TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PERFORMANCE MEASURES)
FOR THE TEXAS)
WORKFORCE COMMISSION)

COMMISSION MEETING

TUESDAY, APRIL 26, 2011

BE IT REMEMBERED THAT at 1:30 p.m., Tuesday, the 26th day of April, 2011, the above-entitled matters came on for hearing at the Texas Workforce Commission, TWC Building, 101 East 15th Street, Room 244, Austin, Texas, before TOM PAUKEN, RONALD G. CONGLETON, and ANDRES ALCANTAR, COMMISSIONERS, and LARRY TEMPLE, EXECUTIVE DIRECTOR, of the Texas Workforce Commission; and the following proceedings were reported by Lydia L. Edwards, a Certified Shorthand Reporter of:

APPEARANCES

TEXAS WORKFORCE COMMISSIONERS:
Tom Pauken, Chairman
Andres Alcantar
Ronald G. Congleton

TEXAS WORKFORCE COMMISSION STAFF:
Larry E. Temple, Executive Director
H. E. (Gene) Crump, Jr., Deputy Executive Director
LaSha Lenzy, Director of UI and Regulation
Tom McCarty, Director of External Relations
Jonathan Babiak, Director of Civil Rights Division
Richard C. Froeschle, Deputy Director of LMCI
Randy Townsend, Chief Financial Officer
Larry Jones, Director of Workforce Development
Adam Leonard, Performance Analysis and Reporting

REPORTER'S CERTIFICATE 34

P R O C E E D I N G S

TUESDAY, APRIL 26, 2011

(1:30 p.m.)

CHAIRMAN PAUKEN: Okay. Good afternoon. Mr. Temple, I assume we begin with Rich Froeschle?

01:30PM

MR. TEMPLE: Yes, sir. Start with Rich.

CHAIRMAN PAUKEN: Okay.

MR. TEMPLE: And he will explain his tutorial.

01:30PM

CHAIRMAN PAUKEN: Tutorial here? Okay. Let's see. Mine has got little -- I don't know who did the stapling on mine.

MR. FROESCHLE: That I cannot vouch for. Mr. Chairman, Commissioners, Ladies and Gentlemen. I'm Rick Froeschle with the Labor Market and Current Information Department. In commemoration of Gene's last performance briefing, I wanted to make sure I had a visual to leave him with, and that is that essentially while the economy still has some headwinds associated with that, what I'll get to a little later on, I think that now is the time to pronounce that things are a whole lot healthier than they have been.

01:30PM

01:30PM

So if you look at this little graphic here, the guy on the left was at the bottom of the well. The water was rising up to his chin. His pockets were

01:30PM

empty, and life looked pretty bad. And that was 2009, and almost the entirety of the employment impact of the recession happened in 2009. And the guy at the right is still in the well, and let me be clear. He's still in the well, but he's sitting up on top of the well. He's looking out. He's a little uncertain of what he's looking at, but he is -- he's a whole lot happier and a whole lot more enthused than he was in the other picture. So with that graphic to set it up, let me talk a little bit about what we've seen in the last month and some of the things that we've talked about going on here in the economy.

I think the highlights for this last month, obviously the good news, the unemployment rate for March was 8.1 percent, trickled down a little bit from the 8.2 percent in -- in February, and we do continue to trend below the national rate. Total nonagricultural payroll jobs increased by 37,200 in March, also good news, and six consecutive months, month-over-month change. That's -- that's a very enthusiastic number. And, also, the 10,526,100 jobs -- payroll jobs is the highest level recorded since December, 2008. So from an employment standpoint, we have had some pretty good news here lately.

Employment highlights by industry, I just grabbed a couple obviously. Professional and business services adding almost 11,000 jobs in March was one of our leaders, and the over-the-year change has been positive, 12 consecutive months, adding 53,000 -- almost 54,000 jobs since March of last year. Leisure and hospitality gained 9,000 -- almost 10,000 positions in March. Mining and logging, mostly due to that rebound in the oil and gas sector which we've seen fairly significant, rebounded by about 43,000 jobs in -- in March over February. And the mining and logging sector has added 31,100 jobs since March of last year, representing a gross rate of 15.7 percent, obviously one of the strengths of the -- of the recent recovery.

