

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

COMMISSION MEETING

TUESDAY, MAY 13, 2008

BE IT REMEMBERED THAT at approximately
9:00 a.m., Tuesday, the 13th day of May, 2008, 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, RON LEHMAN and RONALD G. CONGLETON,
COMMISSIONERS, and LARRY TEMPLE, EXECUTIVE DIRECTOR,
of the Texas Workforce Commission; and the following
proceedings were reported by Janis Simon, a Certified
Shorthand Reporter of:

	TABLE OF CONTENTS	PAGE
1		
2	AGENDA ITEM NO. 1	4
3	Chairman Pauken	
4	AGENDA ITEM NOS. 2, 3 & 4	4
5	AGENDA ITEM NO. 5	5
6	AGENDA ITEM NO. 6	No Action
7	AGENDA ITEM NO. 7	16
8	Randy Townsend	
9	AGENDA ITEM NOS. 8 & 9	18
10	Larry Jones	
11	AGENDA ITEM NO. 10	21
12	Juan Garcia	
13	AGENDA ITEM NO. 11	22
14	Juan Garcia	
15	AGENDA ITEM NO. 12	25
16	Reagan Miller	
17	AGENDA ITEM NO. 13	6
18	Debbie Carlson	
19	AGENDA ITEM NO. 14	30
20	Fran Carr	
21	AGENDA ITEM NO. 15	31
22	Jane Rivera	
23	AGENDA ITEM NO. 16	10
24	Diane Parker	
25	AGENDA ITEM NO. 17	34
26	Adam Leonard	
27	AGENDA ITEM NO. 18	44
28	John Fuller	
29	AGENDA ITEM NO. 19	46
30	John Fuller	
31	AGENDA ITEM NO. 20	No Action
32		

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

2 TUESDAY, MAY 13, 2008

3 (9:00 a.m.)

4 AGENDA ITEM NO. 1

5 CHAIRMAN PAUKEN: Okay. The meeting
6 will now be called to order.

7 AGENDA ITEM NO. 2

8 Discussion, Consideration and Possible
9 Action Regarding Whether to Assume Continuing
10 Jurisdiction on Unemployment Compensation Cases, Wage
11 Claim Cases, and/or Tax Liability Cases and
12 Reconsideration of Unemployment Compensation Cases,
13 Wage Claim Cases, and/or Tax Liability Cases, if Any
14 No discussion.

15 AGENDA ITEM NO. 3

16 Discussion, Consideration and Possible
17 Action Regarding Tax Liability Cases Listed on the
18 Texas Workforce Commission Docket 20

19 The Commission considered and took
20 action on all Tax Liability Cases listed on Docket 20.

21 AGENDA ITEM NO. 4

22 Discussion, Consideration and Possible
23 Action Regarding Higher Level Appeals in Wage Claim
24 Cases listed on the Texas Workforce Commission
25 Docket 20

1 with the remainder of the agenda.)

2 CHAIRMAN PAUKEN: Let's reconvene.

3 AGENDA ITEM NO. 6

4 CHAIRMAN PAUKEN: Is there any -- any
5 public comment, Mr. Moore?

6 MR. MOORE: Chairman Pauken, we do have
7 two representatives of the Board of Nursing who have
8 signed up for the Cease and Desist item on the agenda.

9 CHAIRMAN PAUKEN: Okay.

10 MR. MOORE: They're here basically as a
11 resource. I don't believe the -- the school
12 representative is here.

13 CHAIRMAN PAUKEN: Okay.

14 AGENDA ITEM NO. 13

15 CHAIRMAN PAUKEN: We're going to go
16 first to No. 13 -- is George here -- before we get to
17 16, or who is making the presentation on No. 13? It's
18 a Small Business Capitalization Funds Waiver
19 Discussion Paper.

20 MS. CARLSON: Good morning, Chairman
21 Pauken, Commissioner Lehman, Commissioner Congleton.
22 Debbie Carlson with the Workforce Division.

23 Last fall staff were asked to prepare a
24 Workforce Investment Act Waiver Request to allow the
25 use of WIA funds for -- to be used for -- to

1 capitalize small businesses. We published the
2 proposed waiver and received numerous comments, both
3 supporting the Commission's efforts to gain
4 flexibility with WIA funds and comments opposed to the
5 waiver. As you will recall, the Commission directed
6 staff to move forward in submitting the waiver request
7 to the Department of Labor.

8 DOL has requested some specific details
9 on the implementation of this waiver, even prior to
10 their issuing approval of it. As you know, in the
11 past, we've not devoted staff resources to -- to
12 developing implementation strategies until after the
13 waiver approval has been received.

14 And since the submission of the waiver,
15 the landscape in Texas has changed dramatically.
16 We've lost over \$10 million in the WIA rescission, and
17 we're going to take a 22 percent hit on next year's
18 WIA funding. As a result, we're going to have over
19 \$60 million less than what we anticipated at the time
20 we submitted this waiver request.

21 So, at this time we're seeking the
22 Commission's direction on how you would like us to
23 proceed. We can either proceed with developing
24 implementation strategies and provide that information
25 back to DOL for them to take further action. Or, if

1 it is your pleasure, we can withdraw the waiver
2 request.

3 And at this time I will be happy to
4 answer any questions you may have.

5 CHAIRMAN PAUKEN: Ms. Carlson, I'm,
6 obviously, new to the Commission. But it was -- it
7 was quite a -- a shock to me to see what we're --
8 what's being proposed here, in terms of a waiver, is
9 the authority to use up to \$5,000 for the
10 capitalization of a small business having, in the form
11 of, I assume, grants.

12 Having been in the -- with a venture
13 capital company for six years, which supported
14 start-ups in the private sector, venture capital
15 companies always take equity or -- and -- and,
16 perhaps, provide some debt. But the idea the
17 Government, A, ought to get in the business of
18 competing with the private sector and -- and see
19 the -- the thought of this -- somehow the -- spreading
20 this money around, it looks like, you know, to me
21 on -- on the face of it what -- what's going to happen
22 is people are going to say, "Hey, there's free money
23 out there. Let me go get a grant and get up to 5,000
24 to go set up a business or something," which isn't
25 going to set up much of a business anyway, but it's --

1 it's like found money.

2 And I -- I'm -- I'm a little surprised
3 that this -- you know, how this thing got developed up
4 in Washington. But I, personally, am not in favor
5 of -- of us moving forward on something like this,
6 which, A, competes with existing businesses, B, the --
7 the dollars involved are not significant and, C, can
8 just simply turn into a small grantsmanship game on
9 the folks out there saying, "Oh, I'm starting a
10 business, and I need some money."

11 So, I -- I, personally, would -- would
12 be in favor of Option 2, which is to withdraw the
13 proposed waiver request. Obviously, I wasn't involved
14 in the discussion or the debate previously.

15 But let me first ask Commissioner Lehman
16 his thoughts and then Commissioner Congleton his
17 thoughts on this matter.

18 COMM. LEHMAN: Well, my -- my
19 thoughts -- first, I'll -- I'm very pleased to hear
20 you say that, because I have not been in favor of this
21 from Day 1. I am in favor of entrepreneurism and the
22 entrepreneurial spirit of Texas. But it's not -- in
23 my view it does not serve entrepreneurs well to take
24 money that could be directed toward training the
25 workforce and inspire people to go into business

1 competing against those very employers that are trying
2 to find trained workers.

3 So, I've never been in favor of this
4 particular proposal, and I'm delighted to hear your --
5 your reaction to it. And I am in favor of withdrawing
6 the request.

7 COMM. CONGLETON: Well, I'll make no
8 comments, but I will make a motion. And I move that
9 we withdraw the proposal --

10 UNID. SPEAKER: Microphone.

11 COMM. LEHMAN: Second.

12 COMM. CONGLETON: Sorry.

13 COMM. LEHMAN: Oh.

14 COMM. CONGLETON: I move that we
15 withdraw the proposal waiver request for WIA Business
16 Capitalization.

17 CHAIRMAN PAUKEN: Okay.

18 COMM. LEHMAN: And I second that motion.

19 CHAIRMAN PAUKEN: And it is now
20 unanimous.

21 Thank you, Ms. Carlson.

22 MS. CARLSON: Thank you.

23 AGENDA ITEM NO. 16

24 CHAIRMAN PAUKEN: All right. Let's go
25 to Item 16. Now we have before us consideration and

1 discussion regarding the appeal of a decision and
2 Cease and Desist Order by the CATS Group, Inc., also
3 known as Career Advancement, a/k/a Career Advanced
4 Tutoring Service, a/k/a Career Advanced Training
5 School, a/k/a Advanced Medical Clinic and Training
6 Institute, Edlyne Charles, Director, and Joseph
7 Tucker, Vice-President, referred to collectively as
8 the CATS Group.

