

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

5 BUDGET WORK SESSION)
6 FOR THE TEXAS)
7 WORKFORCE COMMISSION)

8
9 COMMISSION WORK SESSION

10 TUESDAY, JUNE 21, 2011

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17 BE IT REMEMBERED THAT at 12:59 p.m., Tuesday,
18 the 21st day of June, 2011, the above-entitled matters
19 came on for hearing at the Texas Workforce Commission,
20 TWC Building, 101 East 15th Street, Room 244, Austin,
21 Texas, before TOM PAUKEN, RONALD G. CONGLETON, and
22 ANDRES ALCANTAR, COMMISSIONERS, and LARRY TEMPLE,
23 EXECUTIVE DIRECTOR, of the Texas Workforce Commission;
24 and the following proceedings were reported by Lydia L.
25 Edwards, a Certified Shorthand Reporter of:

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APPEARANCES

TEXAS WORKFORCE COMMISSIONERS:

Tom Pauken, Chairman
Andres Alcantar
Ronald G. Congleton

TEXAS WORKFORCE COMMISSION STAFF:

Larry E. Temple, Executive Director
LaSha Lenzy, Director of UI and Regulation
Tom McCarty, Director of External Relations
Jonathan Babiak, Director of Civil Rights Division
Reagan Miller, Workforce Development Division
Randy Townsend, Chief Financial Officer
Larry Jones, Director of Workforce Development
Adam Leonard, Performance Analysis and Reporting

REPORTER'S CERTIFICATE 36

1 CHAIRMAN PAUKEN: All right. Mr. Temple.

2 MR. TEMPLE: Yes, sir. Mr. Chairman,
3 Commissioners, before you today we have the proposed
4 operational budget based on the work session that our
5 executive team worked on the last couple of weeks and
6 Finance worked real hard on. We think that it
7 represents a strong commitment to your agenda, that we
8 can support you-all's agenda as well as I think we've
9 made some pretty good decisions of how to spread our
10 resources particularly in light of our Workforce
11 Investment Act cut. So I want to thank the executive
12 team for all their hard work. We still have some
13 fine-tuning that we'll be doing in bringing it forward
14 to you, but we need your direction in several areas,
15 particularly as it relates to board incentive awards and
16 things like that. But Randy is going to go through each
17 of the schedules, and we'll begin there.

18 MR. TOWNSEND: Thank you, Larry. Good
19 afternoon, Commissioners. And let me just make sure.
20 There's folks out there who don't have a copy. There's
21 some on this chair here if you'd like to follow along
22 with some of this.

23 Commissioners, since I had an opportunity
24 to brief each of you individually over all the detail
25 schedules, I thought I would jump to the schedules for

1 your input and provide some comments that perhaps we
2 didn't cover extensively in the individual briefs, and
3 if I've skipped over something, obviously bring me back
4 to where you would like to provide comments or input. I
5 was going to start with Schedule 3. I'm going to skip
6 over the method of finance and the strategy information
7 and point out a couple of things on our object of
8 expense -- this is the way we classify our expenditures,
9 by salaries, travel, grants, et cetera -- and just make
10 an observation.

11 On the Page 2 for out-of-state travel,
12 this is an area that Larry had brought up at the exec
13 team meeting, and we're still going to work on this some
14 more. Right now it's showing a proposed budget of three
15 hundred ninety-seven or so thousand, and the plan is to
16 come back with some recommendations to bring that down
17 significantly, maybe cut it in half. So I didn't want
18 you to think that we weren't going to take that into our
19 consideration. We just did not get around to that as we
20 put the documents together.

21 COMMISSIONER CONGLETON: That was one of
22 my three questions I had lined up for you.

23 MR. TEMPLE: Your trip to D.C.

24 COMMISSIONER CONGLETON: My trip to D.C. I
25 can do on \$50.

1 MR. TOWNSEND: Okay. Well, I wanted you
2 to be aware of that observation there. So --

3 COMMISSIONER ALCANTAR: That was one of
4 the ones I had, too, and you and I had talked about it,
5 Randy. As it relates to that, I think, you know, as a
6 goal for you guys to try to work to not exceeding the
7 '010 level would be a --

8 MR. TEMPLE: Oh, yes.

9 COMMISSIONER ALCANTAR: -- would be a good
10 idea.

11 MR. TEMPLE: Right. And we were looking
12 that or less actually.

13 COMMISSIONER ALCANTAR: Very good.

14 MR. TEMPLE: We don't have a freeze per
15 se, but we're really scrubbing everything and not
16 sending more people than we need. If it's something
17 that -- multiple programs where we need some -- one or
18 two people there, we'll do so, but we're keeping the
19 scrub, if you will, in place. So I think we're -- we're
20 on the same page there.