Employment in manufacturing also added 4,000 jobs. The vast majority of that has been in durable goods and has been over the last year, has been in durable goods and mostly in agriculture construction and mining machinery equipment, high concentrations of employment growth in that sector. Durable goods by and large have added very few jobs.

CHAIRMAN PAUKEN: Say that again. Agriculture --

MR. FROESCHLE: Agriculture construction and mining machinery equipment manufacturing represented somewhere between 70 and 80 percent of all the net employment growth in manufacturing.

CHAIRMAN PAUKEN: And that would include energy related?

MR. FROESCHLE: It would definitely include energy related as well as construction -- you know, construction related equipment as well as, you know, agricultural equipment. You know, when we start talking about commodity prices and growth around the world and Texas' exports, obviously machinery -- agriculture/mining machinery are a couple of the biggest things in Texas exports.

On the next page, just a little highlight of the labor force, the employment number --

CHAIRMAN PAUKEN: Can I -- just a question on your -- the addition of the 116,000, is there any extrapolation as to whether those people are moving to Texas or population growth of people coming into the labor market from here in Texas?

MR. FROESCHLE: Okay. So being the astute chairman that you are, you'll note that there are two different numbers that we're actually looking at, all right?

CHAIRMAN PAUKEN: Let me grab my wallet.

MR. FROESCHLE: There are -- there's the 251,000 growth in payroll jobs, and then from the other -- our local unemployment statistics series, which is essentially a persons based series, you'll see that we have 116,000 jobs. You say, well, what is the difference? Well, the truth of the matter is, we really don't know. They are measuring two entirely different things, two entirely different estimating processes. Staff and I have had several conversations about what that might mean and --

CHAIRMAN PAUKEN: So we can't -- the 116,000, that's added to our overall numbers.

MR. FROESCHLE: Those are employed --

CHAIRMAN PAUKEN: One of the reasons --

MR. FROESCHLE: But those are employed persons as opposed to payroll jobs.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: So there's two things that could be going on.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: One is, you have the same person working multiple jobs --

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: -- payroll jobs. And the other thing that we believe is in there is some -- some influence of undocumented workers that don't show up in the current population survey because we don't count them. There's only -- you know, for Texas the current population survey is 5,000 households. It's not a very broad survey, and there's a lot of variation in it.

CHAIRMAN PAUKEN: Right.

01:35PM MR. FROESCHLE: And we don't count them whereas we do count much more closely and with much more accuracy the payroll job numbers. So, you know, we -- we can't say for sure what those differences. Those are the two most significant explanations of variance that

01:35PM we could identify.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: Does that make sense?

CHAIRMAN PAUKEN: Yes.

MR. FROESCHLE: All right. So what you

01:35PM see in the unemployment statistics here going forward, March, 2011, February, a month ago, and then March, 2008, essentially the unemployment rate is not moving significantly, but it's trending in the right direction. And I think what you see from this number here is the

01:35PM reason why the unemployment rate hasn't been moving significantly downward despite job growth and despite increased number of employed persons is the labor force continues to grow offsetting that employment increase.

There is lots of good news on the horizon

01:35PM here, however. Obviously initial claims and continued claims continue to trend downward. That's a very positive -- obviously a very positive trend. If you compare us to what's going on in other states, if you look at the top 20 states that -- on a year-over-year basis and a month-over-month basis, you see that Texas has led the list in terms of over-the-year job growth, adding 251,000 payroll jobs over the year and over the month that Texas also leads the nation in terms of monthly payroll job growth. So obviously if you had to ride out a recovery, this is the place you'd want to do it.

The following chart is something that BLS put together, and I just sort of snuck this in at the end because it was so compelling. It looks at the 12 largest major metropolitan areas in the country, and No. 1 and 2 on that list in terms of growth rate is Dallas and Houston. So when we start talking about Texas as a while, well, a lot of that activity is actually happening in Dallas and Houston. Now, some of us would say, oh, in this stage of recovery, we might like to see those numbers be in the three, four, five percent range, but relative to rest of the other largest -- 12 largest metropolitan areas in the -- in the country, Dallas and Houston clearly shine as -- as nexuses of growth.

