

1 TRANSCRIPT OF PROCEEDINGS
2 BEFORE THE
3 TEXAS WORKFORCE COMMISSION
4 AUSTIN, TEXAS

4 PUBLIC MEETING)
5 FOR THE TEXAS)
6 WORKFORCE COMMISSION)

6
7 COMMISSION MEETING

8 TUESDAY, FEBRUARY 2, 2010

9
10 BE IT REMEMBERED THAT at approximately
11 9:00 a.m., Tuesday, the 2nd day of February 2010, the
12 above-entitled matters came on for hearing at the
13 Texas Workforce Commission, TWC Building, 101 East
14 15th Street, Room 244, Austin, Texas, before TOM
15 PAUKEN, RONALD G. CONGLETON, and ANDRES ALCANTAR,
16 COMMISSIONERS, and LARRY TEMPLE, EXECUTIVE DIRECTOR,
17 of the Texas Workforce Commission; and the following
18 proceedings were reported by Janis Simon, a Certified
19 Shorthand Reporter of:

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1 P R O C E E D I N G S

2 TUESDAY, FEBRUARY 2, 2010

3 (9:00 a.m.)

4 AGENDA ITEM NO. 1

5 CHAIRMAN PAUKEN: Okay. Good morning.

6 The meeting will now be called to order, and I'll turn

7 the meeting over to Commissioner Alcantar to preside

8 over that portion of the meeting involving Agenda

9 Items 2 through 5.

10 COMM. ALCANTAR: Thank you, Chairman

11 Pauken.

12 AGENDA ITEM NO. 2

13 Discussion, Consideration, and Possible

14 Action Regarding Whether to Assume Continuing

15 Jurisdiction on Unemployment Compensation Cases, Wage

16 Claim Cases, and/or Tax Liability Cases and

17 Reconsideration of Unemployment Compensation Cases,

18 Wage Claim Cases, and/or Tax Liability Cases, if Any

19 No discussion.

20 AGENDA ITEM NO. 3

21 Discussion, Consideration, and Possible

22 Action Regarding Tax Liability Cases Listed on the

23 Texas Workforce Commission Docket 5

24 The Commission considered and took

25 action on all Tax Liability Cases listed on Docket 5.

1 AGENDA ITEM NO. 4
2 Discussion, Consideration, and Possible
3 Action Regarding Higher Level Appeals in Wage Claim
4 Cases listed on the Texas Workforce Commission
5 Docket 5

6 The Commission considered and took
7 action on all Wage Claim Cases listed on Docket 5.

8 AGENDA ITEM NO. 5
9 Discussion, Consideration, and Possible
10 Action Regarding Higher Level Appeals in Unemployment
11 Compensation Cases Listed on the Texas Workforce
12 Commission Docket 5

13 The Commission considered and took
14 action on all Unemployment Compensation Cases listed
15 on Docket 5.

16 (The Commission paused, then continued
17 with the remainder of the agenda.)

18 CHAIRMAN PAUKEN: Okay. We have, at the
19 beginning, a presentation of a 30-year certificate to
20 a lifer.

21 Mark, would you come forward, Mark
22 Hughes?

23 (Applause)

24 MR. TEMPLE: Could you (inaudible) this
25 for us?

1 (Inaudible discussion)

2 CHAIRMAN PAUKEN: You know --

3 MR. TEMPLE: Is it really 30 years?

4 CHAIRMAN PAUKEN: -- it was President
5 Truman who said he was looking for a one-armed
6 economist because he was tired, that on the one
7 hand --

8 (Simultaneous discussion)

9 MR. TEMPLE: (Inaudible)

10 (Laughter)

11 CHAIRMAN PAUKEN: -- and Mark is a real
12 expert at that. He's very -- he's very good and got a
13 very capable team, and I tell you I've been impressed
14 with their analysis. And they really have -- quite
15 frankly, have been well ahead, with all due respect,
16 of the Comptroller's Office and a lot of the trends
17 even here in Texas.

18 So, I appreciate your fine work you've
19 done over the years and the fine work you've done
20 here, and I know Commissioner Congleton has something
21 to add and, perhaps, Commissioner Alcantar.

22 COMM. CONGLETON: The best spaghetti --
23 spaghetti charts in the country.

24 (Laughter)

25 (Applause)

1 AGENDA ITEM NO. 6

2 CHAIRMAN PAUKEN: Okay. Okay. No. 6,
3 no public comment, Mr. Jones?

4 MR. PAUL N. JONES: No, Mr. Chairman.

5 AGENDA ITEM NO. 7

6 CHAIRMAN PAUKEN: No. 7, discussion,
7 consideration, and possible action regarding the
8 acceptance of pledges for Fiscal Year 2010 Child Care
9 Matching Funds, Juan Garcia.

10 MR. GARCIA: Good morning,
11 Commissioners; Juan Garcia with Workforce Development.

12 This morning we have for your approval
13 Child Care Match as follows: \$104,009 in cash
14 donations and transfers from the Central Texas Board
15 and the Upper Rio Grande Board, and \$4,751,607 in
16 certifications of expense from Dallas, Upper Rio,
17 Rural Capital, Brazos Valley, Texoma, and the Gulf
18 Coast Board. The total for your approval this morning
19 is \$4,855,616.

