



# FINAL REPORT

## Iowa Skilled Worker and Job Creation Fund Study Committee

January 2014

### MEMBERS:

Senator Bill Dotzler, Co-chairperson  
Senator Rick Bertrand  
Senator Mark Chelgren  
Senator Brian Schoenjahn  
Senator Steve Soddors

Representative Mary Ann Hanusa, Co-chairperson  
Representative Dennis Cohoon  
Representative Dave Deyoe  
Representative Cecil Dolecheck  
Representative Mary Gaskill

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### AUTHORIZATION AND APPOINTMENT

The Legislative Council created the Iowa Skilled Worker and Job Creation Fund Study Committee and granted it one meeting date for the 2013 Legislative Interim in which to examine the planning and implementation of programs and appropriations made from the Iowa Skilled Worker and Job Creation Fund; hear from relevant agencies that are charged with running each program and fund; and examine the goals of each agency with special emphasis on current Iowa Code language and legislation approved during the 2013 Legislative Session pertaining to metrics, reporting, and goals. The study committee was also directed to report its recommendations to the Economic Development and Education Appropriations subcommittees.



## Iowa Skilled Worker and Job Creation Fund Study Committee

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### **I. Committee Proceedings**

The Iowa Skilled Worker and Job Creation Fund Study Committee met on Tuesday, November 19, 2013, in Room 116 at the State Capitol Building in Des Moines. Much of the discussion focused on the use of the appropriations made from the fund which was created in 2013 Iowa Acts, chapter 141 (HF 604). Senator Bertrand was not present. The committee adjourned without making recommendations.

### **II. Skills2Compete Coalition**

The committee received presentations from Ms. Elisabeth Buck, Chief Community Impact Officer, United Way of Central Iowa; Ms. Kerry Gumm, Director of Talent Acquisition and Diversity, The Principal Financial Group; and Dr. Matt Bruinekool, Education and Training Consultant representing Master Builders of Iowa. Ms. Buck described the Skills2Compete Coalition as the backbone for public/private partnerships that work to eliminate the skills gap. In January, the coalition asked the General Assembly to invest in adult basic education, pathway navigators, and supporting sector partnerships. She thanked legislators for responding to the coalition's request, in particular for the \$5.5 million for adult basic education and integrated learning programs, and the \$5 million for pathway navigators, sector strategies, and expansion of the Pathways for Academic Career and Employment programs. In the past 18 months, United Way of Central Iowa and other public and private entities have invested over \$1.47 million in helping increase central Iowans' skills.

Ms. Gumm observed that there are 12 million unemployed individuals nationally, while 3.8 million jobs nationally are unfilled, mainly because the unemployed do not possess the skills to fill those jobs. She stated that middle-skill jobs make up 56 percent of the jobs in the state's labor market, yet only 33 percent of today's working Iowans have the skills or credentials for those jobs. The skills gap creates a significant burden for companies like Principal, which on average recruits approximately 900 to 1,000 new employees each year. She and Dr. Bruinekool briefly described Central Iowa Works (CIW), a public/private partnership designed to strengthen and expand industry-specific sector workforce development efforts in central Iowa with a focus aimed at both employers and workers. Dr. Bruinekool also spoke about the educational requirements for STEM (science, technology, engineering, and mathematics) jobs, the impact impending retirements will have on shortage areas, the availability of apprenticeships, construction worker shortages, and out-of-state workers.

Discussion then focused on the implications of changes to the test of General Educational Development (GED); life or work-readiness and communication skills; wrap-around skills such as financial services; sector-based training; referrals to CIW and how unemployed people learn about CIW; whether everyone needs a baccalaureate degree in order to be gainfully employed; age-or generation-specific barriers; and how and when to reach out to middle and high school students and their parents with information regarding middle-skill-level jobs.

### **III. Community College/Skilled Worker Programs – Overview**

Dr. Robert J. Denson, President of Des Moines Area Community College, spoke about the multiple efforts of community colleges, their business and community partners and the Iowa Department of



Education, to implement the opportunities created with the appropriations enacted during the 2013 Legislative Session. Community colleges are working to develop benchmarks for the programs. He thanked members of the General Assembly for the flexibility provided by the legislation, which, among other results, has allowed community colleges to reduce their wait lists for skilled worker programs. Dr. Liang Chee Wee, President of Northeast Iowa Community College (NICC), described efforts to partner with incoming students to enable the students to stay with their programs and complete their studies in order to compete for jobs. He also described students' success facilitated by the work-based learning intermediary network. Dr. Barbara Crittenden, President of Southwestern Community College, provided information about three initiatives: GAP Tuition Assistance, the Iowa Skilled Workforce Shortage Tuition Grant (known as Kibbie Grants), and the Education Outcomes Initiative.

