transportation becomes an impediment to education and employment success for individuals, the workforce and economy suffers as a whole.

Recommendation 7

Support policies that eliminate wage theft in Iowa to ensure that workers are being fairly compensated for their services.

Wage theft is estimated to be a \$600 million issue in the state that includes nonpayment and underpayment of wages, violations of tipping laws, unauthorized or illegal paycheck deductions, and misclassification of employees to avoid paying the minimum wage and overtime.¹⁸ When workers are not being adequately compensated for the services they perform, there is a disincentive to maintain that employment—harming both the individual and the economy in general.

Moving Iowa Forward

Governor Branstad and the state legislature have embarked on several game changing steps to ensure more workers and industries have a role in Iowa's economic prosperity. By embracing the 2017 Workforce Policy Agenda of the Iowa Skills2Compete Coalition, this work can continue making an impact. Continued investments in skill and credential attainment and adult basic education will impact the ability of the State of Iowa to fill its middle skills jobs and grow a strong workforce. Work supports such as childcare assistance and affordable transportation are critical to help Iowa's workforce be productive. Iowa must continue to create opportunities for workers to advance in health care jobs, as well as opportunities for offenders to "skill up" and be a productive once they reenter Iowa's workforce.

Endnotes

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Acknowledgements

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To learn more about the Iowa Skills2Compete Coalition, please visit www.centraliowaworks.org.

About the Skills2Compete Coalition

The Iowa Skills2Compete Coalition is a statewide partnership of Iowa's business community, education, legislative and workforce development leaders that serve as an organized voice for "skills" at the state's capitol and build more policymaker support for state policies that grow Iowa's economy by investing in its workforce.

Iowa Skills2Compete Coalition

AFSCME Council 61
Association of Iowa Workforce Partners
Central Iowa Workforce Development Board
Central Iowa Works
Child and Family Policy Center
Des Moines Area Community College
Evelyn K. Davis Center for Working Families
Goodwill Industries of Central Iowa
Greater Des Moines Partnership
HCI-VNS Care Services
Indian Hills Community College
Iowa Association of Community College Trustees
Iowa CareGivers
Iowa Federation of Labor, AFL-CIO

IowaWORKS Central Iowa
Iowa State Education Association
Kirkwood Community College
National Skills Coalition
Neighborhood Transportation Services
Principal Financial Group
Project Iowa
United Way of Central Iowa
United Way of East Central Iowa
United Ways of Iowa
United Way of Siouxland
United Way of Wapello County
UnityPoint Health – Des Moines



Pat Steele
Program Director

Central Iowa Works
United Way of Central Iowa
1111 9th Street, Suite 100
Des Moines, IA 50314
(515) 246-2511 (office)
pat@centraliowaworks.org
www.centraliowaworks.org

Renée Miller
*Community Impact Officer
for Income*

United Way of Central Iowa
1111 9th Street, Suite 100
Des Moines, IA 50314
(515) 246-6605 (office)
rmiller@unitedwaydm.org
www.unitedwaydm.org

Dave Stone
Advocacy Officer

United Way of Central Iowa
1111 9th Street, Suite 100
Des Moines, IA 50314
(515) 246-6538 (office)
d.stone@unitedwaydm.org
www.unitedwaydm.org