9 As I understand it, the CATS Group did
10 not request oral argument in its written appeal. Is
11 that correct, Ms. Parker?

12 MS. PARKER: For the record, Diane
13 Parker with the Office of the General Counsel.

14 Yes, Chairman Pauken, that's correct.
15 Although the CATS Group did timely file its written
16 appeal, they did not request oral argument on the
17 written appeal, as is provided for under Section
18 807.365(b) of the Commission's Rules.

19 CHAIRMAN PAUKEN: Do we have any
20 representative from CATS here today?

21 (No response)

22 CHAIRMAN PAUKEN: Is there anyone here
23 from that group?

24 MS. PARKER: I do not believe so, sir.
25 We do have the two resource witnesses from the Nursing

1 Board that participated in this hearing.

2 CHAIRMAN PAUKEN: All right.

3 Any comments or questions, Commissioner
4 Lehman?

5 COMM. LEHMAN: Not at this time, sir.

6 CHAIRMAN PAUKEN: Commissioner
7 Congleton.

8 COMM. CONGLETON: I have no -- no
9 questions, and I'll vote to deny the appeal and issue
10 a Cease and Desist Order immediately.

11 CHAIRMAN PAUKEN: I -- I -- I agree
12 fully. With the comments expressed, it's been very
13 distressing. There's been so many fine career schools
14 here in the state.

15 There is such a need for nurses here in
16 Texas and elsewhere. There are significant
17 initiatives going forward with this agency and the
18 Governor's Office to try to accomplish that. And it
19 is shameless, it seems to me, for -- for folks to take
20 advantage of -- of people who are not knowledgeable
21 and -- and take resources in a situation like this.

22 So, I -- I have strong concerns about a
23 business enterprise that advertises it claims to be a
24 training school for registered nurses, promising a
25 license in as little as nine months to a year, when,

1 in fact, that school is not registered as a Career
2 School and has never received approval from the Board
3 of Nursing to offer nursing courses. Such businesses
4 exploit vulnerable individuals, charging them, as I've
5 been told, between 7500 and \$10,000 for these
6 so-called nursing courses.

7 This particular so-called Career School
8 failed to obtain a certificate or an exemption,
9 despite being given repeated opportunities to do so.
10 And, accordingly, I vote that the requirements for
11 issuing a Cease and Desist Order have been met. CATS
12 Group is a Career School operating in Texas without a
13 certificate of approval or an exemption and is in
14 violation of the Act.

15 I vote to uphold the Hearing Officer's
16 granting of a request by the Career Schools and
17 Colleges Department of the Texas Workforce Commission
18 to issue a Cease and Desist Order against the CATS
19 Group, Inc., and allow this Cease and Desist Order to
20 be issued immediately.

21 MR. MOORE: Chairman Pauken, for the
22 record, John Moore, acting General Counsel, Director
23 of Regulatory Integrity Division.

24 Just to let you know what will happen
25 next, once the order is signed, the Career Schools

1 Division will confirm whether the business is still in
2 business or not, still operating. And if they are, we
3 have already been in touch with the Attorney General's
4 Office, and they will be prepared to enforce your
5 order.

6 CHAIRMAN PAUKEN: And I think
7 particularly -- and I know we're going to vote in a
8 just a second, but I -- I think, particularly, at this
9 time, as we see, you know, heightened unemployment
10 around the country and we're going to -- not going to
11 be immune from that, there's always a risk in such
12 times that people are taken advantage of. And there's
13 so many excellent Career Schools that are out there
14 and public institutions that do a good job.

15 And these fly-by-night operators, quite
16 frankly, they do significant harm. And I'm glad to
17 see our -- our staff and our representatives on top of
18 this situation. And -- and, hopefully, it will be a
19 warning to other operators along -- of -- of this ilk
20 that they're not welcome here in Texas.

21 Now we have a vote. Do we have a
22 unanimous vote on Commissioner Congleton's --

23 COMM. LEHMAN: Yes. You have my second
24 and a unanimous vote, I believe.

25 CHAIRMAN PAUKEN: Okay.

1 COMM. CONGLETON: (Nodding)

2 CHAIRMAN PAUKEN: All right --

3 MS. PARKER: Thank you.

4 CHAIRMAN PAUKEN: -- Ms. Parker.

5 MS. PARKER: Chairman, we would like
6 direction on whether the Commission wishes to issue
7 the decision in a form of a short form affirmation or
8 a long form affirmation with full findings of fact and
9 conclusions of law. I believe that latter approach
10 was taken in the IROV case.

11 CHAIRMAN PAUKEN: Okay. I think that
12 makes -- makes sense. I -- I would support the long
13 form.

14 COMM. CONGLETON: I agree.

15 COMM. LEHMAN: I'm -- I'm fine with
16 that. I mean --

17 MS. PARKER: Okay.

18 COMM. LEHMAN: -- in fact, my -- my
19 observation about this is, to me, a business has to
20 find its owners and investors -- it -- it -- it has to
21 serve them well. It also has to serve its employees,
22 and it also has to serve its customers.

23 When you shortchange your customers with
24 a series of tactics that are disreputable or -- or
25 unsupportable, I -- I even hesitate to use the term

1 "business" in cases like this. So, I find these kind
2 of things really troublesome.

3 CHAIRMAN PAUKEN: Okay.

4 All right. Thank you very much.

5 MS. PARKER: Thank you. We'll prepare
6 an order consistent with your decision today and route
7 it to your offices for signature. Thank you.

8 CHAIRMAN PAUKEN: Okay. Thank you.

9 AGENDA ITEM NO. 7

10 CHAIRMAN PAUKEN: All right.

11 Mr. Temple, our Executive Director. I guess we're
12 back on No. 7?

13 MR. TEMPLE: 7. I think we'll
14 probably -- yeah, the Trust Fund --

15 CHAIRMAN PAUKEN: Okay.

16 MR. TEMPLE: -- projections and Randy
17 Townsend.

18 CHAIRMAN PAUKEN: All right.

19 MR. TOWNSEND: Good morning,
20 Mr. Chairman, Commissioners. For the record, my name
21 is Randy Townsend, Chief Financial Officer, presenting
22 this morning the Unemployment Compensation Trust Fund
23 projection as of October 1, 2008. We've prepared
24 this -- this projection using information through May
25 7th.

1 We're estimating that the UI Trust Fund
2 balance will be 1 billion 661 million on October 1st,
3 2008. Based on that estimate, we would be 737.7
4 million above the floor on that date.

5 Just a couple observations to share with
6 you this morning. For the last six completed weeks
7 ending April 26th, our total net benefits paid
8 averaged 24.8 million per week. That was up 27
9 percent from the one-year-ago six-week average for net
10 benefits paid.

11 Initial claims averaged 13,343 for the
12 six weeks ending April 26th. That was 18 percent
13 above the one-year-ago six-week average. Those -- the
14 estimate I provided earlier does include those
15 increased (inaudible) paid in -- in initial claims
16 in -- as part of the estimated benefit payouts for
17 this -- through the April 1st date I was quoting
18 there.

19 And if you have any questions or
20 comments, I'll be happy to address those.

21 CHAIRMAN PAUKEN: Any questions,
22 Commission Lehman?

23 COMM. LEHMAN: No, I have none. Thank
24 you.

25 CHAIRMAN PAUKEN: Commissioner

1 Congleton?

2 COMM. CONGLETON: I have no questions.

3 Thank you.

4 MR. TOWNSEND: Thanks.

5 CHAIRMAN PAUKEN: Thank you.

6 AGENDA ITEM NOS. 8 & 9

7 CHAIRMAN PAUKEN: Okay. Next item?

8 MR. TEMPLE: Next, we have the deob and
9 reob, and we'll probably take these -- Larry, are we
10 going to take these together, 8 and 9 together?

11 MR. JONES: Yes, sir. If it's your
12 pleasure, Commissioners, we'll go ahead and take these
13 two items together. For the record, my name is Larry
14 Jones with the Workforce Development Division,
15 Chairman Pauken, Commissioner Lehman, Commissioner
16 Congleton.