20 CHAIRMAN PAUKEN: Is there motion?

21 COMM. CONGLETON: Move that we accept
22 the Child Care pledges for Fiscal Year 2010 Child Care
23 Matching Funds in the amount of \$4,855,616 as
24 discussed by staff.

25 COMM. ALCANTAR: I would second.

1 CHAIRMAN PAUKEN: It's unanimous.

2 MR. GARCIA: Thank you.

3 AGENDA ITEM NO. 8

4 CHAIRMAN PAUKEN: Okay. No. 8,
5 discussion, consideration, and possible action
6 regarding a request from an individual to waive the
7 Child Care Services Rules relating to the definition
8 of a regulated child care provider pursuant to 40 TAC
9 Sections 809.2(17), 809.91(a), Nicole Verver.

10 MS. VERVER: Good morning, Chairman
11 Pauken, Commissioners; Nicole Verver, Workforce
12 Development.

13 For your consideration this morning is a
14 Child Care waiver submitted by a parent in our
15 Panhandle Workforce Development area. The parent is
16 requesting a waiver of the requirements of the Child
17 Care Service Rules to use an out-of-state child care
18 provider. The reason for the waivers -- waiver is
19 there are no eligible providers in Friona, Texas
20 available within a reasonable distance to care for the
21 parent's children.

22 There's only one child care provider in
23 Farwell, Texas, which offers only part-time care
24 Monday through Friday. The parent has found a child
25 care provider -- provider eligible for CCDF payments

1 in Clovis, New Mexico. The child care provider is in
2 good standing with New Mexico's licensing agency and
3 exceeds the state's child care minimum licensing
4 standards.

5 Staff is recommending that the waiver be
6 approved, as long as the out-of-state provider
7 complies with TWC's Child Care Rules and the
8 out-of-state provider's licensing status must be
9 checked by the board every three months. Staff is
10 also recommending that the Commission allow TW
11 staff -- TWC staff to review and approve or deny
12 future waiver requests by parents choosing
13 out-of-state providers.

14 The decision to approve or deny the
15 request would be based on the following: The parent
16 must be a Texas resident and eligible for Child Care
17 Services, there's no available Texas child care
18 facilities within a reasonable distance, and the
19 out-of-state child care provider must -- must meet the
20 state's licensing standards, agree to the board's
21 reimbursement rates, and use the Commission's Child
22 Care Attendance Automation System.

23 At this time I will be glad to answer
24 any questions.

25 CHAIRMAN PAUKEN: Commissioner Alcantar.

1 COMM. ALCANTAR: I have no questions.

2 CHAIRMAN PAUKEN: Commissioner
3 Congleton.

4 COMM. CONGLETON: I have no questions,
5 and I move that we waive the Child Care Services Rules
6 as described by staff in this case. However, to the
7 extent possible, an out-of-state provider must comply
8 with rules in Chapter 809 and an out-of-state
9 provider's licensing status must be monitored by the
10 board every three months. Further, I move we allow
11 the TWC staff to review, approve, or deny future
12 waiver requests from parents choosing out-of-state
13 providers utilizing the criteria described by staff.

14 COMM. ALCANTAR: I would second.

15 CHAIRMAN PAUKEN: Okay. Thank you --

16 MS. VERVER: Thank you.

17 CHAIRMAN PAUKEN: -- Nicole.

18 AGENDA ITEM NO. 9

19 CHAIRMAN PAUKEN: Okay. No. 9,
20 discussion, consideration, and possible action
21 regarding Workforce Investment Act Statewide
22 Initiative to provide workforce and support services
23 to small businesses.

24 MS. GEISMAN: Good morning, Chairman
25 Pauken, Commissioners, Mr. Temple. For the record,

1 I'm Cindy Geisman with the Workforce Development
2 Division.

3 This morning we would like to ask your
4 consideration and approval to provide Workforce
5 Investment Act funding for a small business initiative
6 that would provide training forums for small business
7 owners and their employees, with a special emphasis on
8 assistance for small businesses in rural areas and
9 minority- and women-owned businesses. TWC would work
10 with the Governor's Office on delivery of the training
11 and would promote the Skills Development Fund to small
12 businesses at each event. We are asking the
13 Commission to approve up to \$1.2 million for this
14 initiative with an effective date of February 1st,
15 2010.

16 With that, I'll answer any questions you
17 might have.

18 CHAIRMAN PAUKEN: Commissioner Alcantar.

19 COMM. ALCANTAR: No, I -- I think this
20 is right on a mark in terms of providing assistance to
21 these job creators in our state, and I am very
22 supportive of this.

23 CHAIRMAN PAUKEN: Commissioner
24 Congleton.

25 COMM. CONGLETON: No questions, and I

1 move we approve the 1.2 million in WIA Statewide
2 Initiative Funds for the Governor's small business
3 programs as discussed.

4 COMM. ALCANTAR: I would second.

5 CHAIRMAN PAUKEN: I'm going to support
6 this, but I -- I -- I have had some concerns about the
7 effectiveness of the previous program. I'm a big
8 supporter of small businesses. And I'm -- I'm
9 supporting this really on the basis that we're going
10 to be more actively engaged in a leadership position
11 going forward, because I know from small business
12 individuals that I talk to there's a lot of concern
13 about, you know, a lot of the programs go to larger
14 companies; what -- what kind of help is being provided
15 small businesses.