Discussion then focused on placement services; student/job tracking; holding expos, open houses, and job fairs for students and prospective employers; retention and dropout prevention; employer involvement in programs and in determining competencies for certificates; matching students with programs; internships and apprenticeships to provide students with on-the-job experience; communicating with parents and middle school students; externships for teachers; support for inner-city youth and students in crisis; articulation; navigator qualifications and training; and English-as-a-Second-Language services and outreach efforts.

#### **IV. Community College Career and Technical Education Panel**

Dr. Wendy Mihm-Herold, Vice President of Business and Community Solutions at NICC, stated that the job of the panel would be to give practical examples of how the Skilled Worker and Job Creation Fund moneys are used by community colleges. Representatives from the Bodine Electric Company and NICC provided an example of the partnerships formed by community colleges and businesses. Mr. Jeff Bodine, Executive Vice President of Bodine Electric Company, described how the company's largest manufacturing and assembly operations came to be located in Peosta, Iowa. Mr. Michael Billmeyer, an employee of the company, described his path to successful employment at the company. Mr. Randy Schofield, Tri State Director of Advanced Manufacturing Center for Excellence at NICC, described efforts to get students into advanced manufacturing jobs by focusing on skills that cannot be learned on the job. He also stated that community colleges, under the I-AM Consortium, are working to develop career pathways that allow students to enter, leave, and reenter programs. Mr. Robert Steinhauser, Career Coach for Advanced Manufacturing at NICC, stated that he works with community and charitable organizations, businesses, and high schools and their students to explain the programs available. He works with students to assess their skills and, when necessary, to develop soft skills.

Discussion then focused on strong mechanical skills exhibited by Bodine's Peosta employees, relatively low employee turnover levels at Bodine, and the good comparative value of a community college program certificate.

#### **V. Regent University Economic Development Initiatives**

Representatives from Board of Regents universities provided information regarding university programs supported by moneys allocated from the Skilled Worker and Job Creation Fund system.



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### **A. Iowa State University (ISU)**

Dr. Michael Crum, Senior Policy Adviser on Economic Development to the President at ISU, provided information about the assistance to companies provided by ISU under the Institute for Physical Research and Technology (IPRT) and the Iowa Small Business Development Centers. The scientific research centers that make up IPRT provide companies with access to world-class, materials-related research and technical expertise, which is especially helpful to small-to-medium-sized Iowa manufacturing firms where engineering staffs are small and resources limited. Dr. Lisa Lorenzen, Executive Director of the ISU Research Foundation, provided an overview of the current state of the ISU Research Park, the 2014 plans for the park's funding, and projections for what the ISU Research Park will look like 15 to 20 years from now. She thanked the General Assembly for providing consistency of funding which allows complementary programs to be established in other areas of the university, and allows the university to partner with more start-up and small companies that might otherwise be missed. Discussion focused on efforts to assist companies to reach global industry standards, promoting and marketing the services of the university, and efforts to keep administration lean.

### **B. University of Northern Iowa (UNI)**

Mr. Randy Pilkington, Director of Business and Community Services at UNI, provided an overview of the Metal Casting Center, and noted that metal casting, while little known, is used in 95 percent of durable goods. Mr. Pilkington described the center's 3-D printer, which is the largest of its type in North America. The printer produces molds for virtually any metal alloy, has invited the university's involvement in national research projects, and served as the basis for other companies to seek the services of the center. Mr. Jerry Thiel, Director of the Metal Casting Center, provided a status report on the businesses the center serves and the new technologies on which the center is working. Mr. Dan Beenken, Director of the Small Business Development Center and Manager of Advance Iowa, described Advance Iowa as Iowa's economic gardening program that focuses on growing companies and stage II growth companies that employ between 10 and 100 employees and have between \$500,000 and \$50 million in annual revenue. Advance Iowa provides companies with strategic information and strategic frameworks. He and Mr. Thiel described the clients served and the economic development impact of the Advance Iowa Program.

### **C. University of Iowa (UI)**

Dr. Daniel A. Reed, UI Vice President for Research and Economic Development, described the university's entrepreneurship and economic growth initiative as an integrated economic development ecosystem comprised of university programs, regent university partnerships, state support and integration, and community and company engagement. Mr. David K. Hensley, UI Associate Vice President for Economic Development, stated that the entrepreneurship initiative is one of the largest programs of its kind in the nation. He described the initiative's FY 2013-2014 activities and accomplishments. He also described entrepreneurial business engagement with university students, and introduced a former UI student whose business venture was launched under an FY 2012-2013 innovation initiative, Mr. Alec Whitters, President and CEO of Higher Learning Technologies. In meeting with community leaders, community colleges, businesses, and economic development groups, Mr. Hensley stated that the clear message he has received is that



there is a need for advanced entrepreneurship training, information technology and informatics skills training, and hands-on partnerships.