17 I'm going to discuss with you our
18 recommendations to you for deobligation of funds for
19 the eighth month of WIA funds, and for the fifth month
20 of all other funding streams. In Workforce
21 Development we look at the funding streams in the
22 fifth, sixth, seventh and eighth month of each of
23 those funding streams.

24 So, we do find ourselves in the eighth
25 month of WIA and the fifth month for all other

1 streams. Of all of those, we have only one
2 recommendation to you for deobligation, and that will
3 be the eighth program month for WIA under the
4 Dislocated Worker funding stream.

5 I would draw your attention to Tab 8.
6 And if you turn to Page 2, gentlemen, that would show
7 you the Dislocated Worker Funds. And we have only one
8 board for which we are recommending a deobligation,
9 and that would be South Plains in the amount of
10 \$78,000.

11 This is the same board that I came to
12 you last month and recommended a deobligation. They
13 still have funds from past year, as much as \$200,000
14 yet. So, they still have ample funds to deal with any
15 dislocations that they have in that area.

16 I did personally call and discuss this
17 with the Executive Director there. And he agreed that
18 he could give those funds up for deobligation, not
19 that that's a requirement for you to deobligate funds,
20 but I think that always puts us at a certain comfort
21 level that we're doing the right thing for the workers
22 in that area if they felt that they needed those
23 funds. So, we're recommending to you a deobligation
24 of 78,000 from South Plains.

25 For the reobligation of those funds, I

1 would then ask you to turn to Tab 9 of which you have
2 only one page. That page shows you that five boards
3 requested funding, and we're recommending that two
4 boards of those five -- that is, Tarrant and South
5 East Texas, both with solid plans for services, be
6 funded. Both of these boards have high WIA Dislocated
7 Worker expenditure levels and are demonstrating an
8 existing need.

9 I asked staff to run off some additional
10 information for us. For instance, in Tarrant County
11 in the first three months of 2008 -- in fact, not even
12 the first three months, up through March 17th of
13 2008 -- there were 1638 dislocated workers in that
14 area, so quite a high number. So, they do, indeed,
15 have a demonstrated need there for these funds, and
16 that board has put together a very good plan for their
17 expenditures.

18 In South East Texas, as well as
19 experiencing significant layoffs in that area, they
20 have a very aggressive expansion plan still resulting
21 from dislocations caused by the hurricane. And they
22 continue training in that area.

23 So, the recommendation to you for the
24 reallocation would be 25,000 of that 78,000 to go to
25 Tarrant County, and \$53,751 to go to South East Texas.

1 And that would conclude my comments today,
2 Commissioners. Do you have any questions?

3 CHAIRMAN PAUKEN: Any questions,
4 Commission Lehman?

5 COMM. LEHMAN: No, I have none.

6 CHAIRMAN PAUKEN: Commissioner
7 Congleton?

8 COMM. CONGLETON: No questions.

9 CHAIRMAN PAUKEN: No question from me.

10 MR. JONES: We would ask your approval,
11 then, sir.

12 COMM. LEHMAN: I -- I move we accept
13 staff recommendations on the deobligation of funds
14 out -- outlined by Mr. Jones and the reobligation of
15 funds as outlined by Mr. Jones.

16 COMM. CONGLETON: And I'll second that
17 motion.

18 CHAIRMAN PAUKEN: And I support it.

19 MR. JONES: Thank you very much,
20 Commissioners.

21 AGENDA ITEM NO. 10

22 MR. TEMPLE: Commissioners, next, we
23 have the issue of a voluntary reduction and
24 redistribution of transportation funding, and Juan
25 Garcia will make the presentation.

1 MR. GARCIA: Good morning,
2 Commissioner -- Chairman Pauken, Commissioners,
3 Mr. Temple. Juan Garcia with Contract Management.

4 This morning we're bringing forward for
5 your approval voluntary reductions and a
6 redistribution of FY '08 -- Fiscal Year '08
7 transportation funds. The chart that you have before
8 you indicates five boards that are voluntarily
9 reducing their -- their amount of funds, and these
10 boards are the North Central Board, West Central,
11 Permian Basin, Central Texas, and Gulf Coast. These
12 boards have indicated that, due to a reduced demand
13 for services in their area, they -- they are
14 requesting to voluntarily reduce their funding.

15 At the same time, the chart indicates
16 seven boards that have requested additional
17 transportation funds, due to an increased demand. And
18 these boards are Dallas, North East, Upper Rio, Concho
19 Valley, Brazos Valley, Golden Crescent, South Texas
20 and Middle Rio. Staff recommends the approval of
21 these voluntary reductions and the redistributions as
22 noted in the chart.

23 At this point, I'll answer any questions
24 you might have.

25 CHAIRMAN PAUKEN: Questions?

1 COMM. LEHMAN: I have no questions.
2 I'll enter a motion to accept the staff
3 recommendations.

4 CHAIRMAN PAUKEN: Any questions?

5 COMM. CONGLETON: I have no questions,
6 and I'll second the motion.

7 CHAIRMAN PAUKEN: Okay. It's unanimous.

8 Thank you, Mr. Garcia.

9 MR. GARCIA: Thank you.

10 AGENDA ITEM NO. 11

11 MR. TEMPLE: Next, Commissioners, Juan
12 will brief you and ask for possible -- and ask for
13 your direction on redistribution of the Hurricane H1-B
14 High-Growth Job Training Initiative Funds.

15 MR. GARCIA: Thank you.

16 Again, for the record, Juan Garcia with
17 Contract Management.

18 This second item we have before you for
19 your approval is a voluntary reduction and a
20 redistribution of H1-B High-Growth Job Training
21 Initiative Funds. Back in 2000 -- September of 2005
22 the Texas Workforce Commission received H1-B
23 training -- High-Growth Job Training Funds from the
24 Department of Labor to train individuals affected by
25 Hurricane Katrina and Rita. The training provided is

1 related to high-growth, high-demand industries that
2 are critical to the economic recovery and rebuilding
3 of the region affected by the -- by the hurricanes.

4 The chart that you have before you
5 indicates that we only have two boards with active
6 contracts which will end in -- this June. Excuse me.
7 The Gulf Coast indicates that it is no longer seeing a
8 demand for services from -- from their target
9 population served by this grant and is voluntary --
10 asking to voluntarily reduce \$200,000 of their -- of
11 their funding.

12 On the other hand, the South East Texas
13 Board indicates a need for funds, due to present
14 demand and is asking for the additional funds. So,
15 staff is recommending an approval of the voluntary
16 reduction of 200,000 from Gulf Coast and a
17 redistribution of the same amount to the South East
18 Texas Board.

19 At this point, I'll answer any questions
20 you might have.

21 COMM. LEHMAN: Having been to South East
22 a number of times, I fully agree with supporting their
23 need. They -- they need this money and some more yet.
24 So, with -- with -- with as many job opportunities
25 are -- as there are surfacing out of the petrochem

1 initiatives down there, I fully support this
2 reallocation or -- or transfer of funds.

3 And I thank Gulf Coast for their
4 willingness to give it up.

5 COMM. CONGLETON: And I agree.

6 CHAIRMAN PAUKEN: And I agree, as well.

7 MR. GARCIA: Thank you.

8 CHAIRMAN PAUKEN: All right. Thank you,
9 Mr. Garcia.

10 Mr. Temple?

11 AGENDA ITEM NO. 12

12 MR. TEMPLE: Next, Reagan Miller for the
13 Child Care Plan --

14 MS. MILLER: Good morning, Chairman
15 Pauken, Commissioners; Reagan Miller with Workforce
16 Development.

17 As a result of the new Child Care Market
18 Rate Survey, we're bringing forward an amendment to
19 our CCDF Child Care State Plan. You may recall that
20 we're required to conduct this market rate survey,
21 which looks at the cost of providing child care across
22 the state.

23 This really is a -- the most
24 comprehensive look at what the child care market rates
25 are across Texas. Our methodology goes into a great

1 deal of detail. In essence, we conduct an individual
2 market rate survey for all 28 workforce areas, as well
3 as the state for a whole.

4 And I do want to point out that this
5 looks at the cost of care for all providers. We're
6 not just talking about looking at providers who get
7 our subsidies. We're looking at the entire child care
8 provider network.

9 Just to give you an idea of how
10 comprehensive this is, we have to look at full-time
11 care versus part-time care. We look at all three of
12 the regulated provider types. You have licensed
13 centers, you have licensed homes, and you have
14 registered homes.