21 COMMISSIONER ALCANTAR: Very good. Thank
22 you.

23 MR. TOWNSEND: Commissioners, let me move
24 to Schedule 4, then, and just generally make an
25 observation, that we'll be coming around -- finance

1 staff will be coming around to your offices as well as
2 to the individual division directors, and this is where
3 Larry is talking about fine-tuning. We need to get with
4 each of you and look at a more detailed level, make sure
5 we have your FTEs, your staffing levels, your individual
6 budgets at the appropriate level. This is just a
7 highlightable summary of this schedule. So we will be
8 making that commitment to get around like we -- we do
9 each year when we go with the operating budget. So I
10 didn't want you to think that we had bypassed that step.
11 We just -- we're trying to get some information out to
12 get some early direction before we get to that step.

13 And then specifically -- let me just share
14 a few observations, and if you have comments, obviously
15 please share.

16 MR. TEMPLE: Let me make one comment,
17 Randy, on the FTEs. As you know, we've gone through the
18 FTEs that are cost-allocated to the workforce investment
19 dollars, the statewide activity dollars, and it's
20 somewhere in the neighborhood of 160, -61 FTEs
21 obviously, just very few, a hundred percent, charged to
22 that. But Workforce and -- as well as IT are working
23 together in the policies department and seeing which
24 ones of these programs can be charged more to, i.e.,
25 TANF, SNAP, child care, like that, where we've been

1 spreading it out more to where we can try to take as
2 much load off of that statewide activity dollars as we
3 possibly can. So that's some of the things that'll be
4 fine-tuned as we go -- as we do the cost allocation.
5 So --

6 MR. TOWNSEND: On Page 3 of 6 on
7 Schedule 4, I was just -- I'm sorry, Page 2 of 6;
8 apologize. On A40 of the UI Division, it's just a quick
9 observation. This is an -- I think you're familiar with
10 this actually, Commissioners, because we -- the workload
11 is continued at a higher level than anticipated when we
12 put our appropriation request together. So what we're
13 showing here is the estimated staffing needed to
14 continue to process claims to handle the appeals, and
15 it's about 65 additional FTEs over what we thought it
16 would be as we put our appropriation request together.
17 It's just one of the things that we --

18 CHAIRMAN PAUKEN: What page is that on?

19 MR. TOWNSEND: I'm sorry. It's on
20 Schedule 4, Page 2 of 6. It's the UI Division. I
21 just -- just wanted to make that quick observation. I
22 think I may have missed that in our individual
23 briefings. And that has been -- LaSha and her staff
24 have worked with Larry and actually with Gene before he
25 had left to address that -- that staffing need.

1 MR. TEMPLE: And we still have that -- we
2 still have a scheduled close of the extra center -- the
3 Alamo Center in March --

4 MS. LENZY: May.

5 MR. TEMPLE: -- May of '12. So this
6 will all -- we'll work this through attrition.

7 COMMISSIONER ALCANTAR: It'll allow us to
8 maintain our lower wait times and do more timely
9 processing of claims and calls and -- and maintain the
10 integrity of our programs.

11 MR. TEMPLE: And as you heard today on
12 our -- on the projections a year ago, the six-week
13 average, we're trending, you know, 20, 21 percent lower.
14 So it's -- it's more manageable then.

15 CHAIRMAN PAUKEN: Well -- and there's a
16 real risk of a double dip recession, and this
17 environment is so fragile with what's going on
18 nationally and internationally. And everything is
19 spiraling out of control, and all of this stuff impacts
20 it. So I think that's -- we don't want to be in a
21 situation we were in when this thing first blew up on us
22 and everybody was surprised. So that makes sense.