01:37PM On the following chart, I mentioned a little bit about manufacturing and the manufacturing growth. This is from the Dallas -- the Dallas federal reserves manufacturing survey, and there are a couple of interesting things on this that I want to point out. One, employment continues to increase, and wages and benefits have continued to increase. The numbers that you see in the middle of the chart is the general trend, and the numbers in the parentheses next to it are the number of consecutive months that that trend has been occurring and then on the far two right columns, the percentage of respondents that see -- that see their numbers increasing in that variable and those, then, that are decreasing in that variable. So we are looking for imbalances here. Everybody that's not increasing or decreasing obviously is staying roughly the same. So there's a couple of things that stand out, obviously wages and benefits up 15 consecutive months; although, you only see a small number increasing and a small number decreasing. So most of that is -- is that middle area. And employment is up, obviously the same kind of detail.

The one thing I think I'd like you to take away from this particular chart is the raw materials cost which has been increasing for 19 consecutive months, and you see almost 64 percent of respondents that have seen their raw material costs increase. It starts talking about inflation related issues, commodity prices and starts looking at some potential headwinds --

01:38PM CHAIRMAN PAUKEN: Now, what's --

MR. FROESCHLE: -- to the ongoing recovery.

CHAIRMAN PAUKEN: Now, what's that 63.8 percent? Over how many months?

01:38PM MR. FROESCHLE: That's just -- that's just in the last month. The survey is a snapshot of respondents in that given month. So it's a snapshot in February.

CHAIRMAN PAUKEN: No, no, no. But, I

01:38PM mean, it's a 63.8 percent increase in -- oh, I see.

MR. FROESCHLE: Yeah. Of all the respondents --

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: Of all the respondents in

01:38PM the survey, 63 -- almost 64 percent said --

CHAIRMAN PAUKEN: And then nobody --

MR. FROESCHLE: -- that their raw materials costs were increasing.

CHAIRMAN PAUKEN: And nobody -- 1.2 --

01:39PM MR. FROESCHLE: 1.2 said they were decreasing.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: If you'll look at the next table, again, I'm looking for good news -- I don't look for good news; I don't look for bad news. I'm just looking at the data, and this chart again stands out as another piece of good news. If we look at all those help wanted online job postings from the Conference Board, what you see since the bottom of 2009 -- the end of 2009 is a very significant and strong upward trend in the number of online job postings. Now, you'd think with that level of online job postings, the robustness of that growth, you would see the -- sort of a downturn or tailing down of the number of unemployed persons here in the state. Clearly there are some structural unemployment issues that are influencing that. The number of -- the types of workers, the number of job postings that are in demand here don't necessarily match the current stalk of Texas employed workers. Plus, that number is influenced by the -- by the increase in the labor force and the number of people that are coming up in the labor force that are unemployed.

MR. TEMPLE: Could you clarify? The top four numbers, does that include WorkInTexas?

MR. FROESCHLE: Yes, sir, it does.

MR. TEMPLE: Okay.

MR. FROESCHLE: Yeah. They scour -- they scour all the major job boards, including WorkInTexas or the JobCentral. That includes TWC as well Monster and Craigslist and some of the rest of those. So the -- as a robust economic indicator or leading economic indicator, this job openings number, again, very nice upward pattern in that.

If you look at the following chart, which is the same -- same help wanted online job postings compared to total employment, you'll see that those two series are moving pretty much in tandem, which again tells you that the job postings that are online are also the -- are also the jobs that are leading to increases in employment. So it's not that they are not representative of the jobs. It's just not representative necessarily of the entirety of the labor force.