16 But it needs to be effective, and I
17 think we need to substantially increase the
18 effectiveness of -- of this program going forward.
19 And I would hope that the TWC personnel who -- who
20 will be involved in this will ensure that that
21 happens. And, with those caveats, I will also add my
22 vote of support of this.

23 MR. TEMPLE: Mr. Chairman, what we
24 worked with on this -- and we were pretty much absent
25 the first round. But in this next round the 20 forums

1 that they'll have around the state, pretty much the
2 second half of the day will be TWC, our community
3 college partners, our board partners. We'll have our
4 Skills Development people there. We'll have Luis --
5 Luis Macias and our -- our Wage Subsidy Program
6 represented.

7 And, as Cindy said, we're going to try
8 to figure out ways to be able to craft Skills grants
9 to where small businesses can take advantage of them
10 where they haven't before because they're so small in
11 number. So, we're going to have a considerable -- a
12 higher visibility in this than -- than we did in the
13 past.

14 CHAIRMAN PAUKEN: And that's my reason
15 for supporting this. I just wanted to reinforce that,
16 Mr. Temple.

17 COMM. ALCANTAR: Yeah, I really think
18 the -- the focus on access to the Skills grant, in
19 particular, is a unique, very positive enhancement.
20 So, I want to thank you for that.

21 CHAIRMAN PAUKEN: Okay. Thank you,
22 Cindy.

23 AGENDA ITEM NO. 10

24 CHAIRMAN PAUKEN: All right. No. 10,
25 discussion, consideration, and possible action

1 regarding an order pursuant to the General
2 Appropriations Act, Article VII, Rider 19, 81st Texas
3 Legislature, Regular Session (2009) concerning
4 additional funds related -- relating to the Senior
5 Community Service Employment Program, Mr. Fuller.

6 MR. FULLER: Good morning, Chairman
7 Pauken, Commissioner Congleton, Commissioner Alcantar,
8 Mr. Temple. For the record, I'm John Fuller with the
9 Workforce Development Division.

10 As you're aware the Department of Labor
11 has approved additional funding for the Senior
12 Community Service Employment Program in the
13 Consolidated Appropriations Act of 2010 totaling 2
14 million two hundred -- \$2,728,288. With these funds,
15 TWC subcontractor will be able to assist 300
16 additional unemployed job seekers ages 55 or older to
17 obtain unsubsidized employment and maintain their
18 economic independence.

19 Currently, Experience Works is the
20 state's SCSEP contractor for these funds, and today
21 for your approval is a Rider 19 Order and Written Plan
22 requesting appropriation authority to allow TWC and
23 its contractor to access and expend these additional
24 federal funds. I'll be available for any questions
25 you might have.

1 CHAIRMAN PAUKEN: Commissioner

2 Congleton.

3 COMM. CONGLETON: I have no questions.

4 CHAIRMAN PAUKEN: Commissioner Alcantar.

5 COMM. ALCANTAR: No questions.

6 CHAIRMAN PAUKEN: Is there a motion?

7 COMM. CONGLETON: Move that we order the
8 Finding of Fact Written Plan be submitted to the
9 Governor and LBB as required by Rider 19 for the
10 additional appropriations, \$2,728,257 in federal funds
11 for Senior Community Service Employment Programs as
12 discussed.

13 COMM. ALCANTAR: Yeah, I would second.

14 CHAIRMAN PAUKEN: It's unanimous.

15 MR. FULLER: Thank you.

16 AGENDA ITEM NO. 11

17 CHAIRMAN PAUKEN: Okay. No. 11,
18 discussion, consideration, and possible action
19 regarding opportunities to access Temporary Assistance
20 for Needy Families Emergency Contingency Fund
21 authorized pursuant to the American Recovery and
22 Reinvestment Act of 2009, Reagan Miller.

23 MS. MILLER: Good morning,

24 Commissioners. With me is Luis Macias.

25 This morning I -- I wanted to ask if we

1 could take up Agenda Item 11, 12, and then move
2 directly into 14 as these are all interrelated.

3 CHAIRMAN PAUKEN: That's fine.

4 MS. MILLER: We'll start off, again,
5 with Agenda Item 11, and that's a discussion on the
6 TANF ARRA money. The document that you have describes
7 how states can access this money. And in summary, if
8 states demonstrate that they're spending more TANF
9 money on certain types of activities, then these funds
10 will pay for 80 -- 80 percent of the increased cost.
11 And based on the services that we provide, we qualify
12 to receive TANF ARRA funds based on increased
13 expenditures and short-term nonrecurrent services and
14 primarily in subsidized employment.

15 One of the unique features of these
16 funds that we learned fairly recently from the
17 Administration for Children and Families is that
18 they'll allow you to project increased expenditures
19 and then they'll fund you up front which, in essence,
20 means that they'll provide us with 80 percent of the
21 match without putting up any of the money. And that's
22 based on a determination that we can meet our 20
23 percent through an inkind match. And Luis will talk
24 about that in a little bit more detail.

