



Iowa Workforce Development



Annual Report

Service to Iowans
Fiscal Year 2003 Annual Report
Iowa Workforce Development



Vision: Iowa Workforce Development envisions a future where Iowa has safe workplaces, a productive and economically secure workforce, and where Iowans are prepared for an ever-changing future.

Mission: Iowa Workforce Development will contribute to Iowa's economic growth by providing quality, customer-driven services that support prosperity, productivity, health and safety for Iowans.

Guiding Principles

- Integrity
- Results/Outcome Orientation
- Collaboration and Partnership
- Data-Based Decisions
- Long-Term Thinking
- Manage Diverse Resources
- Honor and Respect Diversity
- Leadership in the New Economy
- Customer Focus
- Model the Characteristics of a High Performance Workplace



From the Director

I am pleased to present Iowa Workforce Development's annual report for fiscal year 2003 (July 1, 2002 - June 30, 2003). This report contains valuable information about the services Iowa Workforce Development and its partners provided for Iowans during the past fiscal year in the area of workforce development.

Major accomplishments of the year included the establishment of a reserve fund to provide future funding for our rural and satellite offices, more New Iowan Centers to better assist immigrants and persons who relocate to Iowa find employment opportunities, the initiation of a multi-year project to modernize our Unemployment Insurance tax system, and a successful exchange with a delegation from Nigeria for them to learn about Iowa's workforce development system.

We invite all citizens, businesses, and non-profit organizations in Iowa to join with Iowa Workforce Development and its partners to achieve Governor Vilsack's goal of transforming the Iowa economy through the creation of high-wage jobs and increased numbers of working Iowans with post-secondary experience.

Sincerely,

A handwritten signature in blue ink that reads "Richard V. Running". The signature is written in a cursive, flowing style.

Richard V. Running
Director, Iowa Workforce Development

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Iowa's Labor Force

Officially, the National Bureau of Economic Research determined that the recession of 2001 ended in November 2001. In spite of this announcement, signs of a recovery were elusive throughout 2002 and the first half of 2003. The number and frequency of layoffs had subsided, but hiring remained flat. The most interesting characteristic of the "jobless recovery" was the high level of productivity that prevailed across the country. However, it proved to be a double-edged sword. Employers discovered that they could continue to increase production without adding workers.

The lack of hiring activity in the statewide economy contributed to higher unemployment for fiscal year 2003. For the twelve-month period that ended on June 30, 2003, the state's unemployment rate averaged 4.1 percent. This figure compared with 5.9 percent for the nation. Translated into numbers, the annual jobless rate represented close to 69,000 unemployed Iowa workers.

Sluggish economic conditions began to take a toll on Iowa's employment level during the second half of the year. Employment peaked at slightly over 1,607,000 during the final months of 2002, but was unable to sustain this level in 2003. Employment averaged 1,591,700 for fiscal year 2003.

The single industry that was most affected by the downturn in the state's economy was manufacturing. Data for June 2003 show that the industry sector lost 6,000 jobs from the previous June. Most of the job losses occurred in durable goods products, such as machinery, electrical equipment, fabricated metal products and transportation equipment. Despite the sluggish economic environment, Professional and Business Services and Education and Health posted respective gains of 2,200 and 7,200.

Because the pace of the recovery has been so slow, a noticeable pickup in hiring is not expected until 2004. Inventory investment and business spending have begun to show signs of revival. Profit margins are improving as businesses manage to keep productivity at high levels. Many businesses have also reached the point where they will need to replace the computer hardware and software that was purchased to carry them through Y2K.

Iowa Workforce Development

IWD strives to improve the income, productivity and safety of all Iowans. In conjunction with state and local economic development efforts, IWD also assists businesses to fulfill their workforce needs. The majority of IWD services are mandated by state and federal laws and regulations.

Major products and services of IWD are:

- Workforce Center Services (Services to assist businesses to identify and hire productive employees, and workers to obtain jobs and achieve career growth.)
- Compliance Assistance and Enforcement (Various activities to enhance the economic security, safety and health of Iowans.)
- Unemployment Insurance (Benefits for persons who have lost their job through no fault of their own.)
- Workforce Information and Analysis (Data for business, schools, individuals, economic developers, and government to allow them to make informed choices about careers, expansions, wage levels, etc.)
- Adjudication, Compliance, and Education (Adjudication of income support issues for workers who have been injured on the job and unemployment insurance appeals.)
- Resource Management (Internal services, such as human resources, financial and budget support, public relations, etc., that support the department as a whole.)

We provide services through a statewide delivery system developed in conjunction with our workforce development partners. Administrative staff are centralized in two offices in Des Moines located at 1000 East Grand Avenue and 150 Des Moines Street. In 1999, the Unemployment Insurance Service Center was established at 150 Des Moines Street. The Unemployment Insurance Service Center handles a substantial share of new and continued claims.

IWD maintains a network of local centers within 16 regions of Iowa. Each region has a full-service workforce development center with a network of itinerant and satellite offices. Many centers are shared by multiple workforce partners, including non-profit organizations, the Department of Human Services, Vocational Rehabilitation, and community colleges.

Through a comprehensive Web site, we also provide customer access to major services, such as posting résumés and filing unemployment insurance claims, basic service information and labor market information, 24 hours a day, seven days a week. These services are found on the IWD Web site (www.iowaworkforce.org, which provides information about the department in general), the IWD IowaJobs Web site (www.iowajobs.org, which lists more than 13,000 job openings daily) and the IWD Iowa Works Web site (www.iowaworks.org, which is designed for Iowa businesses and employers).

IWD is a department within the executive branch of Iowa State Government. It was established in 1996 by Iowa Code Chapter 84A. At that time, the Department of Employment Services and portions of the Departments of Economic Development and Human Rights were merged into a new department with the purpose of administering the laws of Iowa relating to unemployment compensation insurance, job placement and training, employment safety, labor standards, workers' compensation and others.

Under Director Richard Running's direction, the department has 6 divisions: Administrative Services, Labor Services, Policy and Information, Unemployment Insurance, Workers' Compensation, and Workforce Development Center Administration. IWD is a proactive, customer-driven organization. IWD colleagues are committed to providing quality services to all Iowans.

During fiscal year 2003, IWD had 775 employees working in the Administrative offices, 72 Workforce Development Centers and satellite offices serving all 99 counties. Some staff work out of their homes. Of the positions currently authorized, approximately 1% are classified as service/maintenance; 16% provide administrative support; 3% are paraprofessionals; 8% are technicians; 68% are professional; and 8% are officials/administrators. The department's employees are represented by two unions: the American Federation of State, County and Municipal Employees and Iowa United Professionals.

The Workers' Compensation Division utilizes electronic data interchange (EDI) protocols for injury and claims processing reports, maintaining a "paperless" database to meet customer needs and make the system more efficient.

The Unemployment Insurance Division began the process of modernizing the current tax collection system into a paperless, electronic system. The Workforce Development Center Administration Division is transitioning from two electronic labor exchange systems to one Internet-based, skills-based system.

The department is responsible for the administration of state and federal statutes related to public health and safety and workforce and workplace issues. Iowa's Occupational Safety and Health Act administration and administration of workers' compensation laws are located within the department. IWD's emphasis is on voluntary compliance through education and preventive services.

Nigerian Delegation Visits Iowa Workforce Development

Investment in skill training and workforce development is a critical need throughout Africa. To address this issue in Nigeria, Iowa Workforce Development (IWD) is participating in a three-phase exchange program supported through a grant from the U.S. Department of State, Bureau of Educational and Cultural Affairs, Office of Citizen Exchanges. Iowa Resource for International Service (IRIS) in Ames invited IWD to participate in the partnership and provides overall administration for the project. The goal of the exchange is to create a partnership to diagnose problems, initiate skill training and create strategies to address the long-range workforce development needs of Nigeria. The exchange will also strengthen existing ties between Iowa and Nigeria and allow Iowans an opportunity to positively impact the workforce of this fledgling democracy.

The first phase of the project was the selection of the Nigerian representatives to participate in the exchange program by Jeff Nall (IWD) and Aaron Davenport (IRIS) in December 2002. Ten representatives from the Nigerian states of Enugu and Taraba were selected to visit Iowa.

The second phase of the project began July 11, 2003, when the Nigerian representatives arrived in Iowa. Starting July 21, the representatives met with state officials to learn about the services offered by Iowa Workforce Development. In addition, they visited with other state departments to learn how workforce development efforts relate to other fields, such as education, economic development, and tourism.

