

Terry E. Branstad, Governor

Kim Reynolds, Lt. Governor

Beth Townsend, Director



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Christine Quinn  
Employment and Training Administration, Region 5  
230 South Dearborn St. 6<sup>th</sup> Floor  
Chicago, IL 60604-1505

The State of Iowa submits to you the following proposed rates for PY16 and PY17 under Workforce Innovation and Opportunities Act program performance outcomes. With the first year reporting WIOA performance outcomes, for PY16 & PY17, the State of Iowa requests the following:

Workforce Innovation and Opportunities Act Performance Levels PY16 & PY17

WIOA Title I Performance Levels

<u>Adult Measures</u>	<u>PY 2016</u>	<u>PY2017</u>
Adult Entered Employment 2 <sup>nd</sup> Qtr Rate	60.0%	61.0%
Adult Entered Employment 4 <sup>th</sup> Qtr Rate	60.0%	61.0%
Adult Median Earnings	\$4,000	\$4,100
Adult Credential Attainment	55.0%	56.0%

<u>Dislocated Worker Measures</u>	<u>PY 2016</u>	<u>PY2017</u>
Dislocated Worker Entered Employment 2 <sup>nd</sup> Qtr Rate	65.0%	66.0%
Dislocated Worker Entered Employment 4 <sup>th</sup> Qtr Rate	65.0%	66.0%
Dislocated Worker Median Earnings	\$5,500	\$5,600
Dislocated Worker Credential Attainment	63.0%	63.0%

<u>Youth Measures</u>	<u>PY 2016</u>	<u>PY2017</u>
Youth Placement in Employment or Education 2 <sup>nd</sup> Qtr	60.0%	61.0%
Youth Placement in Employment or Education 4 <sup>th</sup> Qtr	60.0%	61.0%
Youth Attainment of Degree, Credential or Certificate	25.0%	26.0%

Wagner-Peyser Act (Title III) Performance Levels

<u>Measures</u>	<u>PY 2016</u>	<u>PY2017</u>
Wagner-Peyser Adult Entered Employment 2 <sup>nd</sup> Qtr Rate	60.0%	61.0%
Wagner-Peyser Adult Entered Employment 4 <sup>th</sup> Qtr Rate	60.0%	61.0%
Wagner-Peyser Adult Median Earnings	\$4,500	\$4,600

This information has been posted for public comment on [www.iowaworkforce.org](http://www.iowaworkforce.org). Should you have any questions, please contact Marketa Oliver, at (515) 281-4986, or [Marketa.Oliver@iwd.iowa.gov](mailto:Marketa.Oliver@iwd.iowa.gov).

Yours truly,

Marketa Oliver, Workforce Services Program Administrator  
Iowa Workforce Development

cc: Todd Spencer



## **Reduced Federal Budgets**

Reduced federal budgets have impacted Iowa Workforce Development in the past several years as well as local service providers providing workforce services. State and local service providers have operated with reduced staffing progressively over the past several years as increased numbers of customers are served.

## **Fully integrated service delivery**

Since program year 2010, Iowa workforce development and partners have worked to improve delivery of services by implementation of integrated service delivery in one-stop locations. By July 1, 2013, all remaining regions began following the integrated service delivery model providing core, intensive and training services to increased numbers of individuals in both the Adult and Dislocated worker programs. Although this marked a time of improved service delivery reaching increased number of participants, the more recently integrated One Stop Centers continue working to improve processes and efforts have been made to improve reporting reflecting full integration of all individuals reported in outcomes. Participation numbers reflect an increase of 40,000 individuals served through the WIA Adult program and a 2/3rds increase in the dislocated worker program since pre-integration numbers served in 2009 however efforts are in process for improved reporting of outcomes and identifying exiters of these increased participant numbers at core level services captured.

## **Agricultural and Economic impact**

Iowa's largely agricultural economy was impacted by severe weather and extreme conditions. Severe weather, unseasonable temperatures and field conditions affect farm yields, and impact such industries as seed dealers, feed stores, co-ops, implement dealerships, repair shops to Ethanol plants and local economies as personal rural spending decreases. Iowa's agricultural economies of the past several years to include drought conditions in 2012, natural disasters by spring of 2013 as well as 2014 and 2015 as a result of severe storms, tornadoes, straight-line winds and flooding are not recovering at an acceptable rate due to these multiple year disaster events and declarations.