25 Finding out about this flexibility

1 really led us to -- to look at this in much more
2 detail. And so, based upon the -- these parameters
3 over the past couple of weeks we've been working with
4 the boards to really determine how we can maximize the
5 receipt of these funds. And what we'd like to focus
6 on today is how we can potentially use the increase
7 TANF ARRA funds to expand two initiatives.

8 And Luis will go over those with you.

9 MR. MACIAS: Good morning, Mr. Chairman,
10 Commissioners.

11 As Reagan stated, it did take us a
12 little bit of time to get a good understanding of the
13 opportunity that was presented with the use of those
14 funds. But once we had that -- that handle, we asked
15 the boards to attend a meeting, which happened a week
16 ago last Monday. And basically, at that time, we laid
17 out an opportunity to really expand what we were doing
18 in subsidized employment to two separate groups: One
19 is to UI claimants, and the other is to low-income,
20 young people.

21 We received a lot of good input from the
22 boards, and they certainly were certainly engaged and
23 interested in what we're proposing. And at the end of
24 the meeting we asked them to give us monthly estimates
25 of the numbers of people that they felt that they

1 could serve in both of these components of the
2 subsidized employment program. And we got a very good
3 response from the boards, which led to the estimates
4 in terms of numbers of people served and dollars that
5 we'll be requesting from HHS.

6 So, let me walk you through the features
7 of the UI claimant subsidized employment component.
8 So, we propose to serve approximately 23,000 UI
9 claimants or exhaustees at a cost of approximately \$52
10 million. Job placements would be in the private
11 sector.

12 Employers who hire UI claimants will
13 receive a total payment of \$2,000 for each claimant
14 hired to offset costs associated with the employment
15 of that individual. Employers would receive payments
16 in four monthly increments. There is an expectation
17 that the employee will be retained in the position
18 after the period of subsidy, and the boards are
19 responsible for developing those agreements with
20 employers who agree to participate in this effort.

21 Let me switch over to the youth
22 subsidized work experience component. The boards are
23 proposing to serve approximately 26,000 youth, age 16
24 to 24, at a cost of approximately \$65 million.
25 Placement in either the private or public sectors

1 would be allowed, similar to what was done in the
2 Summer Youth Program that the boards were involved
3 with last summer using Stimulus funds. Youth would
4 work for eight weeks earning minimum wage for 30 hours
5 a week.

6 The youth component would operate
7 between May and September. And, as I said before, the
8 boards would develop worksite agreements with
9 different entities. So, those are the basic features
10 of the programs as we laid them out, Commissioners.

11 CHAIRMAN PAUKEN: Could you --

12 MR. TEMPLE: Commissioners, we --

13 CHAIRMAN PAUKEN: -- the first 23,000,
14 the UI, how -- how much money is involved there?

15 MR. MACIAS: About \$52 million, sir.

16 CHAIRMAN PAUKEN: What's the -- on both
17 of those, what's the federal funding per individual?

18 MR. MACIAS: Well, they'll -- they'll
19 actually provide us with 80 percent of --

20 CHAIRMAN PAUKEN: What -- no. What I'm
21 looking at is just kind of like what -- how much is
22 that per individual? 52 million with 20,000 -- 23,000
23 people. Does anybody have a --

24 MR. MACIAS: It's about \$2200 per.

25 CHAIRMAN PAUKEN: Uh-huh. Per person?

1 MR. MACIAS: Yes, sir.

2 CHAIRMAN PAUKEN: And is that roughly
3 the same with the -- with the youth programs?

4 MR. MACIAS: The youth will be a bit
5 higher, because we're -- we're subsidizing full-time
6 at \$30 at minimum wage. So, the cost per jumps up a
7 little bit. I'm sort of struggling with the number.

8 MR. TEMPLE: The -- the youth program is
9 designed to be a temporary program, and we know that
10 it will end when the funding -- when the -- when
11 school goes back, and the --

12 CHAIRMAN PAUKEN: So, it's eight weeks,
13 and it's 30 hours a week?

14 MR. MACIAS: Eight weeks at 30 hours at
15 minimum wage.

16 CHAIRMAN PAUKEN: Okay.

17 MR. TEMPLE: And I think they end up
18 with two cycles of that, I believe, do they not?

19 MR. MACIAS: That's what --

20 (Simultaneous discussion)

21 MS. MILLER: Our assumption on the
22 amount -- our assumption on the amount of the wage
23 subsidy, if I'm seeing this correctly, is about 1100
24 roughly, if that's --

25 CHAIRMAN PAUKEN: And so we're taking

1 23,000 people off of UI?

2 MR. MACIAS: Yes, sir.

3 CHAIRMAN PAUKEN: And that's 20 -- the
4 cost, it's 2200. And what would be -- do we have any
5 kind of indication what the UI payments would have
6 been during that period?