And to wrap up here, if we take a look at Texas employment as a whole, I've divided up the state into 16 economic sectors. Some work that came out of the same work that we did for the Governor's office relative to the economic clusters is that these are the largest sectors that you see in the Texas economy, topping this list, business/financial services, the education -- education sector, tourism, hospitality, retailers, government at the top of this list. If you look at the chart afterwards, this is the growth that we've seen in those clusters, and what you see is the education, government and biotechnology, life science and medical sectors have experienced the greatest amount of growth. Heavy and special trade construction, and business/financial services, and production support and industrial machinery have sort of lagged total job growth.

So that leads us to sort of my concluding statement, which is nobody -- no economist ever talks about good news without talking about some headwinds. And so when we start looking at where the growth has been over the last year in education and government and in health services, we're also talking about impacts of budgets on those particular sectors.

So if you look at the very last chart that I've given you, this is just one indicator of some headwinds that I think we still do see that are -- that keep that guy in the well rather than climbing his way out. One is the construction sector. Especially residential construction is a major part of the national economy and certainly a major part of the Texas economy. And so you would hope that you'd start seeing increases in building permits here towards -- towards the recovery period, and, in fact, you really do not. And so single family building permits are still at a relatively low level, and until we start seeing that turn up, that really doesn't bode particularly well for residential construction. Among the other headwinds I think we're looking at is the increases in commodity prices, especially the headline prices of food and energy. That affects Texans just as much as they do the rest of the nation.

Overall consumer sentiment is not particularly strong. So if you ask the people where the -- they think the economy is going to be in six months, they're still not overly enthusiastic.

CHAIRMAN PAUKEN: That's one of the questions I had, consumer confidence. What kind of -- yeah. What's the latest on that --

MR. FROESCHLE: The last two months of the --

CHAIRMAN PAUKEN: The University of Michigan and --

MR. FROESCHLE: The Michigan consumer -- actually the Conference Board's consumer confidence survey have printed downward, not large. But at this stage, we would have hoped that you'd start seeing those consumer sentiments trend back upwards, and we haven't seen that especially in the last --

CHAIRMAN PAUKEN: So where are they relative? Do you have any numbers on the University of Michigan survey or the Conference Board?

01:43PM

MR. FROESCHLE: I didn't look at the University of Michigan survey, only the Conference Board survey. And when you say what "numbers," you want the absolute figures?

01:43PM

CHAIRMAN PAUKEN: Percentagewise how does it relate to, say, a year ago?

MR. FROESCHLE: That's a good question. I don't want to lie to you right offhand. Let me -- yeah. Let me get it to you.

01:43PM

CHAIRMAN PAUKEN: Right offhand. Okay. That's later.

MR. FROESCHLE: I really don't remember. You'd think that I would remember every number that we see in the labor force, but that particular one slips my mind. So I think I'll pass.

01:43PM

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: But it is -- the sediment has been drifting downward ever so slightly.

CHAIRMAN PAUKEN: Drifting downward --

01:44PM

MR. FROESCHLE: Last two months.

CHAIRMAN PAUKEN: Last couple of months?

MR. FROESCHLE: Uh-huh, because it has been recovering nicely. It's drifted down the last couple of months. Let me get you the numbers offline, and you can take a look at that.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: And then last but not least, I think the biggest headwind is not unfamiliar to any of us, which is state and local government budgets and how those will impact not only government employees here at the state level, but then the ripple effects of any lost jobs that we see, not only lost jobs but total dollars taken out of that system.

CHAIRMAN PAUKEN: Now, when you have education, training and personal development and then you've got corporate headquarters, administrative and government, obviously education and government overlap. Is -- how does that break down?

MR. FROESCHLE: I actually separate those two out. But the most interesting thing that you've just said was in that corporate headquarters yada-yada government, government represents 95 percent of that number.

CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: And in the educational,

personal, training and all that, public education that we've taken out of government, okay, represents about 90 percent of that figure as well.

CHAIRMAN PAUKEN: So you really have government in those two -- the two leading growth areas from 2007 to 2010 are going to be declining?

MR. FROESCHLE: Well, certainly have some serious headwinds, yeah, absolutely. And what you've seen during the entirety of the recession here in Texas is, the vast majority -- other than the last probably six months, the vast majority of the job growth we've seen has been in government, education and health care related services. I mean, those are fairly consistent patterns. Manufacturing has done -- has done really well the last six or eight months, but we're not talking about huge numbers of jobs in the process.