23 MR. TOWNSEND: Let me move to Page 3 of
24 Schedule 4 and talk -- I did have a chance to brief each
25 of you on the thinking we have with regard to our

1 employment services staff in the field. As you know,
2 Commissioners, we -- we actually had been running about
3 275, 300 additional FTEs than what the base funding
4 would allow for our employment services grant. And we
5 were fortunate enough to be able to use our UI special
6 admin, using it under the auspices of reemployment
7 services, and that's been going on for several months
8 now. We were also fortunate that we received some
9 additional UI grant funding that's one-time only, that
10 we were able to work with our -- with our LBB budget
11 analyst, and the legislature approved our funding swap
12 kind of at the last minute to free up some UI special
13 admin dollars, bottom line, about \$11.7 -- \$11.4
14 million.

15 What this proposal includes is the -- if
16 this would be the Commissioners' desire, we could
17 continue to fund -- most of the staff we have on an
18 attrition, perhaps take over and keep a lot of the staff
19 on for an additional period of time. And so what this
20 is providing for is the 100 FTEs that we had built into
21 the base for 2012, part of our appropriation request,
22 plus an additional 145. So you'd have about 245
23 additional staff on average. We're not there yet.
24 We're about 275, 280 currently. This is not our base ES
25 staff. This is our temporary staff funded with those UI

1 special admin dollars. We would need to work to put
2 some communication out to the boards as to how to -- how
3 we expect them to manage those additional resources.
4 I've been talking some with Laurie Biscoe about how we
5 would actually handle that, and we'll bring that to you
6 as part of our proposal as we -- as we make the ES
7 allocation on that services allocation for 2012. But
8 that is one area that we were looking to make sure that
9 that's generally the direction you'd want to see us
10 heading as far as that program.

11 COMMISSIONER ALCANTAR: Well, I certainly
12 support this. You know, our -- our action earlier in
13 building up and maintaining -- or reducing the amount of
14 the reduction in terms of the FTEs was premised on the
15 fact that these staff were still needed out there, and I
16 certainly believe that given the traffic going through
17 our centers that these numbers are warranted. And while
18 they all set some of the reductions, we're still through
19 attrition taking it from the 863 that we have estimated
20 for this year to the 823 that staff is now proposing
21 rather than the 620-something that we were anticipating
22 being able to finance. So I think this is really good
23 work, and I really do appreciate the amount of thought
24 that went into this.

25 COMMISSIONER CONGLETON: I agree.

1 MR. TOWNSEND: Let me move on to Page 4 of
2 the same schedule. And, Commissioner Congleton, I just
3 want to point out that we -- we'll make this correction.
4 We had missed this. Under "A79 - State Activities,"
5 under A731 of that division, "Apprenticeship Training
6 Contract," that should reflect 26,500. for 2012. And
7 we'll make that change as you noted.

8 COMMISSIONER CONGLETON: Thank you.

9 MR. TOWNSEND: On Schedule 4, I wanted to
10 point out on the bottom of Page 5 -- near the bottom of
11 Page 5 under "Agency Benefits" -- I think you probably
12 all know this. But there was -- the legislature has
13 made a decision -- this is for all agencies -- to
14 require us to pay another -- pay one percent of our
15 salaries. There's some amounts that are excluded from
16 that, but essentially one percent of our salaries, which
17 is about \$1.4 million, as additional benefits to ERS.
18 There's some details to be worked out how the transfer
19 will be made and all that, but we wanted to reflect it
20 in the budget which we've done here. And, of course, in
21 our case, most of that will be funded with our federal
22 grants for the most part since very little is in the
23 form of salaries. So it's just an FYI for you,
24 Commissioners.

25 COMMISSIONER CONGLETON: There you go.

1 MR. TOWNSEND: I did want to point out on
2 Page 6 of Schedule 4 there's an "A84 - Daily
3 Operations," two things here. One, under "A845, Daily
4 Operations," there's a total of about \$8.1 million being
5 proposed. There's a supporting schedule for that,
6 Schedule 4C. I believe I have provided you a new
7 really -- a newly reformatted version of that that tries
8 to organize that a little differently. If you'd like to
9 go over that at some point, we can. I just wanted to
10 make sure you had that information.