During the week of July 28, representatives from Taraba job shadowed at the IWD office in Des Moines, while representatives from Enugu job shadowed at the IWD office in Cedar Rapids.

While visiting the local IWD offices, the representatives also explored local and regional training programs, economic development initiatives and vocational programs offered by Iowa's community colleges. On August 25, the Enugu representatives traveled to Burlington and the Taraba representatives traveled to Muscatine for additional job shadowing opportunities at local IWD offices and visits with education and economic development organizations.

The third phase of the project will be five Iowans visiting Nigeria to assist with further training and evaluation of existing Nigerian workforce development initiatives. This final phase will occur in 2004.



Nigerian Representatives:

Ronald A. Bulus Mangey, Mohammed Bello, Lynda Aminu, Mohammed Sale Muri, Elin Joshua Kalla, Paul Chekwudo Oranu, Dr. Chika Oguonu, Dr. Fab. O. Onah, Chukwuma Gerald Nnaji, Ifeoma Nneka, and Yvonne Ezepue

“I was marveled at the power of partnership in every facet of the economy. The power of collaboration. . . And this has evolved into a system of management, a spirit of teamwork. Everybody in the organization is a team member.”

Gerald Nnaji

Achieving Results for Iowa

Customer Satisfaction Results

The state of Iowa has a state ombudsman (SO) who handles complaints from citizens concerning all state departments. In 2002, 1.1 percent of all complaints received by the SO dealt with Iowa

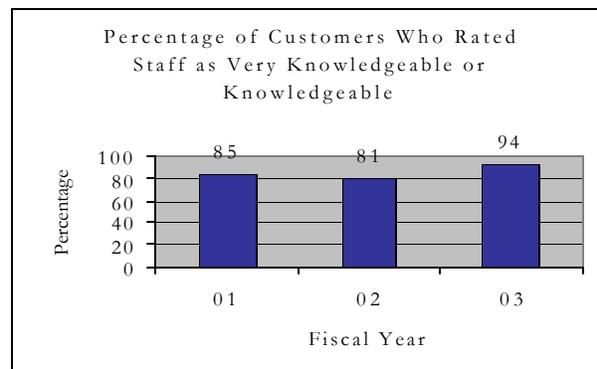
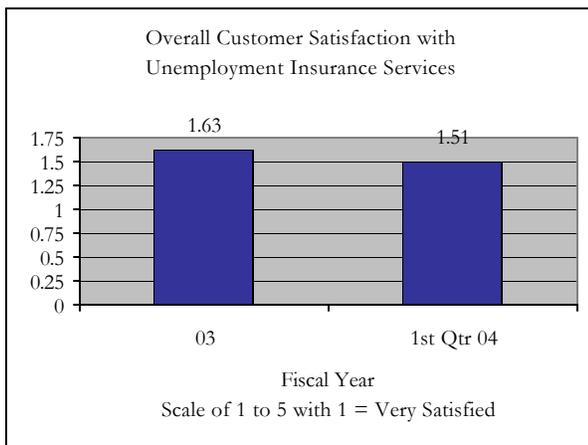
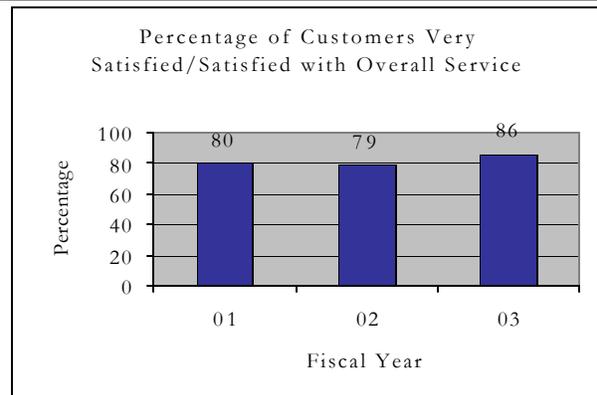
Workforce Development and its services. The percentage of total complaints related to IWD has ranged from a high of 2.0 percent in 1996 to a low of 0.9 percent in 1999.

IWD-Related Complaints and Requests Processed by State Ombudsman's Office

Calendar Year	Complaints Received State Ombudsman Had Jurisdiction	Complaints Received State Ombudsman Did Not Have Jurisdiction	Information/Referral	Other/Pending	Total	Percentage of All Complaints Received
2002	24	0	13	5	42	1.10%
2001	36	0	30	4	70	1.20%
2000	40	0	22	11	73	1.20%
1999	28	0	10	10	48	0.90%
1998	42	0	27	0	69	1.40%
1997	32	0	22	1	55	1.20%
1996	42	1	17		60	2.00%

Customer comment cards are available in each IWD office. During fiscal year 2003, online satisfaction surveys were instituted for individuals and businesses. In addition, all unemployment insurance claimants received a feedback card in the *Facts About Unemployment Insurance* booklet.

Comment cards are tracked and suggestions for improvements are reviewed on a regular basis to improve the department's products and services.



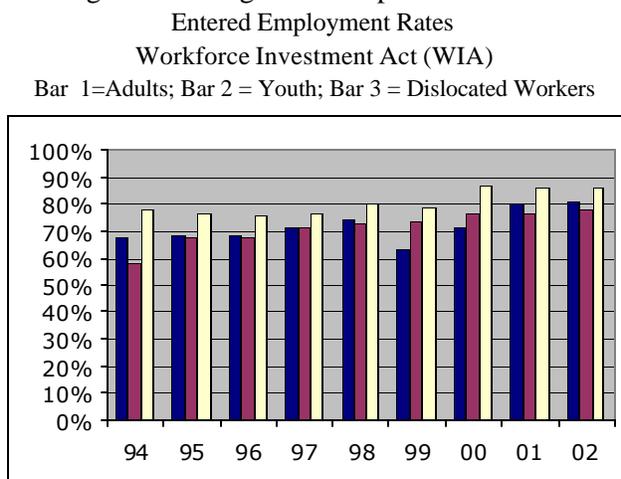
Product & Service Results

Iowa Workforce Development provides a wide range of products and services to a large number of Iowans each year.

- Iowa employers submitted 41,386 job orders containing 104,479 job listings.
- The average hourly wage of job seekers placed in jobs was \$8.90, up from \$8.85 in fiscal year 2002.
- 166,654 new Iowans registered for job placement services and 205,714 registrants were active during the fiscal year.
- 121,697 Iowans filed new claims for unemployment insurance benefits when they lost their job through no fault of their own.
- 22,060 persons were injured and received workers' compensation benefits during fiscal year 2003.
- 21,705 Iowans received answers to inquiries about workers' compensation laws.
- 1,104 employees received a decision in a contested workers' compensation claim and 5,064 received approval of a settlement of their claim.
- The IWD family of Web sites averaged over 3.4 million hits per month.
- More than 1.1 million Iowans are provided healthy, safe workplaces through the enforcement of Iowa's occupational health and safety laws.

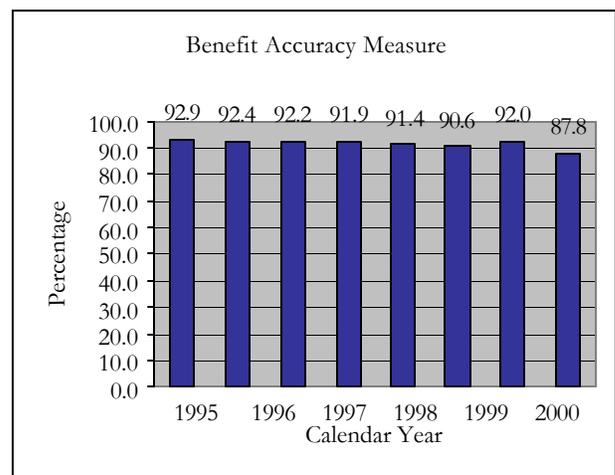
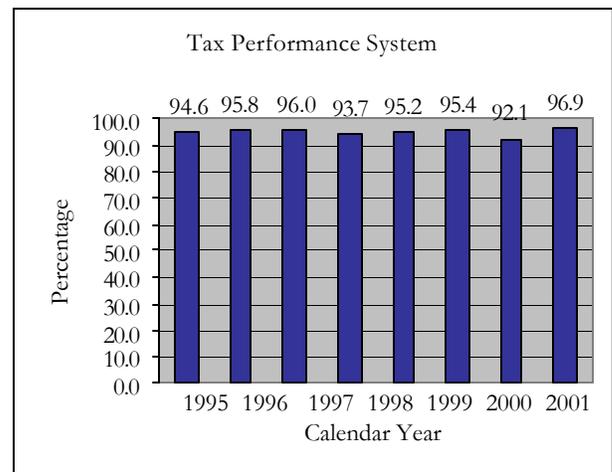
Job Training

The Workforce Investment Act (WIA) provides eligible Iowans training services with the goal of obtaining full-time employment. The percentage of adult, youth and dislocated workers who have received WIA training services and entered employment has steadily increased over time. On the following chart, the bars for program years 2000 - 2002 (fiscal years 2001 - 2003) show the entered employment rates for WIA with previous years showing Job Training Partnership Act activities.



