

January 31, 2005

Dear Members of Iowa General Assembly

This letter reports the activity that has occurred with the Job Retention program during 2004.

Throughout the year negotiations have occurred with a company seeking to utilize the job retention program's training assistance to aid in retooling and upgrading of their Iowa facilities. The Department has held discussions with other Iowa businesses pertaining to their potential use of the job retention program. However, during 2004 no business took advantage of the program.

This lack of utilization by Iowa businesses is due in part to the program's legislated eligibility requirements, which limit potential business applicants to those companies meeting the following thresholds: having at least one thousand employees at the workplace location or representing at least four percent or more of the county's resident labor force; committing to at least a \$15,000,000 investment in retooling and upgrading its operations and facilities; and providing a commitment that the business shall not move out of state or close its business operations for at least ten years after the award.

Also, the May 2004 Iowa Supreme Court decision rescinded the Grow Iowa Values Funds legislation, which impacted the Retention program, placing its future in doubt until the September 2004 Special Session of the Legislature restored the program.

It is the Department's hope that future reports will demonstrate the need for this program as evidenced by the number of jobs affected, and new company investment in Iowa facilities.

Sincerely,

Michael T. Blouin
Director

MTB/mlf