
Iowa Fiscal Partnership

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Iowa Families Work Hard, But State Investments Fall Short New Report Notes Gap Between Investments in People, Businesses

DES MOINES, Iowa (Jan. 24, 2006) – Iowa families work hard, but too many struggle to make ends meet and aren't receiving sufficient help from the state, according to a new report.

"Iowa's current economic development policies largely fail to help many residents acquire the skills and experience to be more productive and better compensated employees or to provide needed supports to help them raise their children," said Charles Bruner, director of the Child & Family Policy Center (CFPC) and one of the authors of the report for the Iowa Fiscal Partnership.

Securing Iowa's Economic Future: Strengthening Skills, Work Supports and Economic Security for Working Families, shows that Iowa's adult population lags the country's population in terms of higher education and skills, but Iowa invests very little in adult education and skill training. Meanwhile, Iowa's investments in business-oriented economic development programs have grown substantially, both in grants and tax credits.

According to the study, co-authored by Mike Crawford of the CFPC, Iowa governments spend over \$437 million annually on these business-oriented programs, while investing less than one-fifth that amount in education, training and skill development programs for adults. Further, very few business-oriented programs have any focus on improving worker skills or any accountability provisions to ensure they meet their objectives.

"Economists generally agree that the most important role government can play in economic development is in education and human capital development," Bruner said. "Iowa has a significant gap in the proportion of our adult workforce with the type of education and skill set required for higher-paying employment and economic growth.

"To close the college-education gap in the adult-age workforce, for instance, would require that 56,000 more adults in Iowa get degrees. Yet currently, Iowa invests only \$127 in skill development for each adult with a high-school diploma or less. Iowa should re-examine its economic development approach to place a greater focus on workforce skill development."

The report also shows that Iowa lags in providing a number of supports to workers in necessary, but lower-wage, jobs. These include Iowa's child-care subsidy program, Medicaid and *hawk-i* programs, income tax program and earned income tax credit, and unemployment compensation system.

The Iowa Fiscal Partnership is a budget and tax-policy analysis initiative of two Iowa-based, nonpartisan organizations: CFPC in Des Moines and the Iowa Policy Project in Mount Vernon.

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