CHAIRMAN PAUKEN: All right. Now, on the -- back to point -- another area that was related to the employed persons where you've got a growth, on the labor force growth, is there any breakdown as to migration from out of state in state, people that may be just coming into the labor market for the first time?

MR. FROESCHLE: No.

CHAIRMAN PAUKEN: No? Okay.

MR. FROESCHLE: I don't have those

breakouts. I do have some estimate from the current population survey. What people -- what people rotated in and out of the sample that had jobs when they were surveyed and didn't have jobs, it doesn't really answer the question that you're asking which is really the $64,000 question, is those indigenous additions to the labor force of secondary and tertiary household wage earners coming into the labor market or the people migrating into the state.

01:46PM CHAIRMAN PAUKEN: Okay.

MR. FROESCHLE: We know that there are significant numbers of both, but I can't itemize them for you.

CHAIRMAN PAUKEN: Okay. Commissioner Alcantar.

COMMISSIONER ALCANTAR: I have no questions.

MR. FROESCHLE: That completes my presentation.

01:46PM CHAIRMAN PAUKEN: Commissioner Congleton.

COMMISSIONER CONGLETON: No questions.

CHAIRMAN PAUKEN: Okay.

MR. TEMPLE: Randy.

MR. TOWNSEND: Good afternoon, Mr. Chairman, Commissioners. For the record, Randy

Townsend. Under Tab 2, there's a status on monthly legislative report. What I would -- for the second quarter. What I'd like to do -- I want to try something a little bit different this afternoon. I'm going to give you -- bring you a handout to go over. I think it would be a little bit easier to digest a bunch of numbers. So let me just take just a moment to pass this out.

Commissioners, this is still a bit of work in progress, but I think this might be a little easier for you to get -- to get through the status. The first page is this monthly legislative report summary as of February. The second page will be as of March. But let me just work with the first page. On your far left-hand side, that's going to summarize an order of percent expended by strategy where we were as of February, and it's sorted from -- after you get past that first row which is a total for all strategies, it's going to sort from high to low as far as our expenditure rate. And then for our reference point it provides you what I'm calling the upper limit, which would be 55 percent in this case. So it's 50 percent of the year plus five percentage points. And then you'll have a lower limit down towards the bottom, 45 percent, of course, 50 percent minus five percentage points. And then on your -- in your middle column, this will be the actual dollar amounts expended as of March in that same sort order as percent expended, and on the far right-hand side, that would give you the total fiscal year budget if you want to see some dollar amounts.

So in this case, your first inclination would be to take a look at perhaps the top -- the higher spending rates in this case for trade-affected workers and that strategy being the 58 percent halfway through the year. In talking with workforce staff, that's a timing issue with respect to the -- to the year. And so when we look at over the course of the historical as well as where we are here to date, there's really -- that pattern does not cause any concern. And, in fact, you can kind of see that if you flip to the second page for a moment and just look at the same information in the same format one month later when we look at the March data. It actually has starting to close a little bit. It's still a little high at 65 percent, but that's the -- you know, at 59 percent -- or 58 percent of the year completed. So we think by the end of the year that that will be fine as far as that particular strategy goes. So that would be one example.

The other example at that high end that would initially cause some concern if you were -- as far as being concerned that you would be within budget at the end of the 12-month period would be the child care/foster care families. However, that's a program that's actually administered by the Department of Family and Protective Services which is the fiscal agent. And so they provide the funding through an interagency agreement, and we, of course, give them a monthly report so they know where they stand as far as their total expenditures. So that's not something this agency has to really worry about from a -- from a management standpoint of the spending pattern.