## **Agriculture benefits Iowa Economy:**

An Iowa State University study in 2009 indicated Iowa's largely agricultural efforts contribute to the state's economy by 27% of the state's total or \$72.1 billion when "production agriculture and ag-related industries directly and indirectly employ one of every six Iowans." The study showed that diversification of farming had made agriculture the leading industry in more than a quarter of the counties in our state and that agriculture related jobs account for over 50 percent of employment in 20 Iowa counties and jobs associated with meat production and meat processing make up over 30 percent of the ag-related workforce in 30 Iowa counties. Agriculture has historically been and continues to be the leading economic driver in the state of Iowa. The agricultural economy has been severely impacted by drastically reduced commodity prices. In many instances, commodity prices are less than previous levels of recent years. This results in not only reduced consumer spending, impacting retail trade, but also impacts those businesses directly related to Iowa's agricultural economy such as seed, fertilizer, herbicides and grain dealers. The current farm economy has already impacted the manufacturing sector as evidenced by mass layoff by several of our leading agriculture manufacturers in the state.

## **Baseline data for new WIOA performance measures.**

Based upon the best available information during the WIOA transition year, Iowa ran some preliminary baseline data on Employment 2<sup>nd</sup> Qtr, Employment 4<sup>th</sup> Qtr, Median Earnings and for Youth credential or diploma or equivalent attainment. Through these preliminary, baseline data ascertained from state data, for required reporting moving forward, it was determined, Employment 2<sup>nd</sup> and Employment 4<sup>th</sup> resulted in lower employment rate than had traditionally been reported under WIA in 1<sup>st</sup> and 3<sup>rd</sup> Qtr. While Iowa is providing technical assistance to regional workforce delivery system staff over the course of PY15 and moving forward, with the recent release of final guidance at nearly the beginning date of PY16, further evaluation and application of any final guidance to service delivery policy, data management systems and impacts on performance outcomes, more time is needed to finalize state policy, technical assistance and required data collection and

management systems development to meet final federal requirements. This will take time and through the course of this, further testing of performance data reported to DOL under WIOA will continue. Iowa is also in the process of competitively procuring development of a new data collection and management system with WIOA fully incorporated through an anticipated timeline of approximately 12-18 months. Recognizing strains on already limited resources, and with the movement toward developing a new data management system, Iowa intends to prioritize federally required data system requirements for further development until a new data management system is fully developed, tested and implemented.

## WIA Performance Negotiations for PY 16

Adult

Entered Employment 2<sup>nd</sup>

Qtr Employment Rate	PY14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		62.8	64.0		
Negotiated	63	63		60	61

Since 2008, Iowa initiated and continues to enhance integrated services delivery and became a national model for innovation. Based on learning from the early implementers, continuous improvement changes were made to the integrated services delivery design. One of the priorities for an improved integrated services delivery model is to achieve the goals of the Skilled Iowa initiative. Goals of the Skilled Iowa initiative were to bring new workforce skills to unemployed and underemployed people and meet employer's needs for a skilled workforce; Help Iowans get certified so they can get hired and fill the "middle skills gap"; Meeting the goals of Skilled Iowa, responding to employer demand for workforce improvement, becoming a "manufacturer of talent" and transforming center customers into better job candidates. In the slightly redesigned integration model of since 2013, the membership teams and skills development teams in integration deliver a series of products to include employment services not available through self-service, to include job search assistance, workshops, pre-employment training, etc.

Reporting and data quality has been a challenge as staff have worked to implement the 2008 Integration model as designed and since implementation in 2009, state and local leaders have been evaluating and reevaluating in a continuous improvement effort and to respond to changing priorities within the agency, Iowa is moving past the original integration model. By July 1, 2013, Workforce Development prioritized the Skilled Iowa initiative and by that time, all regions are integrated and local service provider and one-stop staff were provided additional training on integrated service delivery and reporting will include all customers from basic assessment at registration and in receiving core services through intensive and training and those who wrap back around to receive core employment services again to locate and retain sustainable employment. By fall 2015, all regions within the State reportable data included full integrated service delivery and goals at the time under WIA were negotiated to 63% for Adult entered employment and 70% for fully integrated, improved service delivery to dislocated worker customers.