15 Then, we look at all four age
16 categories: Infants, toddlers, preschool, and school
17 age. And, finally, while we get a -- the average
18 market rate, we also try to compare those in terms of
19 the 30th percentile, the 40th percentile, on up to the
20 75th, so that boards can really look at what they're
21 paying and compare it to what the market rate is for
22 their particular workforce area.

23 So, this really is a very comprehensive
24 analysis that drills very deep into what the costs of
25 care are. As we look at this, I'm going to talk about

1 the state level and not about each of the individual
2 board areas to give you an idea of what the market
3 rate survey revealed this year.

4 Overall, for 2007, the rates increased
5 by about 3.1 percent for all facility types, all age
6 groups. And to give you an idea of how this compares
7 to the market rate survey that was done the year
8 before, we saw a 6.6 percent increase the year before
9 that. So, in total over the last two years we've seen
10 close to a 10 percent increase in child care rates.

11 The -- the type of care that increased
12 the most was in licensed child care homes. On
13 average, they saw about a 6.2 percent increase.
14 Licensed child care centers and the registered child
15 care homes increased on average by about 2.6 percent.

16 This information is required to be
17 include in our State Plan. So, we're bringing this
18 forward for your -- your approval today. I also want
19 to point out that this will be very important
20 information for us to keep in mind as we prepare our
21 Legislative Appropriation Request for the next
22 legislative session, because the cost of care
23 certainly impacts our -- the affordability and how
24 many kids in care we can afford to serve so that our
25 rates keep up competitively with what the market is

1 paying.

2 And, with that, I'll be glad to answer
3 any questions that you have.

4 CHAIRMAN PAUKEN: Commissioner Lehman?

5 COMM. LEHMAN: Just one. Well, let's
6 see. We do this survey every year. Right?

7 MS. MILLER: We -- we do a -- a form of
8 this survey every year. Generally, we -- we look in
9 depth at the market rate every other year, and in
10 between we look at some particular characteristics of
11 what might be driving the cost of care to increase or
12 decrease, depending.

13 COMM. LEHMAN: Do we actually see the
14 detail of the cost drivers in the study?

15 MS. MILLER: That's actually the new
16 piece that -- that we've added to it. We used to look
17 at the cost of care every year, but we didn't know
18 what might be driving the cost of care. So, we've
19 just restructured our contract so that every other
20 year we look at the cost of care, and then on those
21 off years we dig in a little bit deeper for those cost
22 drivers that could be impacting.

23 COMM. LEHMAN: And cost drivers, like --
24 like insurance or fuel or energy or something like
25 that?

1 MS. MILLER: Precisely.

2 MR. TEMPLE: Commissioners, I would add
3 that, if you remember, the last time we sent in our
4 plan, we got -- we got a -- a -- a reprieve from the
5 feds to let us be late, because we hadn't gotten this
6 plan in, because we're the only state that drills down
7 to the -- to the local level the way we do and
8 stratify it by all these -- as well as what we're
9 adding, too. So, it's -- it's been used at the
10 regional level and at the national level as a -- as a
11 best practice, and we get a lot of phone calls from
12 other states about how we put together this survey.

13 COMM. LEHMAN: One other question:
14 Based on the results of our study and our conclusions,
15 is it accurate to say that that is representative of
16 the cost of care that everybody pays and the
17 increases, or is our population singled out in some
18 way that the average persons -- the average consumer
19 that's not subsidized by the workforce system would
20 see different rates?

21 MS. MILLER: No, the -- the -- the
22 former. It really looks at the entire system and
23 really is indicative of the market rate for all child
24 care for anyone purchasing care.

25 COMM. LEHMAN: Okay. Thank you.

1 That -- that's all I had.

2 CHAIRMAN PAUKEN: Commissioner
3 Congleton?

4 COMM. CONGLETON: I think you've
5 answered all of my questions.

6 CHAIRMAN PAUKEN: Good presentation,
7 Ms. Miller.

8 MS. MILLER: And, with that, I assume we
9 have your approval to submit the plan?

10 COMM. CONGLETON: I move that --
11 (Simultaneous discussion)

12 COMM. LEHMAN: So move --

13 COMM. CONGLETON: Yeah, so moved.

14 Second.

15 CHAIRMAN PAUKEN: Unanimous. Thank you.

16 MS. MILLER: Thank you.

17 AGENDA ITEM NO. 14

18 CHAIRMAN PAUKEN: Okay. We've handled
19 No. 13. We're on to No. 14, the Internal Audit
20 Charter, Texas Workforce Commission.

21 Hello, Ms. Carr.

22 (Brief pause)

23 MS. CARR: Good morning, Commissioners,
24 Mr. Temple. I'm Fran Carr, Chief Audit Executive for
25 the Texas Workforce Commission.

1 Every time we have a change in the
2 Commission, the Executive Director position or the
3 Chief Audit Executive position, we must present our
4 Audit Charter for approval so that all parties that
5 are involved in approving it are up to date. So,
6 today I have before you a copy of the revised charter
7 with all the parties involved, and I'm asking for your
8 approval.

9 CHAIRMAN PAUKEN: Okay. Any discussion?

10 COMM. LEHMAN: I have none. I have --
11 my -- my questions answered previously.

12 COMM. CONGLETON: As have I, and I move
13 that we adopt the Internal Audit Charter as presented
14 by staff.

15 COMM. LEHMAN: Second.

16 CHAIRMAN PAUKEN: Unanimous.

17 Thank you, Ms. Carr.

18 MS. CARR: Thank you.

19 AGENDA ITEM NO. 15

20 CHAIRMAN PAUKEN: All right. No. 15.

21 MR. TEMPLE: Oh, okay. Yes. Our HUB
22 report, and Jane. It's either you or Cindy. Let's
23 see who is going to --

24 MS. RIVERA: Good morning, Chairman
25 Pauken, Commissioners Lehman and Congleton and

1 Mr. Temple. For the record, I'm Jane Rivera from the
2 HUB and Procurement -- Procurement and HUB Services.
3 I said it backwards. Sorry.

4 Today I'm reporting on the Comptroller's
5 Fiscal '08 Semi-Annual HUB Report and TWC's Program
6 Performance in the HUB, and you have the details in
7 your briefing books. Our total HUB expenditures at
8 the half-way point this year are 42.5 percent, much
9 higher than last year's total HUB expenditures of 32.4
10 percent and the highest we've ever had.

11 TWC's expenditures are significantly
12 above the 13.5 percent state average. And of the 71
13 state agencies, colleges and universities spending 5
14 million or more, TWC ranks 3rd in total HUB
15 participation rates. As I said, this is the best
16 Semi-Annual HUB Report we have ever had.

17 We've done some analysis, and we believe
18 that the improved HUB performance is due primarily to
19 the consolidation of TWC's Data Center with other
20 agency data centers into the Austin Data Center,
21 because what that has done is it has removed not only
22 HUB, but nonHUB expenditures that were all transferred
23 to the Austin Data Center. And that would be in two
24 areas where we've always had some difficulty meeting
25 our HUB participation, which is Other Services and

1 Commodities.

2 Now, we did exceed state goals in three
3 of four categories. In Special Trades we were very
4 close to the state goal of 57.2 percent, and we did
5 achieve 55.6 percent.

6 In Professional Services we far
7 exceeded. Our participation rate was 85.8 percent.

8 And in Other Services our participation
9 rate was 37.5 percent, which exceeds the state
10 averages and goals, both. And in Commodities we had a
11 rate of 42.9 percent, which far exceeds both the state
12 averages and goals.

13 Thank you for your leadership, as
14 always, and your continued support of this program.
15 And I'm available to answer any questions.

16 CHAIRMAN PAUKEN: Commission Lehman.

17 COMM. LEHMAN: Clarify for me who
18 actually sets the goals for the state.

19 MS. RIVERA: The goals for the state
20 were set in the Disparity Study of, I believe, it's
21 1998. It's very, very old.

22 And the state, under the Texas Building
23 and Procurement Commission, two years ago hired
24 another study done. That study did not go well, and
25 the determination was made with legislative

1 concurrence, I believe, to continue to use the old
2 Disparity Study until such time as TPAs, which is now
3 responsible for state purchasing in the HUB program,
4 can come up with a new revised study.

5 And I understand that they've just hired
6 someone internally so that, instead of doing a
7 contract, they'll be doing it themselves.