So then the last thing that you would be focused on is the bottom part, again, on that left-hand box, the percentage expended, would be where we are maybe a little bit on the low side of our spending pattern, not anything in terms of going over the budget, but perhaps something not occurring as far as the spending levels and that sort of thing. What you can see, though, in looking at the budget for those particular strategies, those are our smaller strategies in total with the exception of skills development. However, this is why skills development is the next to the last row in this particular case, but when you flip over to March again and look at that, stills development, it actually moves up in percent expended to where it's above the yellow line. It's at about -- I had it there earlier; lost it now. But it's within -- it's between the yellow lines. It's about 55.8 percent, about midway through the page. So I thought this might be a helpful way to kind of see pretty quickly without having to look at a bunch of numbers as far as what might be outside the boundaries of where we can provide additional information and that sort of thing.

01:50PM

And I guess the last one -- and I think we talked about this in the past several times -- is our self-sufficiency. That would be one area where we would need to perhaps focus a little bit more attention in terms of our -- our spending rate on that one. But, again, that's a relatively small program for the agency in the grand scheme of things. So if that's something you have feedback on or have comments or if this is helpful might be an easier way to get through the quarterly summaries. But --

01:50PM 01:51PM

CHAIRMAN PAUKEN: Is there any rescission issues at the federal level that may impact us this fiscal year?

01:51PM

MR. TOWNSEND: As far as rescissions, I don't -- no, sir, I don't believe so. I believe in the one round of the contingency -- continued resolutions there was a proposed rescission for the dislocated

01:51PM

01:51PM

worker to the Fiscal '10 essentially funds. As far as I know when I passed the budget, that was not included. So there's no rescission issues. There's other issues in terms of what the Department of Labor decides or how it's interpreted with our WIA statewide. That could impact us in the --

CHAIRMAN PAUKEN: In terms of us losing that?

MR. TOWNSEND: Losing funding, yes, sir.

01:51PM

MR. TEMPLE: Commissioners, if this format is good, we would like to add this in your quarterly notebook as a regular chart in there. It's a good snapshot, we believe, if that's -- if that's okay with you.

01:52PM

CHAIRMAN PAUKEN: Sounds good.

MR. TOWNSEND: And that's all I have for this afternoon.

CHAIRMAN PAUKEN: Okay.

COMMISSIONER ALCANTAR: Okay. As it

01:52PM

relates to the federal budget issue, Randy, where do we stand on the statewide reserve issue?

MR. TOWNSEND: We really haven't made much progress in getting any additional clarification. My understanding is that -- I mean, the OMB and Department

01:52PM

of Labor will be working to get interpretations, but there's different -- there's different viewpoints, I guess, among Congress staff -- or congressional staffers and others. I suspect that in the first place we'll get -- some notification -- some insight will be when the Department of Labor issues their TEGL or their guidance letter that actually issues the allotments, the amounts of -- amount of funding effective for July 1st. They will have to let us know if we're supposed to allocate more than what we traditionally -- 85 percent. If we need -- in other words, if youth needs to be allocated at 95 percent, they'll have to let us know in that -- in that guidance letter. And I would think they would have to start getting that out pretty quickly because that funding is actually available as of April 1st, and some states start their youth program earlier. We start -- traditionally in Texas we start in July, but some states do start a little earlier than that. So that's my best guess of how we're going to get clarification, is in that -- I don't know.

Larry, if you have anything else to add --

MR. TEMPLE: There's still not much movement, and when we talked to DOL, they're still in the -- not in the same negotiating stages. They're just talking about getting with OMB. They've -- there's been no resolution at all on that.

COMMISSIONER ALCANTAR: So what does the legislation provide?

MR. TOWNSEND: The way it's been explained -- and it's not written down. Words on the paper do not support this -- this interpretation. But the way it's been explained is that that language would apply to the perimeter portion. In other words, all of youth would be -- would have a five percent limit on the -- on the WIA statewide. And then the adult and dislocated worker portions would have the five percent applied to the first -- usually the first quarter of funding; although, it's a little bit less the way it has worked out. So the 15 percent then would apply to funding that would count for adult and dislocated which becomes available October 1st. But, again, that's just how it's been explained. When you read the sentence or so that's actually in the legislation, it's a stretch to get there because it's actually tucked away in a paragraph that would seem like it doesn't apply at all. So unfortunately that's about the best I've been able to pick up so far. And we've had Allison trying to get some information on this. We've had the NASWA folks try to provide clarification, but that's kind of their best interpretation at this point. And, of course, as you probably know, if that is the interpretation, what I just explained there, that would make it about 10 percent total statewide versus 15 percent on that side when you do the math on it.