11 And I don't know. I think maybe,
12 Commissioner Alcantar, you did have a comment about
13 that, though.

14 COMMISSIONER ALCANTAR: I do have a
15 comment. You want to wait till we get to --

16 MR. TOWNSEND: We can wait till we get
17 there.

18 COMMISSIONER ALCANTAR: Okay.

19 MR. TOWNSEND: The other part of the daily
20 operations I wanted to point out -- this is something
21 that will be new for this year, and I think you've been
22 briefed on this maybe separately. We are moving to a
23 managed print service environment where our copiers and
24 printers and the related costs associated with that,
25 toner, for example, will be managed as a service and not

1 as buying individual printers or leasing copiers
2 separately and that sort of thing. And so what we've
3 attempted to do is, for 2012, of course, we have that as
4 a single line. That was in three separate categories,
5 you might say, in previous years. Bottom line is, it is
6 about the same amount in 2012 as we've expended in the
7 prior year. So that didn't really cost us anything in
8 terms of having to find more budget this year. And so
9 it also will help update -- keep updated our printers
10 and, of course, keep our copiers updated as well. So
11 that was just -- again just making you aware where that
12 is in our budget.

13 Let me move now to Schedule 4A. I think I
14 told you in our individual briefings that this is where
15 we were looking at staff level for some input from --
16 from the commissioners on board service awards and the
17 amounts and your direction on how we should look at
18 budgeting that for 2012. So I'll open the floor for
19 that.

20 CHAIRMAN PAUKEN: Well, I'll just very
21 briefly indicate that obviously with the cuts that we're
22 experiencing, which are significant in this arena, I
23 think it will be appropriate to take the current figure
24 and reduce it by half for 2012. So it would be a little
25 less than one million, would be my thoughts on it.

1 Commissioner Congleton.

2 COMMISSIONER CONGLETON: Well, we have to
3 do something with WIA exemplary. So I'd do \$100,000 on
4 that, cut it down by \$150,000, board services about
5 \$150,000, and performance, split it out to \$150,000,
6 \$50,000, \$50,000 for \$250,000.

7 CHAIRMAN PAUKEN: So what's your total
8 number? What do you get to? It's a little more than
9 what I'm proposing?

10 COMMISSIONER CONGLETON: No. I think it's
11 a little less than what you've got. You said about a
12 million?

13 CHAIRMAN PAUKEN: I mean, yeah, you would
14 leave in a little more for the budget. Mine basically
15 would just cut it in half, and so it would be a little
16 less than one million. So you're proposing a little bit
17 higher figure.

18 COMMISSIONER CONGLETON: No, a little
19 lower than you are, but mine are split.

20 CHAIRMAN PAUKEN: Well, I mean, I don't
21 mean cuts. It's a little higher figure than what I
22 propose. In other words, I'm proposing a figure of
23 about -- a little less than a million for everything
24 together and just sort of cut all the awards.

25 COMMISSIONER CONGLETON: Yours is less

1 than that. Okay.

2 CHAIRMAN PAUKEN: Okay. Andres, your
3 thoughts.

4 COMMISSIONER ALCANTAR: Well, I was
5 also -- I had jived some numbers. I had focused
6 primarily on adjusting the WIA amounts, but I understand
7 that we probably need to look at all the different
8 categories and --

9 CHAIRMAN PAUKEN: Yeah, because some of
10 these are very significant numbers.

11 COMMISSIONER ALCANTAR: And whether it's a
12 30 percent reduction or a 50 percent, somewhere around
13 there, I'd be, I think --

14 COMMISSIONER CONGLETON: I think -- I
15 think mine is closer to 30.

16 CHAIRMAN PAUKEN: And mine is at 50. I
17 think we can compromise. You want to split the
18 difference at 40?

19 COMMISSIONER CONGLETON: I'd say 35.

20 COMMISSIONER ALCANTAR: I say we go at 40,
21 and if it turns out that --

22 CHAIRMAN PAUKEN: We have some extra --

23 COMMISSIONER ALCANTAR: -- that we have
24 some extra flexibility in the fall, we can always adjust
25 it. But --

1 COMMISSIONER CONGLETON: That sounds --
2 that sounds good enough.

3 CHAIRMAN PAUKEN: Okay.

4 COMMISSIONER CONGLETON: That's fair.

5 COMMISSIONER ALCANTAR: Are you
6 comfortable with that?

7 MR. TEMPLE: Commissioners, we can work
8 with that and come back to you on some recommendations
9 on categorically where those would fall.