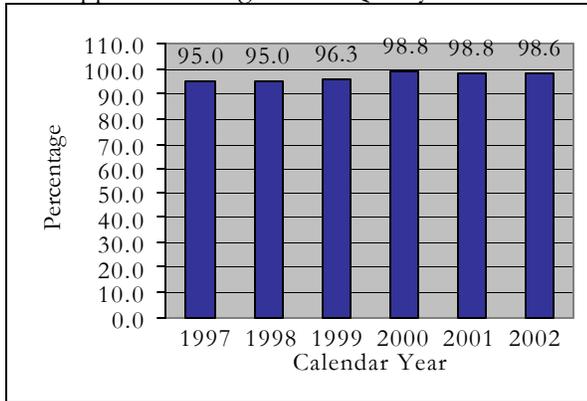
Unemployment Insurance

Efficient administration of the unemployment insurance (UI) system is critical to provide unemployed Iowans with temporary income support when they lose their job through no fault of their own. The Tax Performance System (TPS) and the Benefits Accuracy Measurement (BAM) determine the efficiency of the unemployment insurance system. The TPS examines small random samples of basic tax functions to evaluate the UI tax operation's work products. The BAM determines the accuracy of UI benefit payments by thorough reviews of random samples of payments. Data collected from both programs are used as a basis for program improvement. The goal is to maintain the BAM at 92 percent or better and the TPS at 94 percent or better.



The quality of unemployment insurance appeals processed is measured by the percentage of appeals that meet the U.S. Department of Labor's quality standards. IWD consistently meets quality standards in 95-98+% of cases.

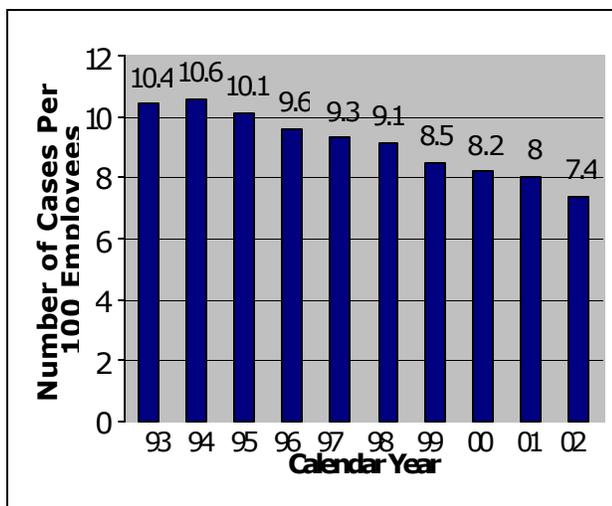
Percentage of Unemployment Insurance Appeals Meeting DOL's Quality Standards



Labor Services

The Labor Services Division provides numerous services to the citizens and businesses of Iowa. A key measure of workforce health and safety is the occupational injury and illness incidence rate (the number of workplace injuries and illnesses per 100 employees). Due to increased compliance with health and safety regulations by Iowa businesses and better targeting of OSHA enforcement activities to high incidence rate industries, this rate has declined steadily each year since 1994. Iowa OSHA is redesigning procedures with the goal to lower the rate even further during the next five years.

Occupational Injury and Illnesses Incident Rates (All Industries)

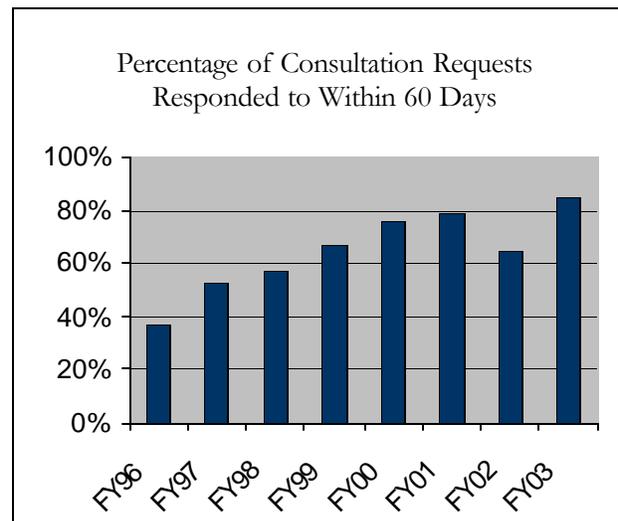


The Labor Services Division also is responsible for ensuring the safety of Iowans through amusement ride permits and inspections and elevator and boiler permits and inspections. There were no serious injuries reported from fiscal year 1995 through fiscal year 2003 as a result of boiler or pressure vessel accidents.

Fiscal Year	Elevator Investigations	Amusement Personal Injuries
1995	28	0
1996	30	4
1997	29	5
1998	33	6
1999	16	4
2000	21	5
2001	15	2
2002	12	1
2003	12	3

The OSHA Consultation Bureau strives to constantly improve their response rate to businesses requesting consultation services. The percentage of requests responded to within 60 days increased to an all-time high in FY2003 with 85% of requests responded to within 60 days.

Percentage of Consultation Requests Responded to Within 60 Days



* FY02 drop due to loss of 2 experienced health consultants

For additional information concerning the Labor Services Division's accomplishments, see page 10.

Workers' Compensation

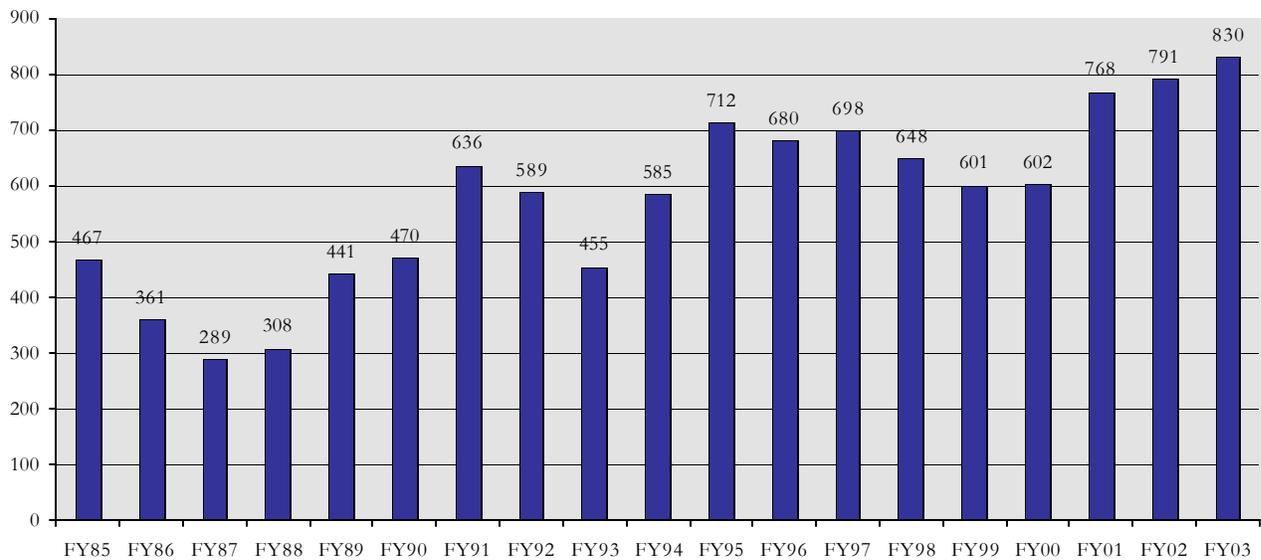
The Workers' Compensation Division conducted its operations during fiscal year 2003 with 21 employees, the lowest number of employees in two decades. There were 22,060 first reports of injury filed with the division, a decrease from 23,587 in fiscal year 2002. The decrease was caused by changed reporting requirements and fewer persons being employed in the workforce.