In the more recent past, the WIA and Wagner-Peyser Entered Employment goal traditionally demonstrated a higher Wagner-Peyser EER goal believed to be a result of the inclusion of more self-reliant self-service and informational services only customers under WIA. Self-service includes web users and these individuals are typically digital literate and work ready, unlike the WIA adult population who brings with them many barriers that affect their ability to enter the workforce and to complete training programs that would assist in their entry to the workforce. With implementation of WIOA, Iowa requests a EER goal of 60% for PY16 for both Title I Adult as well as Wagner Peyser. A change in the Iowa economy has experienced a marked shift in the last two decades. The typical high wage employment for non-skilled workers was in the manufacturing and trade/transportation sectors. Manufacturing has fallen from 17.8% of the non-farm employment to 13.6% with a projected recovery only to 15%. Trade/transportation fell from 22% to 20.4%. These shifts in the economy place an

increased emphasis on middle-skilled jobs. The logical placement for adults in middle-skilled jobs becomes difficult due to their barriers.

### Adult

Employment 4 <sup>th</sup> Qtr Rate	PY14	PY15 3rd	GPRG Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		84.9	82.1%		
Negotiated	82	82	Statistical Adjusted Target	60	61
			Predicted		
			57.2		
			69.3		

For all the above cited reasons for the adult population their ability to retain employment is not as prevalent as the dislocated worker population. Iowa is slow to recover from the economic downturn experienced in the past several years and this has an effect on the longevity of low-skill jobs as they are the most easily eliminated in uneasy economic times. Statistical adjusted model reflect Iowa's target goal at 57.2. Iowa's requested 60% goal exceeds target goal based upon PY14 data submitted and addressed through WIOA transition.

### Adult

Median Earnings	PY 14	PY15 3rd	GPRG Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		11,935	14,521		
Negotiated	11,700	11,700	Statistical Adjusted Target	\$4,000	\$4,100
			Predicted		Media
	Avg Earn'g	Avg Earn'g	4,189	*chg to	n
			3,741		

Iowa Baseline date preliminarily resulted in \$4531 based on PY14 data.

WIA Title I Median Earnings for PY16 are predicted to run \$3741 based upon historical data reported to DOL through WIOA transition. The target goal of \$4,189 is in line with Iowa's requested goals. The loss of the unemployment extensions has forced many unemployed individuals to enter the workforce at minimum wage jobs. Also the unemployment rate does not reflect the true number of unemployed. According to the Labor Statistics report the majority of jobs in Iowa are in the service sector with the highest being in the financial services area. These are some of the lowest paying jobs in Iowa. The average adult enrollment in the WIA Title I program would be challenged to exceed a requested goal of \$4,000. One of differences between the adult population and the dislocated worker population is the work readiness and work ethic of the two groups. This is illustrated by the noticeable difference in the average earnings for the two groups. The typical adult enrollment in the WIA program in Iowa comes with multiple barriers to overcome before being employed and many times remain after employment. Thus they may enter employment but not retain it for a six-month period reducing the average earnings.

### Adult

Credential Attainment	PY 14	PY15 3rd	GPRG Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		56.8	n/a		

Negotiated		Statistical		
		Adjusted	55	56
	Empl&Cre			
	d	Target	70.1	
		Predicted	65.5	

Iowa Baseline data preliminarily resulted in 56.8 based on PY14 data.

Iowa continues to improve service delivery and in the provision of services including individualized and training services, Iowa workforce service delivery ensures customers have the resources and tools needed for effective assessment leading to upskilling where appropriate and successful completion of training programs as part of an individual’s career pathway. Through integrated service delivery and improved referral systems, more customers are referred to individualized services provided through Title I service providers in an integrated system. For PY16, Iowa requests a goal of 55% as the first year for data collection and management under WIOA for reporting outcomes. Preliminary baseline data supports Iowa achieving a 55% credential attainment rate for Adults and it is important to consider the multiple barriers an individual provided services through WIOA Title I works toward addressing. With WIOA implementation, the goal of 55% is more in alignment with partnerships with Iowa’s core partners through WIOA.

**Dislocated Worker**Entered Employment 2<sup>nd</sup>

Qtr Employment Rate	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		72.4	63.7		
Negotiated	70	70	Statistical Adjusted Target	65	66
			Predicted	66	
				66.2	
Employment 4 <sup>th</sup> Qtr Rate	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		88	84.7		
Negotiated	93	93	Statistical Adjusted Target	65	66
			Predicted	63.1	
				69.9	
Median Earnings	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		14,644	17,401		
Negotiated	15,000	15,000	Statistical Adjusted Target	5,500	5,600
			Predicted	5081	
				5340	
Credential Attainment	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual		63.8	n/a		
Negotiated			Statistical Adjusted Target	63	63
		Empl&Cred	Predicted	68.1	
				63.1	

Iowa Baseline date preliminarily resulted in 63.8 based on PY14 data for employment and credential attainment.