8 COMM. LEHMAN: Okay. No other
9 questions. Congratulations on the efforts of you and
10 your team.

11 MS. RIVERA: Thank you very much.

12 CHAIRMAN PAUKEN: Commissioner
13 Congleton.

14 COMM. CONGLETON: I'm glad to see that
15 we exceed the state average, and thank you very much.

16 MS. RIVERA: You're most welcome.

17 CHAIRMAN PAUKEN: Thank you for your
18 presentation.

19 MS. RIVERA: Thank you so much.

20 AGENDA ITEM NO. 17

21 CHAIRMAN PAUKEN: Okay. We've covered
22 No. 16. We're on to 17, discussion, consideration and
23 possibility action regarding Board Contract Year 2009
24 Performance Measures and Targets for Local Workforce
25 Development Board Areas.

1 MR. LEONARD: For the record, Adam
2 Leonard, Performance, Analysis and Reporting.

3 Before you today we are basically trying
4 to kick off the process for setting measures and
5 targets for the Board Contract Year '08 -- '09, excuse
6 me, formally contracted measures. This process starts
7 usually in May every year, and what ends up happening
8 is is we kind of break the measures into two groups.

9 The first group of measures are those
10 that have to be referenced in the WIA contracts that
11 are in effect July of each year. And then the second
12 group of measures is brought back to you-all later in
13 the summer, usually around August, and those are for
14 the remaining contracts, such as RIO and Child Care,
15 Choices, et cetera.

16 And so going through this presentation
17 I'll be dividing the measures that I'm talking about
18 into those two different groups, kind of the initial
19 WIA contracted groups and those for the rest of the
20 measures. I should mention that in this I'm here
21 basically on behalf of Workforce as kind of their
22 project lead on this that we've worked together on
23 these recommendations. We'll be working together when
24 we get board feedback on targets and bringing final
25 recommendations to you-all.

1 So, to start with on the WIA contracts,
2 we're basically suggesting that the siloed WIA
3 measures, those that are very specific only to the WIA
4 program, that we, again, go forward with the five
5 measures, the same five measures that we used in Board
6 Contract Year '08, which is the Adult Average
7 Earnings, Dislocated Worker Average Earnings, Youth
8 placement in Employment or Education, Youth Attainment
9 of Degree or Certificate and the Youth Literacy &
10 Numeracy Gains. The other four siloed measures that
11 TWC is responsible for from the Department of Labor
12 are related to Adult and Dislocated Worker Entered
13 Employment and Retention, and we think that those
14 are -- we are able to meet those goals well enough
15 without formally contracting them separately to the
16 boards.

17 As you know, this state agency is
18 responsible for many different performance measures,
19 50-plus measures, between the Legislature and the
20 Department of Labor and others that we don't directly
21 formally contract with the boards but rather try to
22 pick selectively amongst those that we think we need
23 to -- to make sure that we're hitting overall. On
24 that point there are three other measures that we're
25 proposing to reference in the WIA contracts that would

1 also be included in the remaining contracts other than
2 Child Care, and those are some of our integrated
3 common measures. So, these are measures that apply to
4 basically all programs but Child Care within the
5 workforce system.

6 They're listed at the top of Page 2 in
7 your handout. There we have the Staff-Assisted
8 Entered Employment rate, which is a system wide number
9 of -- for Entered Employment for those people who
10 received some staff assistance during their period of
11 participation with us. A Total Employment Retention
12 measure and a Total Educational Achievement measure.

13 So, really, when people tend to think
14 about our programs, those are three of the major
15 measures that we have, helping people get jobs,
16 helping people retain employment, helping people
17 improve their skill set and their credentials through
18 educational achievement. At this time we're not
19 recommending formally contracting a total system wide
20 Entered Employment number as we did in '08. We think
21 that that number at this point probably isn't
22 necessary, that the Staff-Assisted Entered Employment
23 measure alone can cover us there and that we wouldn't
24 need this one as we did in '08.

25 And before I move on to the remaining

1 measures, I thought it'd pause and see if you have any
2 questions.

3 COMM. LEHMAN: I have none.

4 COMM. CONGLETON: On the integrated --

5 MR. LEONARD: On the integrated or the
6 WIA measures on the first part.

7 COMM. CONGLETON: (Shaking head)

8 MR. LEONARD: Okay. In the second part,
9 we are recommending that we move forward with a number
10 of the measures that we did this year with a couple of
11 minor changes. For starters, we've got Claimant
12 Reemployment, Claimant Reemployment Within 10 Weeks,
13 Staff-Created Job Openings Filled, Market Share,
14 Choices Participation for the Two-Parent Families,
15 and, of course, the Average Number of Children Served
16 Per Day. Those are six measures that we would propose
17 to leave unchanged from the current year and move
18 forward for '09.

19 Where we're looking at a couple of
20 changes are first in the Choices. Instead of formally
21 contracting the All Families rate, we would propose to
22 do the Single Parent Families rate, and this is
23 because the LBB recently approved a change for us that
24 we would have the Single Parent measure, instead of
25 the All Families measures, due to the funding change

1 for the Two-Parent program.

2 What we're now recording federally for
3 Choices participation on All Families, basically only
4 Single-Parent Families. And so we would propose to
5 mirror that here with the boards.

6 For -- or the other proposed change that
7 we're looking at is with the RIO Customers Served. We
8 have not had a RIO Customer Served measure formally
9 contracted at the boards in some time. Perhaps, the
10 first year we might have had it when we transferred
11 the program out to the boards, but I'm not certain of
12 that.

13 In any case, in this year, as you know,
14 the Legislature provided an extra \$1.4 million for '08
15 and another 1.4 for '09 so that we could serve
16 approximately 10,000 additional RIO customers in each
17 of those two years. While we have seen some
18 improvement in the current year, we are not currently
19 on pace to hit the 10,000 additional that was
20 expected.

21 And so, in order to provide a little
22 additional focus and to raise the profile of this
23 population, we're proposing that we would actually
24 formally contract RIO Customers Served for the coming
25 year and would come back to you all later this summer

1 with specific recommendations on targets and such.

2 COMM. CONGLETON: On the board

3 measures --

4 CHAIRMAN PAUKEN: Go ahead.

5 COMM. CONGLETON: On the board measures,

6 I -- the Claimant Reemployment Within 10 Weeks, I

7 believe that we should only calculate reemployment

8 outcomes on claimants that have been profiled as

9 likely to exhaust. Last fall we instructed the boards

10 that, in addition to the initial orientation, that the

11 profiled claimant must receive at least one

12 staff-assisted service. By using this only profiled

13 claimants in the 10 week measures, we are sure that we

14 are truly assessing the effectiveness of our staff

15 services, and I would make that recommendation.

16 COMM. LEHMAN: I would not be in favor

17 of that recommendation, because I believe that our

18 boards have already demonstrated the capability of --

19 of addressing the claimant reemployment population of

20 those profiled and of those others who have not --

21 fall within that profiling category. And I think in

22 the -- one of the strengths of Texas right now is the

23 fact that we have accelerated the rate at which

24 employers and workers come together into productive

25 matches.

1 I think that's one of the contributors
2 to the success of the job creation machine that the
3 Texas business climate has been experiencing. So, I
4 would not be in favor of that.

5 CHAIRMAN PAUKEN: I would rather --
6 since I'm new to the Commission and this is,
7 obviously, a new issue to me, I'd rather have a chance
8 to take a look at that and then come back at a meeting
9 in the future. And once I'm briefed on that and
10 indicate my preference at that point in time.

11 MR. LEONARD: All right. Well, the
12 Claimant Reemployment Within 10 Weeks measures is not
13 part of the second group of measures that would not be
14 coming back up until much later this summer for final
15 approval. And so I think there would be plenty of
16 time for us to brief you-all on that and get some --
17 some additional input later on that, if that's all
18 right with you.

19 CHAIRMAN PAUKEN: Okay. That sounds
20 fine.

21 Is that --

22 COMM. CONGLETON: Sure.

23 (Simultaneous discussion)

24 CHAIRMAN PAUKEN: -- with my fellow
25 Commissioners? Sorry.

1 COMM. LEHMAN: May I make a further
2 comment, just a general comment?

3 Commissioners, in view of our desire to
4 discuss issues more openly and more freely, I have
5 observed and participated in the Governor's
6 Competitiveness Council studies, and those
7 recommendations are emerging later this month. But as
8 I look at these measures, not -- not at this
9 particular point in time am I proposing anything
10 specific, but I think do think that it would behoove
11 us longer term to think about -- and I've had this
12 discussion with Mr. Leonard who's insightful in his
13 own right on these things, and I appreciate that a
14 lot -- how do we take the measures that we operate the
15 system and make them more closely aligned and become
16 synergistic with the concept of competitiveness for
17 the State of Texas over the long term?