10 CHAIRMAN PAUKEN: Yeah. And a lot depends
11 on what happens --

12 MR. TEMPLE: Right.

13 CHAIRMAN PAUKEN: -- I mean, legislatively
14 up in Congress. If things change, then --

15 MR. TEMPLE: Reagan.

16 MS. MILLER: We just want to clarify. Is
17 that a 60 percent reduction or a 40 percent reduction?

18 CHAIRMAN PAUKEN: Oh, no, no, no. We're
19 talking about a 40 percent reduction.

20 MS. MILLER: So 60 percent of the
21 original.

22 CHAIRMAN PAUKEN: Yeah.

23 MR. TEMPLE: And we'll work on kind of how
24 the splits are.

25 COMMISSIONER CONGLETON: Mine was the 60

1 percent reduction. Theirs was 40. They swapped it on
2 me.

3 CHAIRMAN PAUKEN: No, no, no. Wait a
4 minute. I'm confused. Are you talking about --

5 COMMISSIONER CONGLETON: You said you were
6 at 50.

7 CHAIRMAN PAUKEN: Yeah, percent. And you
8 want to reduce it more than that?

9 COMMISSIONER CONGLETON: I said reduce it
10 down to 30 percent. He said let's make it 40.

11 CHAIRMAN PAUKEN: Oh, okay. Just a
12 minute. There's some confusion.

13 COMMISSIONER ALCANTAR: I wanted to reduce
14 it between 30 and 50 percent.

15 CHAIRMAN PAUKEN: And you want to reduce
16 it by 60 percent.

17 COMMISSIONER CONGLETON: Yeah.

18 CHAIRMAN PAUKEN: And I want to reduce it
19 by 50 percent, so 50 percent sort of as the mean.

20 COMMISSIONER ALCANTAR: Yeah. Let's do
21 it --

22 COMMISSIONER CONGLETON: Whatever.

23 MR. TEMPLE: Okay. I thought I
24 misunderstood. I -- 50 percent. Okay.

25 CHAIRMAN PAUKEN: 50 percent.

1 COMMISSIONER ALCANTAR: 50 percent. And
2 then we'll revisit it if the flexibility is available
3 later on.

4 CHAIRMAN PAUKEN: Okay.

5 COMMISSIONER CONGLETON: I've got a
6 schedule. You can come by my office.

7 CHAIRMAN PAUKEN: We're all sort of like
8 the Three Stooges today. It's 30, 40, 50, 60.

9 COMMISSIONER ALCANTAR: We all heard the
10 same thing at different levels.

11 MR. TOWNSEND: I was going to move to
12 Schedule 4B.

13 CHAIRMAN PAUKEN: You are not going to
14 comment on that. Okay.

15 MR. TOWNSEND: 4B, statewide initiatives,
16 I have a few observations for you, and then I wanted to
17 solicit any comments you might have. I'm looking at
18 Page 3 of 5, and you will see a recap at the very end of
19 where we stand with respect to the Workforce Investment
20 Act. But for commission reserve for WIA -- this is
21 again the statewide listing of initiatives. And let me
22 just remind you, Commissioners, that this reflects what
23 you had previously approved as you put together the
24 appropriation request for 2012 and '13. What this does
25 not include, though, is maintaining a commission reserve

1 in the proposed amounts. Now, obviously if you decide
2 differently, you can add that back in -- some of that
3 back in or all of it, whatever you decide. But to get
4 down to the 14 million that we're currently at
5 budgetwise for Workforce Investment Act and we've had
6 about 8 million available, it would take eliminating
7 commission reserve and all the other things that we've
8 done. I still haven't touched on everything yet, but I
9 do want to point out there would be no WIA commission
10 reserve under this assumption. There would be --
11 however, on Page 4 of 5, there would be some TANF
12 reserve balance to work with, just under 8 million.