7 MR. MACIAS: On average --

8 MR. TEMPLE: On average. Go ahead.

9 MS. MILLER: I don't --

10 MR. TEMPLE: We -- we -- we know that
11 the average wages for the individuals coming out of
12 under \$15 an hour --

13 CHAIRMAN PAUKEN: So, it's 15 --

14 (Simultaneous discussion)

15 MR. TEMPLE: -- \$9.25. So, that would
16 probably be -- I'm not sure what that would be in the
17 UI wages.

18 UNID. SPEAKER: About 250.

19 MR. TEMPLE: How much?

20 UNID. SPEAKER: About 250.

21 MR. TEMPLE: About 250 a week.

22 CHAIRMAN PAUKEN: 250 a week?

23 MR. TEMPLE: Yes, sir.

24 CHAIRMAN PAUKEN: So, in effect, it
25 takes about two months to -- of employment to get that

1 equalized, if you will?

2 MR. TEMPLE: That would be correct, yes,
3 sir.

4 CHAIRMAN PAUKEN: And then hopefully
5 they're -- will be there permanently.

6 MR. TEMPLE: Yes, sir.

7 CHAIRMAN PAUKEN: Okay.

8 MR. TEMPLE: And we've worked -- we
9 worked early on with the Governor's Office on this
10 and -- working with Michael Sparks and -- and Brian
11 Owens and Mike Morrissey in -- in -- in going over
12 these numbers and -- and then had a meeting yesterday
13 with Health and Human Services on the money, and --
14 and they agreed with us and our -- and our
15 assumptions. So, they've been real supportive, and I
16 certainly want to thank them for their -- their
17 support and help on this out of the Governor's Office.

18 CHAIRMAN PAUKEN: Okay. Any other
19 questions? Is there a resolution or --

20 MS. MILLER: At this point we'd like to
21 move into the next Agenda Item, which would --

22 COMM. ALCANTAR: I do have a couple
23 of --

24 MS. MILLER: Yes?

25 COMM. ALCANTAR: -- quick points to

1 make. You have discussed this with ACF?

2 MR. TEMPLE: Yes.

3 COMM. ALCANTAR: And so they're --
4 they're clear as to what the strategy is?

5 MR. TEMPLE: Our -- our original contact
6 was when I was in Portland and meeting with the Deputy
7 Assistant Secretary when they were talking about
8 opening the eligibility more, came back and we had
9 several conference calls with ACF. That would be
10 Charlotte Bristow and Larry Brindle at the Dallas
11 Regional Office. We actually had Michael Sparks. I
12 need to add Michael Sparks name helping us at the
13 Governor's Office. He actually participated in that
14 so he could kind of hear it from the -- from the
15 horse's mouth, if you will, and -- and they signed off
16 on all of the -- on all of our assumptions.

17 COMM. ALCANTAR: Okay. Great.

18 And then the second thing is, these
19 are -- services are not considered assistance? They
20 don't impact regular services --

21 (Simultaneous discussion)

22 MR. TEMPLE: Right. They -- they do not
23 create a -- a TANF case.

24 COMM. ALCANTAR: Great.

25 CHAIRMAN PAUKEN: Okay.

1 AGENDA ITEM NO. 12

2 MS. MILLER: Okay. If there are --

3 CHAIRMAN PAUKEN: Go ahead, Reagan.

4 MS. MILLER: -- if there are no other
5 questions, then the next agenda item is Agenda Item 12
6 to bring the Rider 19 forward to request appropriation
7 authority for our estimate on TANF ARRA funds.

8 Yesterday we provided a copy to our
9 office, again, after we had this meeting that
10 Mr. Temple referenced. We provided a copy to your
11 office and sent you an e-mail at about four o'clock
12 yesterday with the documents, and in those documents
13 is -- is an Order and Written Plan to request
14 appropriation authority for \$130,372,425 in TANF ARRA
15 funds. And that would serve approximately 52,000
16 low-income customers in subsidized wage programs.

17 And with your approval we would submit
18 that to the Governor's Office and the Legislative
19 Budget Board to request appropriation authority.

20 CHAIRMAN PAUKEN: Any discussion? Is
21 there a motion?

22 COMM. CONGLETON: With a lot of pain, I
23 move that we proceed with the Back-to-Work Initiative
24 summer jobs program, TANF subsidized work initiatives
25 as discussed. I also move that we approve the Written

1 Plan and find it \$130,372,425 in additional
2 appropriations of federal funds as necessary to
3 maintain adequate performance. Mr. Temple should file
4 a plan and find -- a finding with the LBB and the
5 Governor.

6 COMM. ALCANTAR: I want to thank staff
7 for all their hard work on putting this together and
8 covering all the angles and making sure we understand
9 the impact across not only our programs but other
10 state services and for working closely with their --
11 our regional partners and -- and with others to make
12 sure that we maximize what is possible here. I'm
13 really excited about the size of the Summer Youth
14 Program. It's -- it's bigger than last summer's
15 potentially --

16 MR. MACIAS: Yes, sir.

17 COMM. ALCANTAR: -- with these numbers.
18 And I'm really pleased in terms of some of the early
19 feedback that the boards are getting in terms of
20 interest at the local level in terms of employer
21 participation in this. So, I thank you, and I second
22 this.