Since anticipated dislocated workers will be better able to be identified and served in a different capacity that enables service providers and one-staff staff to serve more dislocated workers in this newly designed, fully integrated environment and past performance with inclusion of this population of individuals reflected typically 5% higher entered employment rate than that of the Adult program in the integrated environment, a EER goal for DW requested is 65%. Since the end of 2014, with a 70% goal for dislocated worker, performance under WIA finally was reflective of the truly integrated service delivery and improved methods of identifying dislocated workers receiving basic career services. Through preliminary, baseline data ascertained from state data, for required reporting moving forward, it was determined, Employment 2<sup>nd</sup> and Employment 4<sup>th</sup> resulted in lower employment rate than had traditionally been reported under WIA in 1<sup>st</sup> and 3<sup>rd</sup> Qtr.

Employment 4<sup>th</sup> quarter will be impacted similarly to maintain an approximate 5% higher rate than Title I Adult populations yet to continue to achieve a lower rate than previously reported 1<sup>st</sup> and 3<sup>rd</sup> quarter under WIA.

Like the entered employment rate, under the slightly redesigned integration model, where identified,

self-attested dislocated workers are more able to be identified in basic career services, more dislocated workers will be served potentially only receiving basic career services. The integrated model and retraining staff resulted in improved service delivery and made it easier for staff to provide employment services both initially as well as after receiving individualized/training services if needed.

The incomes of Iowa's low and middle income families have flat-lined in the past 40 years. In this era of globalization, the State has lost many high-paying manufacturing jobs and gained low-paying service jobs. This is reflected in the median earnings for dislocated workers.

PY13 and through continuous improvement PY14 marked the first full year all regions in Iowa are delivering integrated services to provide for seamless, streamlined customer service. As part of that effort, anticipated dislocated workers are better able to be identified and served in a different capacity that enables service providers and One-Stop staff to serve dislocated workers more efficiently in this newly designed, fully integrated environment. Improvements in reporting this cohort of individuals also reflects more accurately to a population of Iowans that had yet to be identified and reported.

Efforts were made early in the Integration process to identify and report on this cohort of individuals however with inconsistency in service delivery through the use of two different service delivery models across the state during the transition, and transitions of One-Stops in various stages to that model, determination was made to establish integrated service delivery in all regions before beginning to report and implement process improvements before fully transitioning reporting to report dislocated workers receiving basic career services through integration.

**Iowa is requesting a negotiated Dislocated Worker Entered Employment rate of 65%. This reflects the standard 5% higher rate than that of Title I Adult programming.** Through reduced budgets and resulting staffing, local offices experienced reduced ability to maintain full staffing throughout the period that marked economic recovery that Iowa was slow to rebound from. This period experienced rising state WARN notices and industry layoffs. Just in PY14 alone, with 47% of the year concluded, State WARN notices had impacted 2,443 workers. This was an increase over a full year in PY13 of 1,896 workers impacted or 28.8% increase with the second half of PY14 still to go. Iowa was on track to experience at least a 157% increase in dislocated workers from PY13. Iowa One-Stops are experiencing increased number of customers served in a declining agriculture economy.

## Youth

	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY16
Placement in Employment or Education (2 <sup>nd</sup> )					
Actual		78.1	67.2	60	61
Negotiated	73	73	Statistical Adjusted Target 77.9 Predicted 74.2		
Iowa Baseline date preliminarily resulted in 67.8 based on PY14 data for Youth placement in employment or education.					
Placement in Employment or Education (4 <sup>th</sup> )	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY16
Actual			n/a	60	61
Negotiated			Statistical Adjusted Target 78.1 Predicted 73.6		
Attainment of Degree or Certificate	PY 14	PY15 3rd	GPRA Goals (1 <sup>st</sup> Qtr)		
Actual		62.9	62.2	25	26
Negotiated	65	65	Statistical Adjusted Target 55.1 Predicted 64.2		

The youth program in Iowa has been affected by the multiple layoffs of staff in many regions across the State. This has led to no specifically-dedicated youth staff or staff responsible for all three programs, i.e., adult, dislocated worker and youth. Iowa considers youth staff specifically focused on the youth program a best practice, due to the complexity of this program and challenges of outreach and serving the hardest to serve and disconnected youth.