Injured workers filed 4,685 petitions seeking benefits, a decrease of 422 from fiscal year 2002.

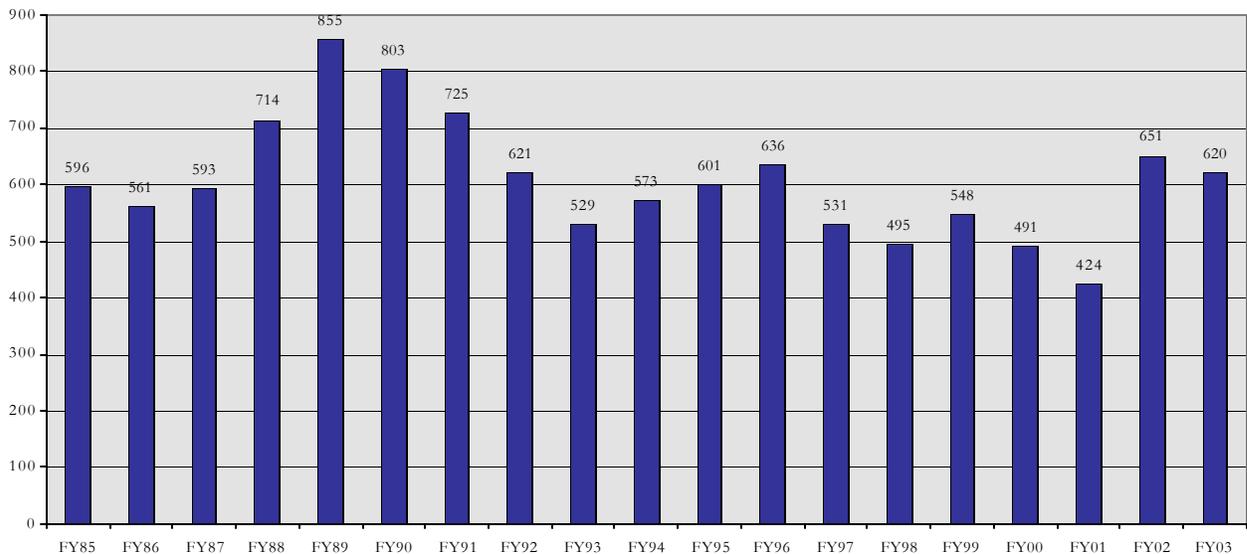
The nine deputy commissioners in the division conducted 814 contested case hearings and issued a record 830 decisions. The average time from the date a petition seeking benefits was filed until the decision of the case was issued decreased to 620 days from 651 days in fiscal year 2002. The average time from hearing to decision decreased to 58 days from 75 days. A record 4,851 cases were closed, an increase from 4,811 in fiscal year 2002. The number of pending contested cases fell for the first time in more than two decades to 6,414 from 6,579 at the end of fiscal year 2002.

For more information about the division, see p. 14.

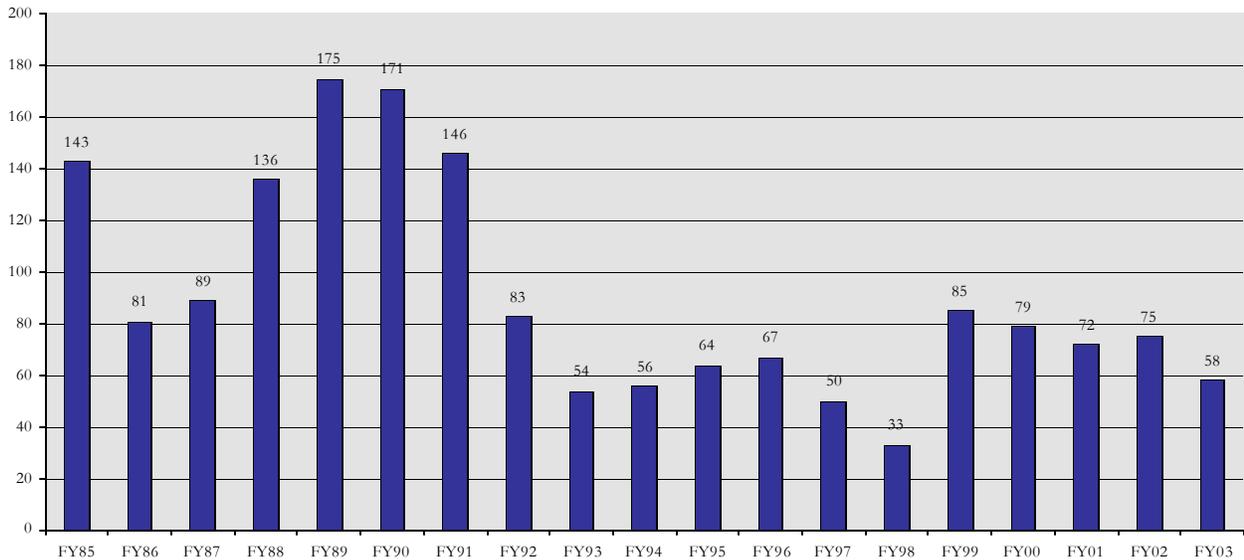
Decisions Issued



Average Days from Petition to Decision



Average Days from Hearing to Decision



Compliance Results

IWD is complying with the governor's Executive Orders concerning administrative rules review. The department's review plans have been approved by the governor's office and are being implemented.

All federal monitoring and compliance reports received in fiscal year 2003 indicated Iowa Workforce Development is complying with all necessary laws and regulations governing the programs we administer.

Accomplishments by Division

Labor Services Division

Amusement Ride Safety Program

Permits Issued	102
Electrical Inspections	633
Mechanical and Electrical Inspections	580
TOTAL	1,213
Fees Generated	\$78,387
Personal Injury Reports	2

Asbestos Program

Individual Licenses Issued	1,217
Company Permits	64
Fees Collected	\$41,340

Boiler Safety Program

	Inspections	Fees
Invoiced		
State Inspections	2,761	\$112,880
Private Inspections	17,557	\$255,700
TOTAL	20,318	\$368,580

Inspector Commissions Granted	163
Inspector Commissions Fees	\$4,920

Construction Contractor Registration

Registrations Issued	7,333
Penalties Collected for Cases Closed	\$34,800
Total Program Revenue	\$210,328

Elevator Safety Program

Operating Permits Issued	4,648
Inspections Conducted	4,187
Fees Generated	\$373,932

Wage Collection Cases

Wage Claims Filed	911
Amount Collected After Taxes	\$111,195
Total Program Receipts	\$170,874

Professional Athletic Licenses Issued and Revenues Collected

	Wrestling	Boxing	Tournaments	Total
Licenses Issued	6	11	5	23
Revenues Collected				\$19,929

Distribution of Employment by Industry and Work-Related Deaths by Industry Calendar Year 2002

Industry	Number	Percent	Number	Percent
Total Private Sector	1,179,690	83.9	53	94.6
Agriculture, Natural Resources & Mining	14,111	1.0	23	41.1
Construction	63,992	2.6	11	19.6
Manufacturing	223,174	15.9	4	7.1
Transportation & Public Utilities	54,418	3.9	5	8.9
Wholesale Trade	65,935	4.7	5	8.9
Retail Trade	181,275	12.9	0	0.0
Fin., Ins., Real Est.	94,380	6.7	0	0.0
Services	448,089	31.9	3	5.4
Total Public Sector	226,670	16.1	3	5.4

Work-Related Employee Fatalities By Cause of Death (Calendar Year 2002)

Cause of Death	Number	Percent
Falls	10	17.9
Crushing Injuries	3	5.4
Struck By or Against an Object	11	19.6
Exposure to Harmful Substance	6	10.7
TOTAL	30	53.6

Conditions Not Subject to IOSH/OSHA Inspections and Standards

Cause of Death	Number	Percent
Vehicle Accident	21	37.5
Natural Causes	5	8.9
TOTAL	26	46.4
GRAND TOTAL	56	100.0

Occupational Safety and Health Bureau

Education and Public Sector -Consultation Activities

Educational Seminars	109
Number in Attendance	9,236
Ten-Hour Classes Conducted	33
Number Trained	617
Consultations Conducted	49
Serious Hazards Identified	297
Other-Than-Serious Hazards Identified	91
Employees Covered	1,993

Private Sector Safety and Health - Consultation Activity

Consultations Conducted	421
Serious Hazards Identified	2,156
Other-Than-Serious Hazards Identified	359
Employees Covered	69,875

State Enforcement Performance

	Number	Percent
Private Sector Inspections	362	95.6
Public Sector Inspections	17	4.4
Total Inspections Conducted	379	100.0
Safety Inspections	263	69.4
Health Inspections	116	30.6
Total Inspections Conducted	379	100.0
Accident Inspections	19	6.8
Complaint Inspections	86	29.2
General Schedule Inspections	185	63.6
Follow-Up Inspections	1	0.4
Construction Inspections	172	45.4
Manufacturing Inspections	104	27.4
Other Industry Inspections	103	27.2
Total Inspections Conducted	379	100.0
Serious Violations	875	66.9
Willful Violations	12	0.9
Repeat Violations	31	2.3
Other Violations	386	29.5
Failure to Abate Violations	4	0.4
Total Number of Violations	1,308	100.0

(Average of 1.3 violations per 100 employees covered by the inspections.)