23 CHAIRMAN PAUKEN: Okay. It's unanimous.
24 Thank you, Reagan.

25 MS. MILLER: Thank you.

1 AGENDA ITEM NO. 14

2 MS. MILLER: And then, finally, Agenda
3 Item 14, if we can skip to that, pre -- this is on the
4 Texas Back-to-Work Initiative, the Rider 31-funded
5 initiative. You previously approved a set of five
6 options that the boards could choose from in operating
7 this initiative. And based on the discussions that
8 we've had with the boards and our -- and our previous
9 discussions on accessing this ARRA money, we're coming
10 to you with some recommended changes to what you
11 previously approved.

12 MR. MACIAS: Just as background,
13 Commissioners, clearly, this was one of the issues
14 that came up with the boards of -- of how quickly do
15 we sort of realign this program, because we have the
16 potential to create confusion and actually have two
17 programs out there at the same time if we don't do
18 that. So, what we're wanting to do is realign the
19 Texas Back-to-Work model in using the same features
20 that I described previously for the UI component of
21 the ARRA-funded subsidized employment.

22 So, it would have the same features of
23 bringing together a single subsidy payment of 2,000 --
24 of \$2,000 per. It would be a wage subsidy program,
25 and the employers would be paid in four increments, as

1 I described before. So, we're happy to answer any
2 questions, Commissioners.

3 CHAIRMAN PAUKEN: Commissioner Alcantar.

4 COMM. ALCANTAR: I want to thank the
5 Executive Directors and their staff for their input,
6 not only in crafting the item that was just discussed
7 but also in informing this action that we're about to
8 take. I really appreciate the input that they -- that
9 they provided and the thought that went into their
10 feedback, and I think it really strengthens this state
11 local partnership. So, I thank them for that.

12 I have no other questions.

13 CHAIRMAN PAUKEN: Okay. Is there a
14 motion?

15 COMM. CONGLETON: So made.

16 COMM. ALCANTAR: Second.

17 MR. TEMPLE: I would like to commend
18 staff. We were able to go back, and they -- they got
19 very creative, very innovative and looked back at
20 other programs that we have had expenditures above the
21 baseline for ARRA. And it -- we've identified what
22 appears on the high side maybe being able to get back
23 \$10 million of what we've already spent on programs,
24 which will be included in the Rider 19.

25 With the juggling of the quarters

1 against each -- the quarters with HHSC, it may be a
2 little less than that. But -- but the bottom line is
3 we were able to recoup about 80 percent of money that
4 we've already spent on other initiatives that we'll be
5 able to use to carry this after the September closure.
6 There -- there is a provision in the President's
7 budget to extend this program, I understand, beyond
8 this federal fiscal year, whether that happens or not.
9 But we'll be monitoring that to --

10 MS. MILLER: And, Commissioners, I do
11 want to say this was a real team effort. Randy and
12 his staff, particularly Tim Urbanovsky, Debbie
13 Carlson, and Jason Vaden, Nicole's staff. I mean,
14 this really was a -- a group effort. Luis and I are
15 up here and we're the face of this, but there was a
16 lot of staff time that went into this.

17 And if the boards hadn't stepped up
18 and -- and really put forth some great numbers and
19 agreed to this kind of expansion, we wouldn't be here
20 before you. So, with all of that and the support from
21 the Governor's Office, I think we're poised to really
22 implement some great programs over the next few
23 months. Thank you.

24 MR. MACIAS: Thank you.

25

1 AGENDA ITEM NO. 13

2 CHAIRMAN PAUKEN: Okay. Do we go back
3 to -- 13, discussion -- discussion, consideration, and
4 possible action regarding options to reduce agency
5 spending and priority increments totaling 5 percent of
6 the General Revenue and General Revenue Dedicated
7 appropriations for the 2010/2011 biennium pursuant to
8 a request from the Governor, Lieutenant Governor, and
9 the Speaker of the House, Mr. Townsend.

10 MR. TOWNSEND: Good morning,
11 Mr. Chairman, Commissioners. I had sent around a
12 document, I believe. I just want to make sure that
13 you got the -- got the copy, and I've got a color
14 version if you -- if that would be helpful for you
15 this morning. So, I just --

16 CHAIRMAN PAUKEN: Yeah, let me get --
17 let me get a color version.

18 (Brief pause)

19 CHAIRMAN PAUKEN: Thank you.

20 COMM. CONGLETON: Thank you, Randy.

21 MR. TOWNSEND: Commissioners, the
22 document that you have now and you had yesterday, I
23 believe, what I -- of course, I had an opportunity to
24 brief each of your offices on this. And the -- the
25 recommendation we were discussing is still the same,

1 but I thought this might be a helpful way to take a
2 look at the -- the information for our agency as it
3 relates to our General Revenue Funds and our General
4 Revenue Dedicated.

5 As you know, we are required as an
6 agency to identify reductions totaling 5 percent of
7 General Revenue and 5 percent of General Revenue
8 Dedicated. Those -- those amounts would total 14.4
9 million for General Revenue for the biennium for the
10 two years and about 589,000 for General Revenue
11 Dedicated.

12 When you take a look at the Workforce
13 Commission's General Revenue budget for 2010 and '11,
14 we're looking at about 288.6 million over the two-year
15 period. The first set of rows there orders the -- the
16 General Revenue we've been appropriated by the
17 Legislature for this time period in a descending
18 order. So, you can -- you can see the total dollar
19 amounts, and you can also see the percents that they
20 make up for the budget.