With the implementation of WIOA in PY15, many regions have begun providing active outreach to disconnected youth ie; youth most in need of the WIOA services. Youth and young adults from youth shelters, foster care and after care connected, juvenile justice connected, with multiple barriers are hardest to serve. This population of workforce center customer is very transient, making it difficult to meet the constraints of the program. The State has made a concerted effort to reinvigorate the program with the implementation of WIOA and provided technical assistance across the State to

increase the number of out-of-school youth and young adult enrollments and improve performance in youth programming. However, with staff previously dedicated solely to providing youth services now serving adult, dislocated and youth participants, and serving the hardest to serve youth populations frequently with multiple barriers, Iowa requests a Youth placement in employment or education or training rate of 60% for PY16; 61% for PY17. For Attainment of Degree, Certificate, High school diploma or equivalent, Iowa requests a goal of 25% for PY16. The population of youth now includes youth through the age of 24 and with efforts to serve more disconnected youth, the challenges of addressing all the barriers of youth and young adults to ensure full completion of educational or training programs increases significantly. This goal reflects and is more closely aligned with a core partner credential attainment rate of the Department of Education. Increased referrals across core partners will show improved and increased services to youth and young adults co-enrolled with vocational rehabilitation services.

Local youth service providers have made improvements in the outreach to reach more disconnected youth and youth served through Title I programming and possessing multiple barriers.

## Wagner-Peyser

Entered Employment 2<sup>nd</sup>

Qtr Employment Rate	PY 14	PY15	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual			55.6		
Negotiated		65	Regression	60	61
			Target		
			Predicted		
61.0					
67.9					
Employment 4 <sup>th</sup> Qtr	PY 14	PY15	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual			81.2		
Negotiated		84	Regression	60	61
			Target		
			Predicted		
66.5					
69.5					
Median Earnings	PY 14	PY15	GPRA Goals (1 <sup>st</sup> Qtr)	PY16	PY17
Actual			15,571		
Negotiated		13,500	Regression	4,500	4,600
			Target		
			Predicted		
4695					
5273					

Iowa in response to decreased funding continues to maintain services with reduced staffing and partnering and serving increased numbers of individuals through an effective integrated service delivery model for 2015 and prioritization of the Future Ready Iowa initiative, we are requesting a Wagner Peyser entered employment rate of 60%, W-P employment 4<sup>th</sup> quarter rate of 60% and median earnings rate of \$4,500. A significant change from WIA with implementation of WIOA in performance reporting resulted in the exclusion of Adults who meet the definition of self-service or informational services only. This results in a population of job seekers who may already be equipped with self-service job search and require less staff intervention in their job search or skill upgrading. Additionally, the state of Iowa is experiencing a slow economic recovery from the economic downturn in our economy of the past several years. For entered employment and employment retention, historically, we have achieved higher rates than the national goals standards however we ask for the opportunity to lower the rates for this first year of WIOA implementation. Iowa is addressing the middle-skill gap and WIOA implementation provides Iowa the opportunity for continuous improvement and to work on WIOA emphasized partnering and referrals across core programs, addressing and recording barriers, improved reporting and integrated service delivery model to respond to prioritization of the Skilled Iowa Initiative. Entry level wages are on the decline in Iowa so in response to the challenges Iowa will face with reduced allocations and staffing and increased services to increased numbers of customers, we are requesting the median earnings goal of \$4,500 for PY16.

### Entry wage declining:

Comparing the Iowa Employer wage survey data from 2011 and 2012, approximately 7000 employers are surveyed each year with an approximately 75% response rate required for each geography and the state. Of the 688 occupations within the industry sectors, 269 occupations experienced a decrease in entry level wage. This represents a decrease in entry level wages in 39.1% of the occupations reported in comparing 2012 to 2011. For the remaining occupations, the entry level wage increased insubstantially and in many cases by less than 5%. With current inflation at 1.06% per month and last year's inflation being 2.1%, wages are not keeping up with inflation, cost-of-living and other factors that influence buying power and stimulating the local and state economies and thus considering economic conditions, wage growth is declining.

On a national level, according to the Economic Policy Institute, Entry level wages of male and female high school students has been declining rapidly since the last 70s when high school graduate men received \$15.64 /

hour in 1979 and in today's dollar, receives \$11.68. For women with a high school diploma, it declined from \$11.56 in 1979 to \$9.92 in 2011. Those with college degrees experienced an all-time high entry level wage in 2000 of \$23.47 for Men age 23-29 that had crept down to 21.68 in 2011. For Women, it was \$20.00 in 2000 and in 2011 and decreased to \$18.80. With entry level wages on the decline, we are requesting to keep median earning rate at the requested \$4500 for Wagner-Peyser and with unemployment extension benefits participants accepting positions at the lower entry wages and workers seeking positions with higher wages, employment at 4<sup>th</sup> quarter is affected as workers become dissatisfied with lower entry level wages in entry level positions.