Serious Penalties Proposed	\$781,176
Average Penalty Per Violation	\$893
Willful Penalties Proposed	\$791,000
Average Penalty Per Violation	\$65,917
Repeat Penalties Proposed	\$54,080
Average Penalty Per Violation	\$1,745
Other Penalties Proposed	\$20,289
Average Penalty Per Violation	\$53
Failure to Abate Penalties Proposed	\$10,000
Average Penalty Per Violation	\$2,500
Total Penalties Proposed	\$1,656,545

Discrimination Case Activity

	New Cases	Selected Cases	Closed Cases
TOTAL	15	5	12

Note: Limited to discrimination allegations by an employee against an employer for exercising his or her right under the Occupational Safety and Health Act.

Policy and Information Division

The Policy and Information Division provides timely and accurate information on the Iowa labor market to a variety of users to enable them to make informed career, business and planning decisions. The division operates programs, in cooperation with the U.S. Bureau of Labor Statistics, which produce the basic employment, unemployment and wage information for Iowa and its counties.

The division met or exceeded all federal requirements for these programs. The Occupational Employment Statistics (OES) team ranked fourth nationally in terms of response rates for the 2002 survey. The response rate was 90%. The Bureau of Labor Statistics (BLS) requirement is 75%. The division also was one of the top states in the nation to process annual Industry Verification Forms that ensure our records correctly reflect the business activity and location of Iowa employers with a 92% rate.

The division is also involved in projects with national scope:

*In 1986, the Bureau of Labor Statistics (BLS) and IWD developed and began exporting the Automated Current Employment Statistics (ACES) system. ACES is now used in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. ACES provides BLS with standardized processing; cost efficiency in system development, training and maintenance; automation of previously manual activities; interfaces with other BLS processing systems; and facilitates cross-state processing by exchanging multi-unit/multi-state reporters in a timely and reliable manner.

*Iowa has been a member of the America's Labor Market Information System (ALMIS) Database Consortium for over five years. Composed of several states, the consortium has worked with the federal Employment and Training Administration to set standards for all states for more efficient delivery of information. Recently, Iowa has led the consortium's efforts to procure an employer database to be used by all states in one-stop career centers for job search

and related activities.

The division continues to work closely with the Institute for Decision Making (IDM) at the University of Northern Iowa in process and quality improvement of laborshed studies. This past year, IDM conducted a Labor Market Information (LMI) products and services inventory, surveyed field staff and interviewed LMI customers as a way to provide the division feedback on how to improve our service to customers. The division has developed a plan to address most recommendations.

In addition, the Research and Development Team worked closely with the University of Northern Iowa to update the Laborforce Availability Projection Model twice this past year to reflect changes in the economy and workforce. This model uses logistic regression based on covariates drawn from the laborshed survey data to estimate theoretical probability of persons accepting or changing employment to determine the total potential labor force.

The Workforce Research Bureau's Research and Development Team conducted 34 laborshed studies across the state. Collection of statewide laborshed data is nearly complete. The goal for the next fiscal year is to update laborshed data collected in 2001 or earlier and to expand analysis work with occupational clusters. Follow-up marketing services have been used extensively by the local community economic developers as a focused effort to grow local business and recruit new prospects. Over the past fiscal year, follow-up services were provided to 79 different business expansion and prospect projects.

The division has worked cooperatively with the Department of Economic Development to analyze industry clusters in Iowa. The project began with the identification of traded industries, then sorting them into clusters. Clusters were then refined to those that pay higher than average wages and are engaged in interstate and international commerce. Clusters will continue to be analyzed to determine economic relationships among the core, buyer/supplier and infrastructure industries; the core industries and their employment levels, wages and occupations; and evaluation of the economic relationship by county

"A primary concern of most businesses currently exploring locations for expansion/relocation and/or investment opportunities is the availability of labor, not only the number of potential workers, but their skill levels and degree of trainability. The laborshed study completed by IWD answers all these questions and more!"

Steve Ames, Project Manager
Quad Cities Development Group

”The Siouxland Initiative’s recent laborshed study has proven to be an invaluable economic development tool. Our area’s relatively low unemployment rate can lead to the incorrect assumption that employers will be unable to attract a quality workforce. The laborshed study goes beyond looking at unemployment rates and measures the availability and characteristics of workers in the region. It takes into consideration people who are willing to re-enter the workforce for the right job opportunity and people who are willing to make a change internally or externally.”

Debbie Durham, President
Siouxland Chamber of Commerce

within Iowa and within the Midwest region.

IWD is charged with overseeing the state’s customer tracking system to help participating public organizations measure the impact of placement, education, training, and other services. Currently, eight state agencies/divisions are consistently using this data system to track the effectiveness of their programs and apply for additional funding in the form of federal financial bonuses and/or grants.

The division evaluates the ability of the Unemployment Insurance (UI) Trust Fund to pay future UI benefits under various economic assumptions and determines if the fund balance is sufficient to continue to pay benefits through an economic downturn. Staff members also determine the financial impact of proposed changes in Iowa’s unemployment compensation system and study how these changes affect employers and claimants. Staff conduct special research projects concerning unemployment insurance related topics.

The division prepares several unemployment insurance reports that are used to meet federal workload reporting requirements, determine triggers for special programs, and describe the size and scope of the unemployment insurance program on local economies. Some reports are carried by news media and are considered important economic indicators.

The division conducted a variety of activities to disseminate the information it produces and educate Iowans about how they can make use of it:

- 44 LMI presentations were made reaching over 1,100 persons. The audiences for the presentations consisted of the Regional Workforce Investment Boards, secondary-level school counselors, students and teachers, IWD staff and partners, human resource professionals, jobseekers and participants at conferences and job fairs.
- Approximately 150 IWD field staff and partners attended classroom training on labor market information products and services in four regions.
- More than 90 publications were produced. Staff updated the *Business Resource Guide to Smart Workforce Decisions* publication that provides a

brief overview of labor market information products and services accompanied by contact information to assist businesses in making growth decisions.

- A wide variety of information about the labor market is readily available on the Iowa Workforce Development Web site. Information available includes publications, the interactive Iowa Workforce Information Network (IWIN), news releases on the monthly unemployment rate, employment and wages covered by unemployment insurance (including county-level data), prevailing wages surveys, affirmative action data, labor force summaries, Iowa Job Outlooks, layoffs, and licensed occupations.

- The Iowa Economy News and Trends Web site has become popular among a variety of users, not only within the state, but outside the state. Each month, the Trends listserve notifies internal and external audiences when new economic data is posted on the site.

- 660 people were trained in courses that focused on using labor market information in the classroom and for making career decisions.

- Staff updated a labor market information business E-card, a mini-CD-ROM directory of labor market products, services, and contacts. The colorful, Web-interactive E-card replaces the printed directory at a lower cost. An electronic version is also available on the IWD Web site.

- The LMI and Employment Statistics Bureau have several electronic tools to track requests and questions from customers. The “Request Tracker” recorded 251 requests by types of data requested and audience. The most frequent requests were for the top employers in Iowa, local employment data, unemployment data, wages information and layoffs.

- The division supports the department’s and the state’s strategic planning initiatives by providing data and staff support.

- Customers can use the division’s designated e-mail accounts to request information, labor market trends, new data, news releases, etc.:

trends@iwd.state.ia.us; UIStats@iwd.state.ia.us;
and iwd.lmi@iwd.state.ia.us.