COMMISSIONER ALCANTAR: Okay. Thank you.

01:54PM CHAIRMAN PAUKEN: All right. Larry, what's next?

MR. TEMPLE: Adam.

MR. LEONARD: For the record, Adam Leonard, Performance Analysis and Reporting. In front 01:55PM of you is a handout updated version of the data that I generally provide to you. On the front page of it, it's got nice, pretty two color graphs on it to look at. It's entitled "Performance Observations from the February 2011 MPR," and this is basically highlighting 01:55PM some of the key things that you'll find in the data in Tab 3 and 4 in the notebook.

To start with just as an overview, our performance numbers for the year are generally looking pretty good; although, we're -- have 11 measures that 01:55PM are in -P status from an LBB perspective. Eight of those are non-key, which means that they're not typically focused on at the end of the year when the LBB does its annual grading, if you will, of the agency. And all of our DOL measures are either in a meeting or 01:56PM in positive performance status.

One of the things we're starting to see in the job seeker numbers, the total number of job seekers we're serving, is that those numbers are going down, that if you look at the last 12 months of performance and compare it to the same 12 months a year earlier, the number of job seekers served is down about 5.4 percent. Now, this is still up 12 percent from a year earlier. But this is now six months in a row that those rolling values when you're looking year over year have been going down, and the percent changes have been increasing each time. So we're seeing kind of an accelerated reduction which seems to be driven much by the fewer people walking in the door essentially every month, new people who are becoming unemployed or looking for services. So that seems to be -- we're kind of moving back towards our -- our typical workload, but we're clearly not there yet.

In terms of looking at reemployment efforts, our reemployment within 10 weeks measure, we're now 12 months in a row, that if you look at performance for that monthly cohort and compare it to the same month one year earlier, we're seeing higher performance. So the trend has been moving in the right direction on that, and we're, of course, hoping that's going to continue. Job openings that are being -- coming available in WorkInTexas for people to see both the JobCentral and the WIT job openings are the ones that are actually entered directly in our system. Both of those are up.

And on Page 2, what I've done is graphed out the number of new openings that are in WorkInTexas by month for the past several years so that you can kind of see the seasonality in the patterns. And what I think is most interesting is that if you look at the very thick, blue line that has basically three data points along the left side those are the three months from Calendar Year 2011. March in particular has got a very large jump. Now, normally from February to March you'd see an increase. You can see that in all the other years except during Calendar Year '08 when the recession was really starting to hit hard we had these increases as you went into March. But this increase that we're seeing here is probably twice the size of any other one. So we're certainly hoping that that indicates a real pickup in postings that are going to -- that would continue and that it's not just an unusual anomaly. So that's something we're going to watch and keep you apprised of.

In terms of other outcome measures under employment retention, we are missing our two underemployment rates for LBB measures, and this has everything to do with the fact that when we set those targets as part of the legislative appropriation requests back several years ago the recession hadn't really hit Texas yet. We didn't know how hard it was going to hit, and we also didn't have any data that showed how the modern workforce system in Texas functions in a down economy, that the Texas model was put into effect during a period of increasing economic activity, that we had lowering unemployment rates, and things were going very, very well. So we really didn't have anything that showed what happens when the unemployment rate is around eight percent or higher and what kind of performance we could expect. So we just basically -- we're wrong in our estimate as to what performance would be on those targets. So we're not going to meet those two this year.

But when I look out -- when I run the data prematurely for future groups to see what's likely to happen there, the numbers are trending upwards definitely, and so as that data matures, we would expect that the numbers get better still. So we seem to have bottomed out in terms of better employment and that from here on out we should be seeing it rise quarter after quarter hopefully as we continue to see improvement in hiring.