18 And so that's one of the seeds I want to
19 plant for some future discussion. And maybe not even
20 this year, because I don't believe it will be an easy
21 thing to accomplish.

22 CHAIRMAN PAUKEN: Well -- and as -- as I
23 mentioned earlier -- and, again, I'm new to the -- the
24 Commission and we have an -- with the unusual
25 situation of the Open Meetings Rule and we're only a

1 three-member Commission, I do think it would be
2 helpful for us to, moving forward, have more Work
3 Sessions where it's posted and the Commissioners can,
4 you know, bring up together issues that are of concern
5 or -- or -- or whether it's an immediate action or --
6 or a long-term strategy for this -- this agency. So,
7 I think that would be very helpful going forward
8 and -- and, hopefully, we can put -- put that in place
9 sometime beginning, perhaps, in late June and -- and
10 start doing that more regularly.

11 Again, it would be very helpful to me,
12 since it's -- it's a little difficult to communicate
13 with my fellow Commissioners under the -- the -- the
14 current law with respect to the Open -- Open Meetings
15 Act. Okay.

16 MR. LEONARD: All right.

17 Then, this morning what I was hoping to
18 get from you is your approval for the first part of
19 the measures, which are the five WIA measures listed
20 on Page 1 and the three integrated common measures
21 for -- at the top of Page 2. And we would go forth
22 and develop recommended targets to -- with the boards
23 and come back to you-all in June for your formal
24 approval on the -- again, the WIA contracted measures,
25 and we'll continue to work on proposals and ideas

1 regarding the rest of the measures for later this
2 summer.

3 CHAIRMAN PAUKEN: Okay. Is there a
4 motion?

5 COMM. CONGLETON: I move that we
6 formally contract the WIA measures to the boards as
7 specified and recommended by staff and authorized
8 negotiations on them.

9 COMM. LEHMAN: Second.

10 CHAIRMAN PAUKEN: Okay. It's unanimous.
11 Thank you, Mr. Leonard.

12 MR. LEONARD: Thank you.

13 AGENDA ITEM NO. 18

14 CHAIRMAN PAUKEN: Okay. The next issue,
15 Senior Community Service Employment Program State
16 Plan, An Overview of the Program and the State Plan.
17 Good morning, Mr. Fuller.

18 MR. FULLER: Good morning, Chairman
19 Pauken, Commission Lehman, Commissioner Congleton --

20 UNID. SPEAKER: Microphone.

21 MR. FULLER: Good morning, Chairman
22 Pauken, Commissioner Lehman, Commissioner Congleton,
23 Mr. Temple. I'm John Fuller with the Workforce
24 Development Division.

25 Staff has developed the State Plan for

1 Senior Community Service Employment Program or SCSEP.
2 This program provides on-the-job-training to
3 low-income individuals 55 years and older to assist
4 them in developing the skills to obtain unsubsidized
5 employment and become financially self-sufficient.
6 The SCSEP State Plan changed significantly in 2008
7 from an annual snapshot to a four-year strategic plan,
8 as required by the 2006 Older Americans Act.

9 To develop the State Plan TWC sought
10 input from a wide variety of stakeholders, including
11 SCSEP grantees, Local Workforce Development Boards,
12 Texas Department of Aging and Disability Services,
13 nonprofit social service agencies, business and labor
14 associations, university researchers. And we also
15 briefed Commission staff and -- and supplied a draft
16 State Plan for their review, as well.

17 The goals of the State Plan are to
18 enhance coordination and integration of the SCSEP
19 workforce system, increase awareness of the general
20 public and employers about SCSEP and the benefits of
21 hiring older workers, ensure that the training and
22 employment efforts are tied to local needs, provide
23 priority of services to those in most -- most in need,
24 particularly in rural areas, and to strengthen the
25 services to enable more SCSEP graduates to be

1 successfully placed and retained in unsubsidized jobs.

2 To be eligible for the Program Year
3 2008/2009 funding, states must submit their plans to
4 DOL by June 30th, 2008. So, with that, staff is
5 requesting Commission approval to post the Senior
6 Community Service Employment Program State Plan for
7 public comment for the period May 14, 2008 through May
8 23rd, 2008.

9 I'd be happy to answer any questions you
10 have.

11 CHAIRMAN PAUKEN: Commissioner Lehman.

12 COMM. LEHMAN: I have no questions. I
13 don't -- I -- I agree with what's being proposed.

14 CHAIRMAN PAUKEN: Commissioner
15 Congleton.

16 COMM. CONGLETON: I agree, as well.

17 CHAIRMAN PAUKEN: All right. It's
18 unanimous.

19 Thank you, Mr. Fuller.

20 MR. FULLER: Thank you.

21 AGENDA ITEM NO. 19

22 CHAIRMAN PAUKEN: Okay. Next item is
23 Board Nominees.

24 MR. FULLER: Yes, sir.

25 For the record, I'm John Fuller with the

1 Workforce Development Division.

2 Before you today for your consideration
3 are nominees from Tarrant County, Golden Crescent,
4 North Texas, Heart of Texas, Central Texas and East
5 Texas Workforce Development Boards. I'll answer any
6 questions you may have.

7 COMM. LEHMAN: I have no questions.

8 COMM. CONGLETON: I have no questions,
9 and I move that we approve the nominees of the
10 workforce areas as presented by staff.

11 COMM. LEHMAN: Second.

12 CHAIRMAN PAUKEN: It's unanimous.

13 Thank you, Mr. Fuller.

14 MR. FULLER: Thank you.

15 AGENDA ITEM NO. 20

16 CHAIRMAN PAUKEN: Okay. Let's see.

17 Mr. Lewis, no report today.

18 AGENDA ITEM NO. 21

19 CHAIRMAN PAUKEN: So, where we are? Are
20 we on 20 -- Mr. Temple?

21 MR. TEMPLE: Yes, sir.

22 We have two staff reports today,

23 Commissioners.

24 First, Dale Robertson will give you an
25 update on the BRAC Initiative that we're administering

1 with our boards.

2 Welcome back.

3 MR. ROBERTSON: Good morning,
4 Commissioners -- excuse me, Chairman Pauken,
5 Chairman -- Commissioner Lehman and Commissioner
6 Congleton, Mr. Temple. For the record, I'm Dale
7 Robertson with the Workforce Development Division.
8 I'm here today to give you a briefing on the status of
9 our base realignment and closure Commission's actions
10 in 2005 recommending realignments and closures of
11 several bases in -- in the state and around the
12 country.

13 We have identified six areas in the
14 state that are primarily impacted, either gaining or
15 losing troops as a result of BRAC. Some facilities
16 are closing. Others are gaining significantly, like
17 the Fort Bliss in Upper Rio Grande.

18 Since my last briefing, we have received
19 the modification approval from the Department of
20 Labor. This modification approval allows us to
21 provide and implement direct services in two areas in
22 the state, and that's in the Coastal Bend region for
23 the bases affected there, which is the Naval Station
24 Ingleside, and in the Upper Rio Grande area, due to
25 its growth, at Fort Bliss. And so we're able now to

1 provide direct services.

2 We have contracted with these six
3 boards, and the current amounts for Alamo, which is in
4 the San Antonio area, dealing with the growth at Fort
5 Sam, the Brooke Army Medical Center's expansion and
6 the closure of the Brooke -- Brooke -- the Air Force
7 Base facility there, \$490,600.

8 In Central Texas we have awarded for
9 Fort Hood \$298,045 and in Coastal Bend \$269,880. In
10 North Texas, 90,300. In North East Texas 206 thousand
11 and -- and -- and 1.

12 In the Upper Rio Grande we're in the
13 process of expanding their contract for a total amount
14 of \$1.6 million --

15 CHAIRMAN PAUKEN: So, the -- the Upper
16 Rio Grande will get an additional 1.6 million?

17 MR. ROBERTSON: They will get an
18 additional 1.4 million, actually.

19 CHAIRMAN PAUKEN: 1.4?

20 MR. ROBERTSON: Yes, sir.

21 CHAIRMAN PAUKEN: All right.

22 MR. ROBERTSON: We have -- and to put
23 that in a little bit of a context, we have
24 approximately \$4.7 million available from the
25 Department of Labor through a National Emergency

1 Grant, and this distribution is of those --

2 CHAIRMAN PAUKEN: Now, what -- the North
3 Texas grants, what are -- what base closures or -- are
4 affected up there in that area, North and North East?