Workers' Compensation Division

Overview

The Workers' Compensation Division has three core functions: adjudication of disputed workers' compensation claims; enforcement of compliance standards; and education of Iowans about workers' compensation law and procedures. Mike Trier was appointed to serve as the interim workers' compensation commissioner shortly before fiscal year 2003 began and continued in that status until April 2003 when Governor Vilsack appointed him to a six-year term as commissioner. Trier deployed staff and streamlined procedures to focus on core functions, improve productivity, and maintain essential services. Despite having the lowest level of staffing in over two decades, the division's performance improved in most functional areas with record levels being achieved in several areas.

Hearing-Level Adjudication

Workers' Compensation adjudication procedures resemble those used in the district courts for non-jury cases. An injured worker files a petition seeking benefits. A period for motions, discovery and investigation follows. A deputy commissioner conducts a hearing in Des Moines, or one of eleven other cities around the state, and issues a decision on the claim. There were nine deputy commissioners in fiscal year 2003 compared to as many as 13 in earlier years. The number of new petitions seeking benefits fell for a second consecutive year. A near-record number of hearings were conducted and a record number of decisions were issued. A record number of cases were closed, more than were opened for the first time in recent years, reversing a long-term trend of an ever-increasing inventory of pending cases. The time required for a case to move through the adjudication process to a decision decreased.

Appeal- Level Adjudication

Any party dissatisfied with a deputy's decision can appeal to the commissioner for de novo review of the case. During previous years, the commissioner had the assistance of two, sometimes three, chief deputy commissioners to assist with appeals.

During fiscal year 2003, the chief deputy positions were converted to deputy commissioners to respond to budget cuts and deal with the growing number of cases at the hearing level. The record number of deputy decisions produced a record number of appeals to the commissioner. The number of appeals issued was comparable to prior years, but the increased number of new appeals and remands caused the inventory of pending appeal cases to grow, and the average age of fully-submitted pending appeal cases to increase.

Compliance

Compliance administrators monitor injury and claim payment reporting, act as ombudsmen and respond to requests for information about workers' compensation law. Compliance administrators review settlements and payment reports for compliance with the law. Injury and claim payment data are reported to the division using electronic data interchange (EDI). The Compliance Task Force, chaired by Director Running, adopted a plan for making long-term improvements in compliance monitoring and enforcement. Major parts of the plan were enacted into law to give the division improved tools for enforcing compliance with the existing injury reporting and claim payment standards in coming years as the changes become effective. Efforts were initiated to develop protocols for using the EDI database to monitor claim reporting and payment practices.

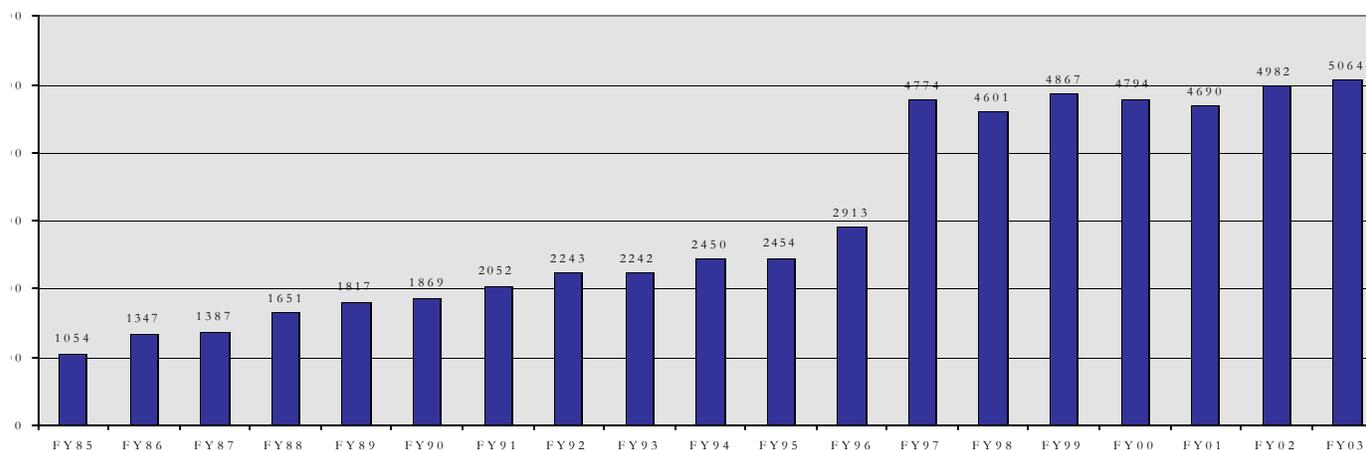
Education

The division provides information to the public about workers' compensation law and procedures on its Web pages, including updates, EDI materials, weekly benefit schedules, summaries of recent appeal decisions and access to the hearing schedule. The division issues publications that disseminate information about workers' compensation law, including a brochure that is mailed to every person with a reported injury. The commissioner and other division staff spoke at 15 conferences and meetings for attorneys, insurance personnel and employee and employer groups. The division co-sponsored the first training seminar for claims handlers to improve their skill in the use of the division's EDI claim and reporting system.

Appeal Activity

Workers' Compensation Cases Opened				Workers' Compensation Cases Closed						
Fiscal Year	Appeals	Remands	Total	Fiscal Year	Decisions	Dismissals	Settled	Misc.	Closed	Inventory
FY95	345	12	357	FY95	241	21	52	19	333	167
FY96	301	11	312	FY96	161	13	51	28	253	226
FY97	325	14	339	FY97	202	22	50	26	300	265
FY98	336	8	344	FY98	231	18	42	22	313	296
FY99	326	48	374	FY99	235	20	45	30	330	340
FY00	358	11	367	FY00	404	40	50	3	497	210
FY01	413	12	425	FY01	318	13	35	44	410	225
FY02	361	3	364	FY02	276	19	49	43	387	202
FY03	414	53	467	FY03	274	20	55	55	404	265

Settlements



Workforce Development Center Administration Division

Engaging the Business Community

One fact that is abundantly clear in directing the employment and training system is the need to engage business in the process of building and improving the One-Stop system. To that end, a number of activities took place in PY 2002 to better connect Iowa's employment and training system with business.

Business Roundtables

More than 400 Iowa employers participated in the roundtable sessions. In addition, stakeholder organizations, such as economic development groups, colleges and universities, local schools, labor and other government organizations, also participated. These sessions were held to determine the level of business awareness about Iowa Workforce Development (IWD) and the employment and training

system, to assess strengths and weaknesses in the system, and to identify gaps in services and the best ways to deliver services.

The roundtable sessions demonstrated that businesses:

- Want job applicants that are screened for their positions and have good employability skills;
- Expect rules and regulations to keep pace with business practices and to be applied equitably;
- Would like to have access to a regulatory assistance office;
- Would benefit from better marketing of labor market information resources;
- Want applicant screening to incorporate better assessment tools; and
- Would appreciate personal follow-up visits after services are provided.

Business Marketing Consortium

The business marketing initiative involved the National Business Engagement Consortium. The purpose of the consortium was to identify effective new ways to increase employer awareness and

usage of the One-Stop Centers. Iowa was one of seven states selected to participate in the consortium. Under a grant from the U.S. Department of Labor, focus groups were held with employers in each state. A mix of small and large employers, as well as urban and rural employers, participated in the project.

The focus groups found that employers want assistance in finding workers with good basic skills and work ethics and they believe that the One-Stop Centers could be helpful in that effort. However, there was some skepticism that One-Stop Centers can deliver because they may not understand business needs. The conclusion of the study was that employers want:

- One-Stop Web sites;
- Recruiting and prescreening of applicants;
- Assistance in understanding regulations and tax credits;
- Some basic skills training for employees or potential employees; and
- Some knowledge of labor market information products.

Employers' Councils of Iowa

Employers' Councils of Iowa have been organized and operating in a number of areas in the state for years. These groups are designed to provide input and advice to the operation of local IWD offices, as well as to gain knowledge and information on workforce issues through presentations and seminars on a variety of workforce topics. In response to the need to closely engage business in the employment and training system, IWD made a major effort in PY02 to increase the number of these councils in the state and to broaden their input on the employment and training system to Regional Workforce Investment Boards and the State Workforce Board. This effort continues to grow and promises to provide an important local link in the One-Stop network.