In terms of looking at board performance, we've got 20 boards that are meeting or exceeding expectations on at least 80 percent of the measures, and seven are only missing one, seven are missing two, and we actually have a board this month with -- that's missing none of their measures. So they've brought everything up into the meeting or positive status range.

When we look at the 69 instances out of 420 that -- boards that have missed their performance, 14 of those relate to the federal claim and reemployment measure, but it's worth noting that 8 of those 14 are very close. They're at 92 1/2 percent of target or better. So they're closing in on meeting, and we have hopes that as the year goes on that we may see many of those boards ultimately reach their performance target. Twenty-four of the measures are related to choice participation, and although five of the measures are instances where the boards are missing child care, what we've seen here is that -- that's their regular child care measure. What we've seen is that boards were taking advantage of the opportunity to kind of accelerate their finishing up of the ARA child care to close out those contracts, and so they moved some of the kids who otherwise would have been in regular child care for the months -- or the last couple of months into ARA child care. So really we see this as kind of a temporary situation, that as ARA now is spent down the regular child care will pick back up, and things should be generally fine.

So I'm happy to answer any questions you might have about some of the performance data.

CHAIRMAN PAUKEN: Commissioner Congleton.

COMMISSIONER CONGLETON: I have no questions.

CHAIRMAN PAUKEN: Commissioner Alcantar.

COMMISSIONER ALCANTAR: No questions.

CHAIRMAN PAUKEN: Thank you.

MR. TEMPLE: Larry.

MR. JONES: Good afternoon, Mr. Chairman, Commissioners. For the record, my name is Larry Jones with Workforce Development. I don't have much to report to you, Gentlemen. With our technical assistance efforts, we continue to emphasize claimants as a priority with our boards. So as a result of the economy and as a result of boards' efforts, we see more boards, as Adam mentioned, are meeting the claimants' measures. We take that as a positive sign. Additionally, we're emphasizing the TANF measures which is another area on the overall sheet where you'll see that a number of boards are still missing their TANF measures. So that remains a priority with us.

Additionally, as Adam mentioned, we worked a plan with our boards to take care of their ARA money and to spend out that ARA money first. That affected our performance in many of the regular PY type funding streams. So where dislocated worker, adult worker funding streams may appear to lag, it's our confidence that our boards have a good grip on that and on their expenditures and on their performance. So as well as monitoring the performance that Adam has mentioned on a monthly basis, we do monitor that, but we also monitor expenditures of all of our subrecipients. And so we feel at this -- at this point we're in pretty good shape, sir. That's -- that's the bottom line.

CHAIRMAN PAUKEN: Commissioner Alcantar.

COMMISSIONER ALCANTAR: I have no questions.

CHAIRMAN PAUKEN: Commissioner Congleton

COMMISSIONER CONGLETON: No questions.

CHAIRMAN PAUKEN: Okay. Larry.

MR. TEMPLE: This is Jonathan's first board meeting as the permanent director of Civil Rights Division. So they made him official last meeting.

CHAIRMAN PAUKEN: Congratulations to you.

MR. BABIAK: Thank you.

CHAIRMAN PAUKEN: Nothing to report?

MR. TEMPLE: Nothing else.

CHAIRMAN PAUKEN: Okay. I guess we're going to go into the working session on career education.

02:03PM

(At this time, the proceedings were adjourned at 2:03 o'clock p.m., Tuesday, April 26, 2011.)

STATE OF TEXAS)
COUNTY OF TRAVIS)

I, LYDIA L. EDWARDS, certified shorthand reporter for the State of Texas, do hereby certify that the above-captioned matter came on for hearing before the TEXAS WORKFORCE COMMISSION as hereinafter set out.

I FURTHER CERTIFY that the proceedings of said hearing were reported by me, accurately reduced to typewriting under my supervision and control, and, after being so reduced, were filed with the TEXAS WORKFORCE COMMISSION.

GIVEN UNDER MY OFFICIAL hand of office at Austin, Texas, the _____ day of May, 2011.

____
Lydia L. Edwards
Certification No. 2567
My Commission Expires 12/31/12

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JOB NO. 2011-46