## **VI. Iowa Economic Development Authority**

Ms. Debi Durham, Director of IEDA, and Mr. Tim Whipple, General Counsel for IEDA, provided members with an overview of the allocations provided to IEDA under HF 604; the authority's work with the Battelle Memorial Institute; the IEDA's focus on creating new wealth, permanent jobs, and return on investment; the High Quality Jobs Program; the activities of the Innovation Corporation Board; the authority's marketing strategy for the state, including rebranding the state; company interviews to identify barriers to expansion; direct marketing; innovation support programs; investments in innovation; manufacturing resources; efforts to increase the state's international presence and to assist Iowa companies with international trade; small business resources; workforce challenges; education and workforce training initiatives; certified site programs; challenge grants; the Mainstreet Iowa Program; and the results of IEDA efforts. Discussion focused on efforts to encourage Iowa pride in companies that manufacture in the state; moving to a competitive application selection process for the Brownfields/Grayfields Tax Credit Program, rather than first-come, first-served; and growth restrictions created by the inadequate broadband coverage in the state.

## **VII. Iowa Workforce Development – RFP and Timelines for Iowa Acts, Chapter 141(30)(5) Program**

House File 604 appropriated \$100,000 to Iowa Workforce Development (IWD) to develop a long-term sustained program to train unemployed and underemployed central Iowans with skills necessary to advance to higher-paying jobs with full benefits. Ms. Kerry Koonce, Division Administrator of IWD's Labor Market and Workforce Information Division, stated that because the amount appropriated exceeded \$50,000, a request for proposals (RFP) had to be issued before the moneys could be awarded. IWD issued the RFP in November, and by November 19 had received only one application. The application period closes on November 27, and Ms. Koonce stated that IWD expects to award a contract by mid-December.

## **VIII. Discussion**

Co-chairperson Dotzler stated that the day's presentations make it apparent that the investments made by HF 604 are appropriate to move Iowa forward. Co-chairperson Hanusa agreed, and said to call the programs described in the day's presentations impressive would be an understatement. She stated that the moneys appropriated in HF 604 are being well spent toward efforts to move economic development forward and improve the living conditions for Iowans who are looking for good jobs. Senator Chelgren asked the day's presenters to measure the efficacy of the resources implemented and provide the members of the Economic Development and Education Appropriations subcommittees with their results so that the resources may be readjusted as necessary.



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### **IX. Materials Filed With the Legislative Services Agency**

The following materials were distributed in connection with the study committee's deliberations and are filed with the Legislative Services Agency. The materials may be accessed from the "Committee Documents" link on the committee's Internet site:

<https://www.legis.iowa.gov/committees/meetings/documents?committee=19057&ga=ALL>

1. Final Agenda
2. Legislative Services Agency Legal Services Division – Background Memo with Attachments
3. LSA Briefing on Meeting – Iowa Skilled Worker and Job Creation Fund Study Committee 12/04/2013
4. Iowa Skills2Compete Coalition: Policy Agenda, submitted by Ms. Elisabeth Buck, Chief Community Impact Officer, United Way of Central Iowa
5. Ensuring All Iowans Have the Skills to Drive Economic Growth and Security, submitted by Ms. Elisabeth Buck, Chief Community Impact Officer, United Way of Central Iowa
6. Community College Overview Document: Iowa Skilled Worker and Job Creation Fund Program Implementation Update
7. Community College Overview Document: Workforce Program Performance Metrics/Summary of Recommendations
8. Community College Overview Document: Iowa Community College Data
9. Community College Overview Document: Workforce Training and Economic Development Fund – FY 2014-2015 Plans
10. Community College Overview Document: Sector Board and Career Pathway Training – Presented by the Aspen Institute December 9 & 10, 2013
11. Community College Overview Document: GAP Tuition Assistance Program – FY 2013
12. Community College Overview Document: Iowa GAP Tuition Assistance Program – Statewide Quarterly Report 7/1/13 - 9/30/13
13. Community College Overview Document: Kibbie Grant, Skilled Worker Shortage Tuition Grant Program, published by the College Student Aid Commission
14. Community College Overview Document: Three factsheets published by Northeast Iowa Community College relating to PACE, GAP, Adult Literacy, and the Workforce Training and Economic Development Fund
15. Bodine: History in Motion, a factsheet submitted by Mr. Jeff Bodine, Executive Vice-President, Bodine Electric Company
16. Iowa State University: Economic Development Outcomes, submitted by Dr. Michael Crum and Dr. Lisa Lorenzen



17. University of Northern Iowa PowerPoint document submitted by Mr. Jerry Thiel, Mr. Dan Beenken, and Mr. Randy Pilkington
18. Email from Ms. Janeane Beck, University of Northern Iowa (UNI) and supplemental testimonials submitted by Mr. Dan Beenken, Director of UNI's Small Business Development Center
19. University of Iowa Economic Development Summary submitted by Dr. Daniel A. Reed and Mr. David K. Hensley
20. Economic Development and Entrepreneurship PowerPoint document submitted by Dr. Daniel A. Reed and Mr. David K. Hensley of the University of Iowa
21. Iowa Economic Development PowerPoint presentation by Ms. Debi Durham, Director, Iowa Economic Development Authority

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