5 MR. ROBERTSON: North -- North Texas,
6 where Sheppard Air Force Base --

7 CHAIRMAN PAUKEN: Oh, sure, Wichita
8 Falls. Okay.

9 MR. ROBERTSON: -- yeah. So, actually,
10 the training, medical training is moving to Brooke
11 Army Medical Center in San Antonio.

12 CHAIRMAN PAUKEN: All right.

13 MR. ROBERTSON: And, then, North East
14 Texas we're dealing with the Red River Army Depot,
15 which is realigning some of its functions moving to
16 Oklahoma, and they're also closing the Lone Star Army
17 Ammunition Plant.

18 CHAIRMAN PAUKEN: Okay.

19 MR. ROBERTSON: Okay.

20 So, we -- we still have a few dollars
21 left. We are expecting at this point to receive a
22 modification request from Central Texas for Fort Hood,
23 in which they will use those funds to provide
24 services, dislocated and -- to dislocated workers and
25 military families that can train for occupations that

1 are growing due to the growth in the Fort Hood area,
2 due to BRAC.

3 With that, the other programmatic
4 activities that are going on in each area, under our
5 contract, all of our areas were expected to conduct
6 impact studies and analysis on what the impact of BRAC
7 on their communities are, both in the local and the
8 regional area. And in -- and in doing so, as a result
9 of that, report that out to the larger community and
10 to get their feedback.

11 And we have held -- in -- in January,
12 January 24th, 2008, Upper Rio Grande held a very
13 successful summit in which over 300 people attended,
14 including military officials and -- at the -- at the
15 local level, as well as Department of Labor regional
16 officials who attended, as well. And we have one on
17 June 30th coming up in Central Texas.

18 Each area, again, continues to do --
19 expand on their studies and look for opportunities to
20 provide direct services. And as those come on, we
21 will be seeking approval from the Department of Labor
22 to expand those services.

23 With that, I'll conclude -- oh, one
24 other thing I'll mention that we -- D -- Department of
25 Labor has also had a BRAC Summit in -- in Tampa,

1 Florida, which was fairly well attended but lots of
2 information about what's going on the national, as
3 well as the local level.

4 With that, I'll conclude and take any
5 questions you may have.

6 CHAIRMAN PAUKEN: Commissioner Lehman.

7 COMM. LEHMAN: I don't have -- I don't
8 actually have any questions. I did have the good
9 fortune to visit with some military leaders Thursday
10 and Friday in EL Paso, and I had made it a point to
11 drive out to the Fort Bliss area and look around.

12 And, my gosh, the construction and the amount of
13 expansion that's underway out there is unbelievable.

14 So, I'm glad that you're expanding the
15 allocations of funds to them and, hopefully, we'll
16 achieve the kind of positive impact that we need to.

17 CHAIRMAN PAUKEN: Has that been
18 announced yet, the -- the expansion of the funding to
19 El Paso?

20 MR. ROBERTSON: We gave them -- we told
21 them yesterday they could say something publicly,
22 yeah, as you --

23 (Laughter)

24 MR. ROBERTSON: -- and we have given
25 them that information already --

1 CHAIRMAN PAUKEN: Okay. They just --
2 that was just yesterday that they were informed?

3 MR. ROBERTSON: They would -- they would
4 know -- they knew before, because we started their --
5 their project. But they asked -- can we say that,
6 because today there is a hearing --

7 CHAIRMAN PAUKEN: All right.

8 MR. ROBERTSON: -- in the area --

9 CHAIRMAN PAUKEN: Because there's a
10 hearing out there? So --

11 MR. ROBERTSON: Yes. Yes.

12 CHAIRMAN PAUKEN: Okay. All right.

13 Good.

14 Commissioner Congleton.

15 COMM. CONGLETON: I have no questions.

16 Thank you.

17 CHAIRMAN PAUKEN: All right.

18 Thank you very much.

19 MR. ROBERTSON: You're welcome.

20 MR. TEMPLE: And, next, Louis LeDoux and
21 Krista Jullian are going to give you an update of the
22 Survey of Organizational Excellence. It's that time
23 again.

24 (Brief pause)

25 MR. LeDOUX: Good morning, Chairman

1 Pauken, Commissioner Lehman, Commissioner Congleton
2 and Mr. Temple. For the record, I'm Louis LeDoux with
3 the Training and Development Department.

4 Today we are happy to report on the
5 results for the 2007 Survey of Organizational
6 Excellence. Now, I'd like Krista Jullian, who led the
7 project, to provide you with an overview.

8 MS. JULLIAN: Good morning. For the
9 record, my name is Krista Jullian with Training &
10 Development. As Louis mentioned, we're here today to
11 present the Survey of Organizational Excellence
12 results.

13 This is a workplace assessment survey
14 that the University of Texas conducts for us every two
15 years. So, the last time we took this was October
16 2007. Some highlights from our survey, a little bit
17 over 7,000 surveys were distributed to the Texas
18 Workforce Solutions employees. All 28 board areas
19 participated in the survey to some level, and all TWC
20 employees were sent the survey. And we had a 64
21 percent response rate.

22 Now, this survey has 86 questions. We
23 aren't going to look at questions in specific today.
24 It's your lucky day. We're going to look at the 20
25 constructs, workplace constructs that these questions

1 roll into.

2 And just as a reminder, the workplace
3 constructs have a -- 100 would be the lowest score
4 that is -- a construct can score. 500 is the highest.
5 Anything above 300 is considered a positive issue.

6 So, looking at the Texas Workforce
7 Solutions, here we're looking at the points that the
8 survey constructs have changed from 2005 to 2007.
9 You'll see a list of the 20 constructs, and you'll see
10 that they fall into five different workplace
11 dimensions. You'll see that on the left.

12 On the right you're seeing that Fair Pay
13 is the only construct that decreased by two points,
14 and the largest increaser was Employment Development,
15 which has to do with training opportunities. Looking
16 at four constructs in specific -- and we're looking at
17 a rather long-term trend here, from 2001, 2003, 2005
18 and 2007. Blue is 2001 all the way through purple is
19 2007.

20 Employment Development was our largest
21 increaser from 2005 to 2007. Fair Pay is always our
22 lowest construct score, and quality and strategic
23 orientation were our top two scores tying at 386
24 points for 2007. So, we were looking at the Texas
25 Workforce Solutions as a whole, and now we're going to

1 move to looking at some of the Texas Workforce
2 Commission scores and some of the board area scores.

3 And for this survey, we define Texas
4 Workforce Commission employees as all TWC employees,
5 except for the TWC employees that work in Workforce
6 Centers. Those employees are captured in the board
7 area scores. So, looking at TWC, the Texas Workforce
8 Commission scores, we're looking at those in blue on
9 this graph and similar sized agencies that
10 participated in this survey in the orange.

11 You'll notice that 14 of the 20
12 constructs, we scored a little higher than similar
13 sized agencies. That's defined as agencies that have
14 1,001 to 10,000 employees.

15 Now, we're looking at the Texas
16 Workforce Commission scores over time. We're looking
17 at 2005 TWC scores in the blue stripes, and we're
18 looking at 2007 scores in the dark red. You'll notice
19 that -- remember, the 300 point threshold is
20 considered a positive or a strength if it's 300 or
21 over.

22 All of our scores for 2007 are over 300,
23 except for Fair Pay, and three of our scores have
24 decreased over time. Two of those were very minimal
25 decreasers: Diversity -- and these are listed

1 alphabetically on the bottom -- Diversity was by 1
2 point a decrease and Physical Environment was a 1
3 point decrease.

4 Fair Pay was a 10 point decrease. We
5 had 11 different constructs that increased over time,
6 Benefits being our biggest increaser with a 6 point
7 increase.

8 Now, we're going to look at a similar
9 graph but for the board areas. So, this is a board
10 area graph over time. We're looking at the blue and
11 white stripes, our 2007 board area scores and -- I'm
12 sorry, 2005 board area scores. And the dark red are
13 2007 board area scores.

14 Here you'll see that 19 of the 20 board
15 area constructs went up over time, and Employment
16 Development was their biggest increaser by 11 points.
17 The only construct that decreased was Benefits for the
18 board areas.

19 The last graph that we're going to look
20 at is a 2007 comparison of 2007 board area scores in
21 the blue and white stripes and TWC 2007 scores in the
22 dark red.

23 And the last thing we're going to
24 present today is our Communication Plan for the Survey
25 of Organizational Excellence. We are going to

1 disseminate the survey results to the board areas, the
2 28 board areas. We're going to brief the executive
3 team on their specific division results, and we'll
4 communicate these results to TWC employees through a
5 CHAPS e-mail.