Laborshed Surveys

IWD assists economic development efforts throughout the state by conducting "Laborshed Surveys." A laborshed is defined as the area or region from which an employment center draws its commuting workers regardless of natural or political boundaries. These projects are conducted in partnership with local economic development entities and are designed to quantify the available workforce for current and prospective employers. Community colleges are often partners in the laborshed process to ensure that training programs are in place for workers who need retraining to return to the workforce or to upgrade their current skills.

A laborshed study addresses the following:

- Availability and willingness of individuals to change employment;
- Potential labor force;
- Job skills;
- Education and training needs;
- Wages, wage thresholds and benefits;
- Current and desired occupations; and
- Distance willing to commute one-way to work.

Expanding Services to Jobseekers

The planning processes described above have led to a number of initiatives to help resolve Iowa's critical labor and skill shortages. Especially prevalent among these efforts are several projects that focus on bringing more individuals into our labor force, especially from populations that are currently under-represented there. These projects include:

Expanded Assessment

Recognizing the need for better assessment tools, as identified in both the marketing consortium and business roundtables, IWD expanded assessment materials being used in the One-Stop Centers. WorkKeys® is an assessment system that has been administered by the Workforce Development Centers throughout Iowa for a number of years. It is used by businesses, educational systems and job training programs to test workplace skills. In PY 02, a new assessment tool was made available in the One-Stop Centers. The Office Proficiency Assessment & Certification® (OPAC) tests evaluate individuals' skills in Word, Excel, Access, PowerPoint, and Windows, and features exams for keyboarding, 10-key, data entry and proofreading skills.

New Iowan Centers

The focus of the New Iowan Centers is to help anyone new to Iowa, whether from another state or another nation, feel welcome. Unskilled and semi-skilled workers are employed in all sectors of a community and often work in jobs that many Iowans don't choose. These entry-level jobs are essential to keeping the state's economy growing and communities strong. The focus of the New Iowan program has changed from giving services to newcomers to a broader range of economic development and the incorporation of newcomers into Iowa communities.

New Iowan Centers are established in Muscatine and Sioux City, and another center opened during the year in Ottumwa. Activity in the centers has been very high. For example, in 12 months the Muscatine

Center worked with 723 companies and organizations to provide employment opportunities for newcomers. More than 11,000 individuals participated in diversity training from about 200 companies and organizations.

Some of the services offered by the centers include:

- Economic and community development strategy initiatives;
- Workforce development programming;
- Cultural and multicultural event planning;
- Cross-cultural diversity training;
- Networking to create and identify cross-cultural market opportunity;
- Entrepreneurial, business development consultation; and
- Translation/interpretation referral.

Assistance to the Denison Job Corps Center

During PY02, the IWD Board developed a greater partnership with Iowa's only Job Corps Center located in Denison. With the Board's support and participation, the Job Corps Industry Advisory Council was formed. Four members from the State Board participate, as well as representatives from the business community. The Industry Advisory Council works with the Job Corps Center to select occupational programs that meet the needs of industry and labor and represent demand occupations. The Advisory Council also approves all Job Corps purchases for equipment related to their course offerings.

Iowa's Jobs for America's Graduates

Commitment to in-school youth who are at-risk of dropping out was supported in PY02 by a major grant to the Iowa's Jobs for America's Graduates (IJAG) program. This funding supported the operation of 10 IJAG sites with the capacity to serve up to 400 youth in the State. Goals of the program include high school completion, development of job skills and employment or further education after graduation. A special feature of the program is a one-year follow-up with former participants to ensure a successful transition to post-high school activities. The IJAG grant continues into PY03.

Youth Collaborative

Developing comprehensive services for youth also continued to receive a significant emphasis in PY02. IWD participates in a multi-agency organization devoted to coordinating the variety of programs and services that support comprehensive youth development in the State. This organization, called the Iowa Youth Development Collaborative (ICYD), is funded through a federal grant and includes

representatives of the workforce, education, social services, and justice systems. Through the efforts of this group, coordinated planning for youth services is developed and direct support is provided to communities that are developing local initiatives to build comprehensive youth services and support networks. Both state and regional employment and training representatives participate in the process.

The ICYD partnership is making grant opportunities available for pilot communities to receive technical assistance in the development of comprehensive community planning for youth, based on a youth development framework. The funding for this initiative is through grants from the Department of Health and Human Services and the National Crime Prevention Council. It is anticipated that the WIA local youth service providers, or Youth Advisory Councils, will participate actively in these local initiatives.

Welfare Reform Programs

In addition to regional operation of the federal Welfare-to-Work grants, IWD continues to play a primary role in the employment and training activities provided to welfare recipients under the Temporary Assistance to Needy Families (TANF) Act. Under a contract with the Iowa Department of Human Services, IWD operates the PROMISE JOBS program for all welfare recipients through the regionally-based WIA program operators and local IWD offices. PROMISE JOBS is a major partner in the One-Stop Centers and contributes significantly to the services that are available to centers' customers. The success of PROMISE JOBS has been recognized in each of the last two years by performance bonus awards of more than \$6 million in each year.

Individuals with Disabilities

Iowa has a number of state and local initiatives underway to support the successful engagement of individuals with disabilities in the employment and training system. Special projects with state funding, the availability of assistive technology devices, and benefit planning services are just a few of these efforts. In PY02, a significant step was made to provide more effective and comprehensive services to this population with the development of a Memorandum of Agreement (MOA) among all of the major state agencies that provide service to individuals with disabilities.

The purpose of the MOA is promote services to individuals with disabilities. This document is differ-

ent from the typical agreement of this sort in that it extends well beyond the normal agreement clauses. More than a statement of philosophy or commitment, the MOA establishes an on-going function of communication and process for resolution of issues that arise in providing services. It contains review and evaluation functions that will ensure that the employment and training system is responsive to the unique needs and issues of individuals with disabilities. Furthermore, the recent receipt of federal funds to establish a number of Disability Navigator positions throughout the state will coincide exceptionally well with the principles of the MOA.

Building the System and the Partnership

The partnership of the employment and training system in Iowa continues to grow through the efforts of IWD and the oversight of the State Workforce Development Board. While it would be inaccurate to state that the full partnership envisioned by the WIA legislation has been achieved, it can be clearly demonstrated that coordination of services within the employment and training system has improved and the state's businesses and workforce are benefiting from it.

During PY02, the State Workforce Board and IWD were successful in working with the Iowa Legislature to establish landmark legislation that will support Iowa's employment and training system for years into the future. This legislation involved authorization for expenditure of Reed Act funds recently distributed to the states by the federal government and the extension of a state-established surcharge paid by employers to support the operation of local workforce development offices.

The surcharge legislation extends the current tax for three years, but provides for the tax to cease after that time. However, local offices that are supported by these funds will not lose their funding because of legislative action on the use of Reed Act funds. By uniquely coupling these funding sources, the Iowa Legislature provided a mechanism to eliminate the surcharge for business, while maintaining local offices as a part of the One-Stop system.

Iowa received over \$80 million under the Reed Act distribution. The Board and IWD sought to utilize these funds to support businesses, workers, and the employment and training system. From the Reed Act funds, \$40 million will be put into a fund that will establish a reserve account to support local offices in future years. By supplementing this base amount, this fund will grow to support local offices

using interest from the account, and the surcharge, currently being paid by businesses, will cease.

In addition, the department sought and received authorization to expend \$20 million in Reed Act funds for the renovation and creation of an automated benefit system and a tax redesign system for the UI administration. This system will greatly simplify and expedite the unemployment tax payment process for businesses. Finally, the remaining \$20.7 million of Reed Act funds will be used to provide enhanced services to claimants through infrastructure improvements and the administrative and technology costs associated with these services. Initiatives under this category will include improved mentoring and assessment tools, intensive job placement, career exploration, on-the-job training, as well as upgraded technology in the labor exchange system.

Unemployment Insurance Division

Unemployment Insurance Tax Modernization

The division continues to work on a project begun in 2001 to modernize the current unemployment insurance tax system. A tax modernization team was formed to implement this project. They have been working with the Information Technology Service Center to complete the business process re-engineering. Meetings have been held with employer focus groups to seek input on customer needs. The groups strongly supported the automation of the existing tax system.

Features of a modernized system will:

- Allow employers to file reports and pay taxes electronically;
- Facilitate real-time changes and corrections to update wage records automatically;
- Eliminate duplicate entries for employers and IWD;
- Allow employers to access and update information about their accounts over the Internet; and
- Create opportunities for IWD staff to provide additional technical assistance to employers.