21 The next thing I did, though, was tried
22 to order that in a little bit more logical way to
23 see -- we always think about the General Revenue
24 having a -- a little different flavor to it. And the
25 approach I took on this is I -- if you go to that

1 second box there, I took a look at the General Revenue
2 we're appropriated for our funding and -- and how it's
3 required to be used. And so when I start at the
4 bottom there looking at G -- General Revenue for
5 Maintenance of Effort, which is a total of 69 million,
6 just to take an example here, that makes up almost a
7 quarter, 24 percent, of our agency's budget for the --
8 the General Revenue Funds. However, in terms of
9 reductions, this is really not an opportunity that the
10 Commission can consider, because we are part of the
11 larger state effort to maintain spending in the
12 maintenance of effort.

13 So, that's really off the table, and
14 that's one of the reasons I put that in a -- in a dark
15 shade of red there. And kind of going up the line
16 there, when you look at another agency's appropriation
17 for Criminal Justice, for RIO, that's really not on
18 the table effectively either when it comes to finding
19 reductions.

20 And so I -- I went through that process
21 and ordered it along those lines. So, really what
22 you -- you start looking at is when you move into
23 the -- the greener shade there, you're looking at
24 Skills Development as a possible option in 2010 and
25 '11. It's about 81 million, just over 28 percent of

1 the -- the -- the agency's budget as -- with respect
2 to General Revenue funding. A possibility being RIO,
3 the TWC portion, but a smaller chunk there at just
4 around 5 percent of the budget.

5 And then I did include the -- the Rider
6 31(c) relate -- Texas Back-to-Work Initiative but put
7 that in kind of a different category, because that's a
8 new program, again, with direction from the
9 Legislature in terms of funding that would be probably
10 a little bit more difficult than some of the other --
11 the funding we've been appropriated in G -- GR. So, I
12 kind of took that approach. And I think you know
13 this, Commissioners, as -- as well, but I thought it
14 was just kind of a -- a visual, an easy way to kind of
15 look at the -- the different -- the parts there.

16 The next step that I took a look at for
17 General Revenue was identifying how the -- the -- the
18 expenditure categories break out with respect to the
19 288 million of -- of GR. And I think, also, you
20 probably realized this too, but until you start
21 looking at the numbers, you don't -- it's real clear
22 that almost 97 percent, 278 million, goes out in the
23 form of grant awards from this agency out of the G --
24 General Revenue Funds. The other three and a half
25 percent support salaries and other operating costs to

1 administer those grants.

2 So, by far, the largest proportion of
3 the funding is in the -- in the area of grants. So,
4 taking a look at that overall, that was how we
5 developed the recommendation for your consideration
6 this morning to -- one, in Skills Development we were
7 fortunate to have a large -- a -- a 30 million
8 increase in the funding proposed for the 2010-'11
9 biennium. With the reduction, if we were to take --
10 take the proposed reduction out -- all out of Skills
11 of the grants category at 14.4 million, we would still
12 have a -- over that time period in the current
13 biennium compared to the last biennium, a 30 percent
14 increase in the grant awards, not as large an increase
15 as was originally appropriated, but still it would be
16 some increase there.

17 So, with -- with that information, I --
18 if you have comments or questions, I'll be glad to a
19 address those, Commissioners.

20 CHAIRMAN PAUKEN: Well, first of all,
21 thank you, Mr. Townsend, for your very good work on --
22 on this and a lot of the people that were involved in
23 it. I guess my -- you know, number one, I would say
24 that I think that Governor Perry, Lieutenant Governor,
25 and the Speaker, and our legislative leaders are being

1 very wise to address the potential problems of the
2 next legislative session, in light of the double-digit
3 incline and decline in sales tax revenues,
4 persistently high unemployment numbers, and other
5 indicators that, as Mr. Hughes has commented from time
6 to time, there's a dollar economy and there is a
7 people economy. And the people economy is not doing
8 very well nationally.

9 So, I think this is very appropriate
10 that -- that this effort be undertaken ahead of time.
11 And -- and I, of course, am a big fan of Skills
12 training. But I think you put it in the proper light
13 with the -- with your figures showing. We've had an
14 increase. So, we're -- we're reducing it.

15 I guess my frustration is that, you
16 know, there are just so many -- and as I hear the
17 previous discussion this morning, there's so many
18 mandates. There's so much coming out of Washington
19 where they really direct you at the state and the
20 local level as to what you are supposed to do that you
21 really have very little freedom. And -- and -- and
22 they're mandates that come in the form of, "Well, if
23 we do it this way, proportionately we'll lose more
24 money coming back to Texas of our money than
25 originated here."

1 And so it puts us in a very difficult
2 predicament from my perspective, and I think you've --
3 there -- there's a -- there's a term in the law called
4 Hobson's choices of the best of a series of least
5 pleasant alternatives, and -- and I think you've come
6 up with one -- the -- the best here. At the same
7 time, what's frustrating to me is we really don't in
8 Texas, and that's been the biggest shocker to me
9 coming back is -- into government after being out
10 since the Reagan Administration days.

