

## Decrease in Stimulus Money Blamed for Iowa Closures, Layoffs

Written by Lynn Campbell

Wednesday, 07 September 2011 12:29

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While Iowa Democrats point to the irony of the state's job-finding agency issuing pink slips to its own workers, Iowa Workforce Development Director Teresa Wahlert says the move isn't surprising.

"Ironically, when these one-time [federal] funds to stimulate the economy were injected into Iowa's economy, Workforce Development hired about 100 people, knowing that those funds were [only for] 12 to 18 months," Wahlert said September 6 in an [interview](#) with IowaPolitics.com.

Iowa Workforce Development (IWD) in late August closed 31 part-time field offices intended to help unemployed Iowans find jobs, and on September 1 laid off 47 people who worked in those offices. Another five offices – including in Clinton and Muscatine – will close October 31, leaving another 30 people without jobs.

"I think even in the minds of whatever the plan was a couple of years ago, there was an acknowledgment that the funds were short," Wahlert said, referring to the previous administration of Democratic Governor Chet Culver. "It was, 'We'll deal with that problem when we get there.' So I don't think it's ironic at all, that this is the situation we have."

The department received more than \$33.8 million in one-time federal funding in Fiscal Year 2011, which ended June 30, IWD spokeswoman Kerry Koonce said September 6. That money

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dwindled to zero in the current fiscal year, she said.

But state Representative Dave Jacoby (D-Coralville), a member of the State Workforce Development Board (which oversees the state agency), said it isn't accurate for Wahlert to blame the federal stimulus for closing Iowa's field offices.

"That's absolute baloney," Jacoby said. "The stimulus dollars were meant as a bridge when many states were suffering from their unemployment trust fund. ... There was a decrease in programming dollars from the federal government, but the decrease does not match the magnitude of cuts that Teresa and the governor's office are making."

Jacoby, one of five lawmakers and a union official who [sued](#) the governor's office recently over the closure of the field offices, said there could have been some downsizing at workforce development. But he said the state did not need to close the field offices. He described the closure of the offices as "extremely frustrating."

"There's no cliff to fall off of, but they are creating a cliff to jump off," he said.

### Lawsuit Pending on Veto That Closed Field Offices

Both Republican and Democratic lawmakers have said the IWD is inaccurate in its assertion that it was short of money for the field offices. Iowa Senate File 517, approved by both chambers, required the state to maintain the 55 field offices. However, Governor Terry Branstad line-item-vetoed that language in late July.

Five Iowa Democratic state lawmakers and Danny Homan, president of the American Federation of State, County, & Municipal Employees (AFSCME) Iowa Council 61, on August 24 sued the governor.

Homan and Jacoby joined Democratic state Senators Bill Dotzler of Waterloo and Daryl Beall of

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Fort Dodge and Democratic state Representatives Bruce Hunter of Des Moines and Kirsten Running-Marquardt of Cedar Rapids in alleging that the item vetoes are “unconstitutional, illegal, null, void, and have no force and effect.”

“Senate File 517 indeed was an appropriations bill,” said Jacoby, who said the lawsuit aims to review the legislature’s intent and questions the governor’s span of authority. “But the question is: If you veto an appropriation, it doesn’t mean you get to take the money.”

Jacoby said the lawsuit is being led and financed by AFSCME and other supporters, and will cost taxpayers nothing. A similar lawsuit filed by Republican lawmakers against Democratic Governor Tom Vilsack in 2004 went to the Iowa Supreme Court and cost taxpayers roughly \$250,000.

Branstad recently defended his actions, saying the Iowa Constitution gives the governor authority to veto items in an appropriations bill.

“I just see this as more politics,” Branstad told IowaPolitics.com in late August. “The fact is, we feel very confident on this. I’ve been involved in item-veto cases before. ... In this case, I vetoed a portion of an appropriations bill, including the appropriation. So I think we’re in a very strong position in terms of winning on the governor’s right.”

## **Iowans Using Computer Access at Night, on Weekends**

Iowa had 100,900 people who were unemployed in July and an unemployment rate of 6 percent, according to the latest numbers from IWD. Another 11.6 percent of Iowans are “underemployed,” or not working at their full capacity, according to a report released last week.

With the field offices closing, those who are unemployed can help themselves find a job with computer software installed in 526 computer work stations or “access points” at 159 locations statewide including libraries, colleges, armories, faith-based organizations, and probation offices. Another 78 locations are waiting, and more than 800 other locations are possible.

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“The long-term vision would be similar to ... online banking,” Wahlert said. “Hopefully, one day you can be in your pajamas at home and have access to all these services. We’re not quite there yet with the technology and with the required space needs, but that’s really where we intend to be in a short few years.”

The hours for people to have a live online chat with someone from IWD are 8 a.m. to 8 p.m. weekdays and 10 a.m. to 2 p.m. Saturdays.

Wahlert said the state had the technology but never deployed it. She said she’s seen people using the new “access points” in the evenings after 4:30 p.m., and on Saturdays. She said the state should know by the end of the year whether it needs to adjust hours of operation.

### Additional Cuts Expected

State Auditor David Vaudt recently warned that Iowa, like other states, should brace for additional budget cuts and closures as the federal government pares back its assistance.

Additional federal money to states came from the American Recovery & Reinvestment Act, signed into law February 17, 2009, by President Barack Obama. The federal government has so far spent nearly \$708.6 billion nationwide under the act.

“To the extent the federal government reduces funding to the states, which we all know is inevitable, we need to be planning today to say how we’re going to carry out the same level of services,” Vaudt [said](#), “or how we’re going to change the delivery of those services when we run into less federal assistance, which is going to put more actual pressure on the state dollars that we collect here each year.”

Vaudt said the state’s “huge reliance” on the federal government has grown from \$4.9 billion in Fiscal Year 2006 to more than \$8 billion in Fiscal Year 2010. The federal money came from the stimulus package and disaster-relief fund to help the state deal with flooding. He said the

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numbers for Fiscal Year 2011 are not finalized.

In Medicaid alone, Vaudt said, Iowa's share of federal money increased from \$1.7 billion in Fiscal Year 2006 to \$2.3 billion in Fiscal Year 2010.

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