Financial Reports

for Fiscal Year 2003

(July 1, 2002 – June 30, 2003)

	FY2003	FY2002
Beginning Cash Balances		
Penalty and Interest Funds	\$1,229,635.77	\$743,442.82
Trade Expansion Act Benefit Funds	442.45	1,653.80
WDC Major Program Funds	1,050.00	1,000.00
WDC Other Funds	766,180.50	445,116.33
Iowa Corp Earned Tuition	191,436.93	198,768.08
Admin. Contribution Surcharge Funds	819,474.81	1,528,443.07
Amateur Boxing Funds	50,474.62	79,622.73
Food Stamp Allowance Funds	0.00	8,350.00
Disaster Unemployment Benefits Funds	1,342.00	314.00
Wage Payment Collection Funds	414.00	134.00
	3,060,451.08	3,006,844.83
Plus Revenues		
General Fund Appropriations	5,167,992.99	5,792,891.00
General Fund Appropriations Carried Forward.....	0.00	1,312,403.78
Other Appropriations	0.00	30,000.00
Federal Support	71,100,444.30	62,167,139.40
Intra State Transfers	13,890,195.62	15,860,049.27
Taxes Collected.....	6,622,089.74	7,358,693.39
Refunds and Reimbursements	226,428.47	279,342.79
Local Governments	119,243.50	74,764.20
Interest	88,908.23	168,430.65
Indirect Cost Recovery	77,653.11	0.00
Fees Licenses & Permits	57,374.29	60,897.17
Salary Adjustments	33,467.00	0.00
Other	26,480.45	19,986.85
	97,410,277.70	93,124,598.50
Minus Expenditures		
Personal Services	44,466,490.87	43,844,410.57
Travel & Subsistence	774,297.44	757,605.54
Supplies & Materials	957,466.26	932,748.03
Contractual Services	36,143,757.28	38,627,360.57
Equipment & Repairs	3,459,141.51	2,718,570.03
Claims & Miscellaneous	5,703,440.61	3,394,986.50
Licenses, Permits & Refunds	80,070.22	51,570.62
State Aids & Credits	5,185,848.13	2,119,688.01
	96,770,512.32	92,446,939.87
Minus Reversions		
General Fund Reversions	206,202.41	614,863.15
Other Reversions	0.00	9,189.23
	206,202.41	624,052.38
Equals Ending Cash Balance	\$3,494,014.05	\$3,060,451.08

Ending Cash Balances by Fund

	FY 2003	FY2002
Penalty and Interest Funds	\$1,098,503.68	\$1,229,635.77
Trade Expansion Act Benefit Funds	273.00	442.45
WDC Major Program Funds	7,535.01	1,050.00
WDC Other Funds	817,939.33	766,180.30
Iowa Corp Earned Tuition	191,436.93	191,436.93
Admin. Contribution Surcharge Funds	1,355,238.76	819,474.81
Amateur Boxing Funds	17,196.34	50,474.62
Food Stamp Allowance Funds	4,575.00	0.00
Disaster Unemployment Benefits Funds	1,316.00	1,342.00
Wage Payment Collection Funds	0.00	414.00
Total	\$3,494,014.05	\$3,060,451.08

Program

Expenditures

Unemployment Insurance	\$21,492,325.96	\$20,465,035.07
Workforce Investment Act (WIA)	18,031,870.32	14,224,172.71
Temporary Assistance for Needy Families	13,361,934.39	14,488,422.84
Trade Adjustment Assistance - TAA & NAFTA	8,829,221.68	2,968,092.18
Employment Services	7,261,749.99	8,259,066.05
Reed Act	5,707,355.50	899,427.47
Admin. Contribution Surcharge	5,387,879.15	7,355,320.61
Job Training Partnership Act	0.00	2,937,719.11
Occupational Health and Safety Act (OSHA)	3,700,598.16	3,922,246.06
Workers' Compensation	2,164,745.99	2,643,176.83
BLS Labor Force Statistics	1,893,774.88	1,677,024.42
Welfare-to-Work	1,705,572.17	3,788,189.81
Local Veterans' Employment Program (LVER)	1,296,600.92	1,290,088.93
Division of Labor Services	1,171,338.23	1,382,542.62
Temporary Extended Unemployment Claims	930,479.65	432,800.00
Disabled Veterans' Outreach Program (DVOP)	882,805.08	879,482.84
Reemployment Services	472,232.21	282,832.83
One Stop Career Center Initiative	451,846.75	410,245.21
New Employment Opportunities	340,696.94	416,895.55
Food Stamps	248,380.29	512,880.72
America's Job Network	144,796.19	82,064.10
Social Security Administration Coop.	168,776.36	156,813.12
Penalty and Interest Funds	160,402.79	430,512.52
BLS Compensation & Working Conditions	152,991.05	173,551.77
Laborshed	136,943.30	48,137.00
Juvenile Justice	101,120.33	41,101.05
Child Support Enforcement	95,507.59	57,935.96
Work Keys	84,076.04	84,318.36
Labor Certification for Alien Workers	76,367.65	58,222.37
Athletic Commission	55,938.92	63,004.00
North Carolina ALMIS	54,354.66	29,238.03
Labor Management	0.00	20,810.77

Program

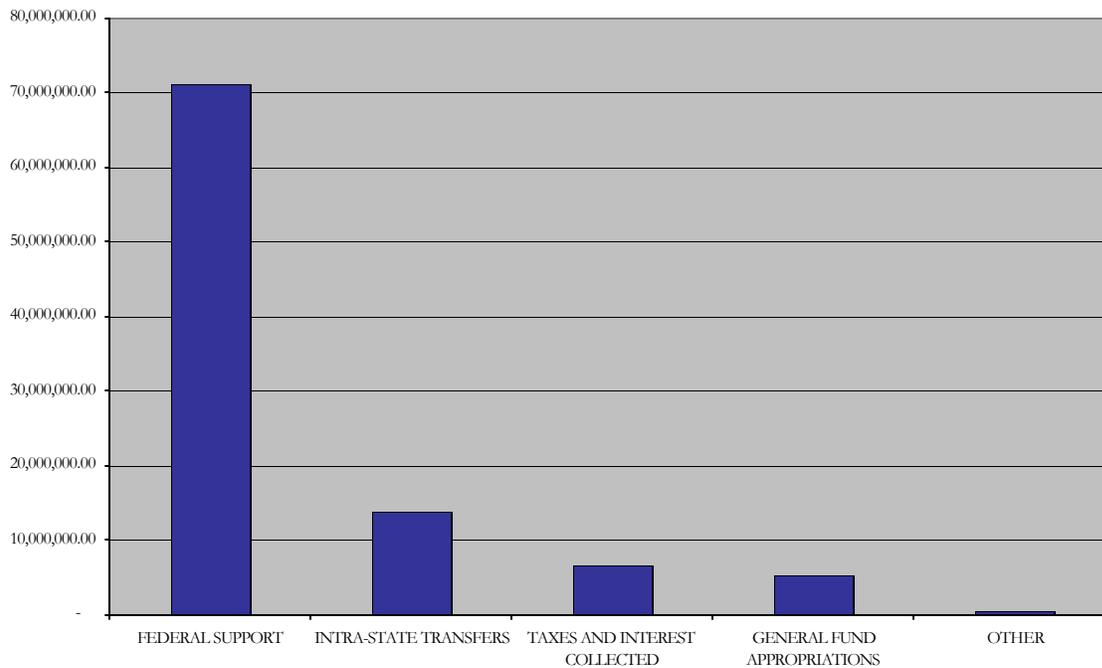
Expenditures

FY2003

FY2002

Disaster Unemployment Assistance (DUA)	53,905.47	1,760,624.98
Rural County Estimates	42,050.60	57,828.34
Workforce Board General Fund Approp.	33,381.36	50,673.11
Athletic Commission Clearing	21,261.54	36,662.76
Recurring Maintenance	18,560.71	17,944.05
Wage Payment Collections	17,561.82	3,849.42
Mason City Client Reimbursements	12,752.00	0.00
Clive Client Reimbursements	7,375.24	0.00
Other	980.44	37,986.40
TOTAL EXPENDITURES	\$96,770,512.32	\$92,446,939.87

FY2003 IWD Revenues by Source



Iowa Workforce Development
1000 East Grand Avenue
Des Moines, Iowa 50319
(515) 281-5387 or (800) JOB-IOWA
TTY: (515) 281-4748 or (800) 831-1399
www.iowaworkforce.org
www.iowajobs.org
www.iowaworks.org

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