11 We have very little discretion as to
12 what we can do, because so much comes from Washington
13 and so much is mandated or the way the money is -- is
14 put out we're very limited in terms of -- of what we
15 do, because if we do A, then it could impact B, C, D,
16 E, F, as you have pointed out to me on more than one
17 occasion, Mr. Townsend.

18 (Laughter)

19 MR. TOWNSEND: Yes, sir.

20 CHAIRMAN PAUKEN: Anyway, with that
21 said, I appreciate your good work.

22 Mr. -- Commissioner Congleton.

23 COMM. CONGLETON: I also appreciate your
24 good work, Randy, and I move that we accept staff's
25 recommendation as discussed to reduce General Revenue

1 and dedicated General Revenue spending over the 2010
2 and 2011 biennium by 5 percent.

3 CHAIRMAN PAUKEN: Commissioner Alcantar.

4 COMM. ALCANTAR: I would -- I would
5 second that.

6 CHAIRMAN PAUKEN: Okay. It's unanimous.

7 Thank you.

8 MR. TOWNSEND: Thank you, Commissioners.

9 AGENDA ITEM NO. 15

10 CHAIRMAN PAUKEN: All right. No. 15,
11 discussion, consideration, and possible action
12 regarding approval of local workforce development
13 board nominees, Mr. Fuller.

14 MR. FULLER: Good morning,
15 Commissioners. Once again, for the record, John
16 Fuller, Workforce Development Division.

17 Today before you, Commissioners, is
18 nominees from Rural Capital, Heart of Texas, Upper Rio
19 Grande, and Concho Valley.

20 CHAIRMAN PAUKEN: I don't have any
21 questions.

22 Do you, Commissioner Congleton?

23 COMM. CONGLETON: They're all fine with
24 me.

25 CHAIRMAN PAUKEN: Commissioner Alcantar.

1 COMM. ALCANTAR: No questions or
2 comments.

3 CHAIRMAN PAUKEN: All right. Is there a
4 resolution, motion?

5 COMM. CONGLETON: Move that we approve
6 the nominees of Rural Capital Area, Heart of Texas,
7 Upper Rio Grande, and Concho Valley Workforce
8 Development Boards.

9 COMM. ALCANTAR: I would agree.

10 CHAIRMAN PAUKEN: Okay. It's unanimous.

11 MR. FULLER: Thank you, sir.

12 AGENDA ITEM NO. 16

13 CHAIRMAN PAUKEN: All right.

14 Mr. McCarty, discussion, consideration, and possible
15 action regarding enacted, proposed or considered
16 federal regulations, executive orders, or federal or
17 state enacted or proposed legislation.

18 MR. McCARTY: Good morning, Chairman
19 Pauken, Commissioner Alcantar, Commissioner Congleton,
20 Mr. Temple; Tom McCarty, Director of External
21 Relations.

22 Yesterday the President released his
23 budget for Fiscal Year 2011. It does show a decrease
24 for Department of Labor, which is indicative of the
25 President's earlier remarks dealing with freezing

1 discretionary -- discretionary spending. However,
2 there are increases to many DOL programs.

3 To highlight a few of them, Training and
4 Employment Services increased from 3.8 billion to 3.9
5 billion. State UI Employment Services increased from
6 3.9 billion to 4.2 billion, and the Child Care Block
7 Grant increased from 2.1 billion to 2.9 billion.
8 We're going to send out a complete summary later this
9 morning to each of your offices. But if you have any
10 questions, I'll be happy to answer them.

11 CHAIRMAN PAUKEN: Okay. Any questions?

12 COMM. CONGLETON: No questions.

13 COMM. ALCANTAR: No questions.

14 CHAIRMAN PAUKEN: All right. Thank you,
15 Mr. McCarty.

16 AGENDA ITEM NO. 17

17 CHAIRMAN PAUKEN: Mr. Temple, do you
18 have anything to report in terms of administrative
19 matters or other issues?

20 MR. TEMPLE: I don't believe. I think
21 everything was covered today.

22 AGENDA ITEM NO. 20

23 CHAIRMAN PAUKEN: Okay. Is there a
24 motion to adjourn?

25 COMM. CONGLETON: So made.

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COMM. ALCANTAR: Second.

CHAIRMAN PAUKEN: It's unanimous.

(Meeting adjourned: 9:54 a.m.)

1 C E R T I F I C A T E

2 STATE OF TEXAS)
3 COUNTY OF TRAVIS)

4

5 I, JANIS SIMON, a Certified Shorthand
6 Reporter in and for the State of Texas, do hereby
7 certify that the above-mentioned matter occurred as
8 hereinbefore set out.

9 I FURTHER CERTIFY THAT the proceedings
10 of such were reported by me or under my supervision,
11 later reduced to typewritten form under my supervision
12 and control and that the foregoing pages are a full,
13 true, and correct transcription of the original notes.

14 IN WITNESS WHEREOF, I have hereunto set my
15 hand and seal this day of , 2010.

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22 JANIS SIMON
23 Certified Shorthand Reporter
24 CSR No. 7076 - Expires 12/31/11
25 Firm Registration No. 276
Kennedy Reporting Service, Inc.
1801 Lavaca Street, Suite 115
Austin, Texas 78701