6 That concludes our presentation.

7 MR. LeDOUX: And -- and I'd like to
8 thank Krista Jullian and Michael Wilger, who
9 coordinated the survey on our end, and also thank all
10 those who participated in the survey, the 28 boards
11 and the local coordinators who helped -- helped us
12 with the logistics. With that, we'll be happy to
13 answer any questions you may have.

14 CHAIRMAN PAUKEN: Commissioner Lehman.

15 COMM. LEHMAN: I -- I -- I prefer, I
16 think, to digest this just a little bit, but I -- I
17 see four things that jump out at me. And that is,
18 Supervisor Effectiveness, Team Effectiveness, Change
19 Orientation and Fair Pay as the four lowest scoring
20 areas in both TWC and the work board -- the workforce
21 board areas. And I guess I would love to have some
22 more discussion about those -- three of those.

23 This Change Orientation, to me, I don't
24 know what that says, but I -- but it does suggest to
25 me that the fact that it's low in relation to many of

1 the other categories tells me that further
2 understanding would be wise.

3 MR. LeDOUX: Yes, sir. We'd -- we have
4 an executive summary and a more comprehensive data
5 report. We could get both of those to you and be
6 happy to stop by --

7 COMM. LEHMAN: I would -- I would like
8 to see the summary at a minimum. Thank you.

9 CHAIRMAN PAUKEN: Commissioner
10 Congleton.

11 COMM. CONGLETON: I have no questions
12 and very good report. Thank you very much.

13 CHAIRMAN PAUKEN: Okay. Thank you.

14 MR. LeDOUX: Thank you.

15 CHAIRMAN PAUKEN: All right.

16 MR. TEMPLE: Commissioners, that --
17 Commissioners, that concludes the staff reports.

18 AGENDA ITEM NO. 22

19 CHAIRMAN PAUKEN: Okay. This brings us
20 to Agenda Item 22. We're now going into Executive
21 Session pursuant to Government Code 551.071(1)
22 contemplated litigation or the pending litigation of
23 Edwin Kunz, Stephen Tompkins and Belinda Lane versus
24 the State of Texas, Albert Hawkins, in his official
25 capacity, Larry Temple, in his official capacity,

1 Brian Rawson, in his official capacity, Oracle USA,
2 Inc. and Oracle Corporation.

3 So, we'll take a few minutes while --
4 take a brief break while we're moving into Executive
5 Session.

6 (Executive Session: 10:22 a.m. to
7 10:52 a.m.)

8 CHAIRMAN PAUKEN: Okay. We're back in
9 session. It is 10:52, and we have returned from
10 Executive Session.

11 Is there anything else to come before us
12 today, Commission Lehman?

13 COMM. LEHMAN: I have nothing.

14 CHAIRMAN PAUKEN: Commissioner
15 Congleton?

16 COMM. CONGLETON: And I have nothing
17 either.

18 CHAIRMAN PAUKEN: And I have nothing.
19 If there is no -- I -- I -- let me mention one other
20 thing very -- very briefly.

21 I discussed this with our Executive
22 Director and briefly have talked about this with my
23 fellow Commissioners, but there was an interesting
24 article in a major business publication on the
25 problems that -- the growing unemployment among males

1 in American society and, particularly, focused on
2 construction and manufacturing. Obviously,
3 construction is affected by the housing downturn, but
4 manufacturing has been an ongoing, longstanding
5 problem, in terms of decline.

6 It would seem to me that it's
7 appropriate, particularly with what the Governor's
8 Office is doing with us in conjunction with the -- the
9 economic development, public/private partners as
10 they're trying to bring jobs successfully to Texas
11 that we take a look at the whole issue of, you know,
12 what would be good public policy to address the issue
13 of our loss of manufacturing base, which is not only
14 which loses good jobs here in the U.S. but also causes
15 us potential problems on the national security front
16 down the road. In addition, we have a situation,
17 which I think is -- I think it was Boone Pickens who
18 said half a trillion dollars a year is lost because of
19 our dependence on energy from outside the U.S.

20 And, again, Doug Ridge, the folks here,
21 the folks in the Governor's Office, have really
22 developed some interesting and positive ideas, energy
23 clusters, alternative energy forces that, again,
24 address an issue and -- and -- and really is -- is a
25 component to this overall trade deficit. And I

1 would -- I hope we might be able to consider, perhaps,
2 in January, early next year after we get through with
3 the Annual Conference in December, putting on a
4 conference to address some of these issues
5 strategically, because I think Texas is taking the
6 lead in many fronts. But there's some national policy
7 issues which have to be addressed in -- in order to --
8 you know, to do something on a manufacturing base
9 right now, because right now you have tax policy which
10 discourages savings and investment in the U.S. on the
11 business side and encouraging leveraging up companies
12 with -- loading them up with debt, and that's just one
13 of the issues.

14 So, I wanted to bring that up, and
15 perhaps in a Work Session we can talk about it and
16 then bring it up as a -- in -- in the next few weeks,
17 in terms of a conference here in Austin in -- in
18 January that would involve business, labor, you know,
19 national leaders, as well as state leaders who are
20 concerned about, you know, what's happening on this
21 front.

22 Any comment, Commissioners?

23 COMM. LEHMAN: Actually, I don't -- I
24 don't -- I don't know if the timing -- I'm not quite
25 sure the January timeframe, whether that is -- I'm not

1 sure what your rationale for that is, and so I don't
2 have an opinion about the timing, per se. But the
3 concept of having the discussion, I think, is a -- is
4 a well-warranted discussion.

5 The workforce system has done a lot of
6 great things for manufacturing over the years, but I
7 know that manufacturing as an industry is very
8 concerned about the -- the rising cost of energy.
9 That has displaced the cost of insurance as the number
10 one concern of the manufacturing industry.

11 You mentioned tax policy. That's
12 certainly a consideration. And, frankly, the image of
13 the industry is -- has changed so much over the years
14 that the typical citizen on the street does not really
15 recognize that manufacturing is very, very high tech
16 and mostly a very clean industry that empowers its
17 people, much more so than most people think.

18 Most people still regard the industry as
19 dirty, sweaty, dangerous and uninspiring, and that's
20 way, way, way not accurate anymore. So, the whole
21 concept of how do we enhance the image of the industry
22 and build on as a strength in Texas, I think is a very
23 powerful reason to have a conference. So, I'd be very
24 much in favor of it.

25 CHAIRMAN PAUKEN: Commissioner

1 Congleton.

2 COMM. CONGLETON: I have many thoughts
3 on this, that -- that the cost of -- of all -- all
4 that you mentioned, the hunt for cheap labor, the
5 excess want of profits has created a -- a nation that
6 doesn't make anything, which won't survive very long.
7 So, as soon as we can get it, I'd be glad to
8 participate it in.

9 CHAIRMAN PAUKEN: Okay.

10 Mr. Temple, I know we visited briefly
11 about it. Your thoughts --

12 MR. TEMPLE: I'll -- I'll book a room
13 tomorrow (laughter) and get y'all ready to go. Yeah,
14 we've got staff looking at availability and size and
15 that sort of deal for the first couple of weeks in
16 January.

17 Of course, we've got the session coming
18 in during that time, but that -- in the beginning it's
19 organizational meetings. It's a little less hectic
20 then, so it would lend to the schedule. And,
21 obviously, between our Annual Conference and Christmas
22 is a real hard time to do it.

23 CHAIRMAN PAUKEN: Sure.

24 MR. TEMPLE: So, we'll get some dates
25 and try to look around. If y'all have any ideas,

1 places or anything like that, we'll -- we'll do that,
2 as well.

3 CHAIRMAN PAUKEN: Good. Thank you very
4 much.

5 AGENDA ITEM NO. 24

6 CHAIRMAN PAUKEN: Is there a motion to
7 adjourn?

8 COMM. LEHMAN: So made.

9 COMM. CONGLETON: Second.

10 CHAIRMAN PAUKEN: Okay. Unanimous.

11 (Meeting adjourned: 10:58 a.m.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

STATE OF TEXAS)
COUNTY OF TRAVIS)

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and seal this day of 2008.

JANIS SIMON
Certified Shorthand Reporter
CSR No. 7076 - Expires 12/31/09
Firm No. 276
Kennedy Reporting Service, Inc.
1801 Lavaca Street, Suite 115
Austin, Texas 78701