

9/9/05

## Report on Research Completed for Representative Fallon

Iowa Workforce Development has attempted to track whether firms receiving economic development awards in the period from 2002 through the third quarter of 2004 met contractual outcomes. From the outset of discussions with Representative Fallon, IWD expressed caution about the limitations of IWD's information system, specifically whether the IWD data correlates, in any reliable way, with IDED required outcomes. After several months of extensive review and analysis, IWD has identified significant issues in comparing, tracking, and/or drawing conclusions on DED outcomes utilizing the information currently available from IWD. Those issues include:

1. Different definitions of employment – IDED grants are based on full-time equivalent positions, but IWD's source of data, the Quarterly Census of Employment and Wages (QCEW) does not distinguish between full- and part-time jobs.
2. Delays in availability of data - The QCEW uses data reported by employers for unemployment insurance purposes. The time for firms to submit reports and for IWD to enter data and perform accuracy checks on the information typically results in a 5 – 7 month delay before the data is available for analysis. About 21.3% of the 221 awards in the review period were new enough that they fell into this gap in the data.
3. Inability to precisely match firms between IWD and IDED records:
  - IWD uses its own Unemployment Insurance Account Number coding scheme to identify business establishments, but IDED does not collect businesses' UI account numbers.
  - Some firms have multiple UI account numbers, making it even more difficult to identify them correctly.
  - There is an application and processing period for issuing new UI account numbers, so data is not immediately available for new firms.
4. Awards involve specific jobs - Certain awards concern only specific jobs that cannot be isolated in IWD's records.
5. Projects still under way or too new to show results - The great majority of the projects in the review period are relatively new and/ or still in progress.