

FINAL REPORT

**DEPARTMENT OF EMPLOYMENT SERVICES
REVIEW STUDY COMMITTEE**

**Presented to the Legislative Council
and the Iowa General Assembly**

January 1991

Prepared by the Legislative Service Bureau

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AUTHORIZATION AND MEMBERSHIP

The Department of Employment Services Review Study Committee was established by the Legislative Council during the 1989 interim and authorized to hold additional meetings during the 1990 interim. The Committee was established to review questions raised concerning the Department of Employment Services' management and fiscal decisions and policies. The Committee was directed to focus upon the five Department of Employment Services offices including Des Moines, Burlington, Ottumwa, Fort Dodge, and Carroll. The Committee was also authorized to examine fiscal information, staff morale, management style, relations with other agencies, and management-staff relations as they relate to the delivery of services.

The following members were reappointed:

Senator Richard Running, Co-chairperson
Representative Jack Hatch, Co-chairperson
Senator Linn Fuhrman
Senator Michael Gronstal
Senator John Peterson
Senator Maggie Tinsman
Representative John Connors
Representative Robert Kistler
Representative Mary Lundby
Representative Mary Neuhauser

MEETING DAYS

The Study Committee was authorized two meeting days which were held on July 30, 1990, and October 25, 1990.

INFORMATION RECEIVED

Members received and reviewed the following information:

1. A summary of costs questioned by the State Auditor prepared by the Department of Employment Services.

2. A letter from State Auditor Richard Johnson to Co-chairperson Running in response to Co-chairperson Running's inquiry regarding the \$1.1 million overrun in the Field Operations Bureau.
3. A packet of information prepared by the Department of Employment Services regarding financial issues facing the Department, the survey of Department employees, and a document listing critical issues to be addressed by the Department.
4. A letter from Mr. Phil Dunshee of the Governor's Office in response to a letter from Co-chairpersons Running and Hatch requesting information about events at the Department of Employment Services.
5. A letter from State Auditor Richard Johnson to members of the Committee in response to questions raised at the July 30, 1990, meeting.
6. Information submitted by the Department in response to requests made by the Committee during the first meeting.

PRESENTATIONS

The following individuals made presentations to the Committee:

1. Mr. Casey Kiplinger and Mr. Warren Jenkins, State Auditor's Office. They presented information concerning questioned costs raised by the FY 1989 audit of the Department of Employment Services.
2. Ms. Cynthia Eisenhauer, Director, Department of Employment Services. She discussed financial issues concerning the Department, including the Department's financial recovery plan, the issues identified by the employee survey, and the information requested by the Committee related to the operations of the Department.

RECOMMENDATIONS

After careful review of the information presented, the Committee took the following actions:

1. Voted unanimously to reconvene the Committee when the federal audit report concerning the Department of Employment Services operations in FY 1989 becomes available.
2. Voted to forward without recommendation the "Iowa Employment Protection Act", a copy of which is attached to this report, to the General Assembly.

IOWA EMPLOYMENT PROTECTION ACT

FOR CONSIDERATION BY THE 1991 IOWA GENERAL ASSEMBLY FROM THE
DEPARTMENT OF EMPLOYMENT SERVICES STUDY COMMITTEE INTENDED
TO SAFEGUARD THE STATE AGAINST ECONOMIC DOWNTURNS WITH A STATE
EMPLOYMENT POLICY WHICH CONSOLIDATES TRAINING PROGRAMS AND
ESTABLISHES NEW INITIATIVES

I. Consider Establishing an Employment Services Board of Directors as follows:

A. Possible duties

1. Govern specific state-initiated job training programs (not responsible for Divisions of Labor and Industrial Commission)
2. Develop a statewide employment policy
 - a. Oversee reconstituted job training programs presently in the Departments of Employment Services, Economic Development, and Education
 - b. Establish a regionalized delivery service system
- B. Membership -- as an umbrella organization, the Board may include citizen members representing the following constituent groups: Economic Development, Education, Labor, Human Services

II. Consider Restructuring the Department of Employment Services which may include the following:

- A. Transfer appropriations for worker training from the Department of Economic Development to the Department of Employment Services
- B. Transfer statistical reporting requirements for the Iowa Industrial New Jobs Training Program (623 Program) from the Department of Economic Development to the Department of Employment Services
- C. Job Training Partnership Act (JTPA)
 1. Transfer administrative authority from the Department of Economic Development to the Department of Employment Services
 2. Restructure service delivery boundaries for all employment- and economic development-related programs, including Job Service, JTPA, Regional Coordinating Councils, and community colleges, in order to reestablish identical boundaries
 3. Require Job Service and JTPA offices to be co-located



4. Restructure the Employment and Training Coordinating Council into a comprehensive board for all employment, educational, and economic development activities of this department

D. Job Placement

1. Redefine Job Service's responsibility to employers by coordinating employer recruitment activities with the "623" Program and JTPA
2. Provide private employment agencies with total access to Job Service files
3. Upgrade Job Service computer capabilities to provide each field office with access to statewide and national employment information

III. Consider Enactment of the Following New Initiatives:

A. Individual Training Accounts (ITA)

1. Established by individual employees to be used for retraining in case of future employment
2. Employer contributions to come from Unemployment Insurance Surplus Account (employer contributes no more to unemployment insurance than before)
3. Employment Training Panel to solicit and approve training proposals for which ITA funds may be spent

B. Worksharing for temporary cutbacks

1. Short-term compensation to help companies avoid temporary layoffs
2. Enabling legislation
3. Employers cut back hours rather than laying off workers, and employees receive partial unemployment benefits to compensate for lost wages
4. Advantages:
 - a. Stabilizes work force
 - b. Allows businesses time to survive economic downturns
 - c. Saves money

C. Early Warning System

1. State plant closing legislation
2. Create early response team