13 The last thing I want to point out on this
14 schedule is at the very bottom of Page 4 for child care.
15 Unfortunately we've had a fairly significant change in
16 our matching rate. It's called the FMAP rate, and
17 it's -- it used to be when you did the calculation it
18 was over -- about \$2.10 for every local dollars -- state
19 dollars put in. It's now about \$1.90 roughly when you
20 do the FMAP rate. What that means is, either we've got
21 to come up with more local dollars -- there's no more
22 state dollars to come up with -- to match the same
23 amount of federal funds or you'd have to make some
24 reductions somewhere in that.

25 Also, the point is that we had asked the

1 boards already in the planning estimates to be able to
2 allocate the amount that we have as a planning estimate.
3 You'd need -- the boards would need to raise 27 million,
4 and that's in addition to the 42 million in state funds.
5 To raise the same amount of money, you would have to
6 bump that significantly. And so the thought was, rather
7 than doing that, we had in our budget about 4.8 million
8 in discretionary -- all 100 percent federal funds that
9 could be inserted in place of these federal match
10 dollars, not require the boards to come up with any more
11 additional funding at the local level for match because
12 it's probably going to be pretty tight with the economic
13 situation and et cetera. It would maintain the
14 allocations.

15 What it would also mean, then, if that
16 decision is acceptable, is that there would be about
17 14 million of federal match dollars if we could find 7
18 million locally. And so the thought there is, you know,
19 could quality -- could that be done with quality
20 initiatives and that sort of thing. And staff can work
21 out some detailed recommendations and that sort of thing
22 around that and then if there are comments or other
23 direction.

24 CHAIRMAN PAUKEN: Commissioner Alcantar.

25 COMMISSIONER ALCANTAR: I have a couple of

1 items, Chairman. If we look at the amounts on Page 4
2 of 5, "Commission Reserve," that 7.9, what I'd like to
3 ask us to consider is, turning the page back to Page 3
4 of 5, we have Items 75002 and 75003 for foster youth.
5 And as we all understand -- we all understand the issues
6 that these foster youth face as a transition out of care
7 more likely to be homeless, more likely to be
8 unemployed, more likely to not have the skills to
9 compete, more likely to be incarcerated than -- than
10 other youth their age.

11 CHAIRMAN PAUKEN: Right.

12 COMMISSIONER ALCANTAR: And I know you've
13 spoken to it, and I know that Commissioner Congleton has
14 also been out and visited these operations that we
15 support. What I'd like for us to consider doing is
16 using some of that -- some of those amounts from TANF to
17 expand the amount of foster youth served through these
18 transition centers by adding some additional centers
19 that can receive financing under this initiative. And
20 I'd propose an additional \$900,000, basically --

21 CHAIRMAN PAUKEN: Would that include, for
22 example, the San Antonio --

23 COMMISSIONER ALCANTAR: San Antonio, I
24 believe, has one or two centers. Is that correct,
25 Reagan?

1 CHAIRMAN PAUKEN: Well, they have -- that
2 whole area for the homeless, they deal with a lot of
3 the --

4 MR. TEMPLE: You're talking about the GI
5 Forum?

6 CHAIRMAN PAUKEN: Oh, no, no.

7 MR. TEMPLE: Oh, I'm sorry.

8 CHAIRMAN PAUKEN: I'm talking about
9 the -- oh, gosh. What am I -- the homelessness,
10 something for Hope.

11 MR. TEMPLE: Haven for Hope.

12 CHAIRMAN PAUKEN: Haven for Hope. I mean,
13 they deal with a tremendous -- they informed me that's
14 the highest percentage that come in who are homeless.

15 COMMISSIONER ALCANTAR: I am not clear if
16 the center -- if the Pal Center in San Antonio has an
17 active memorandum with Haven for Hope, but certainly we
18 could encourage those types of partnerships --

19 CHAIRMAN PAUKEN: It's a logical place
20 because they're doing really wonderful work there. And,
21 I mean, that's -- that's the No. 1 percentage of people
22 who are in those centers, are those foster kids who as
23 soon as they're 18 and the checks are no longer there
24 are kicked out of the homes.

25 COMMISSIONER ALCANTAR: We -- I certainly

1 would support looking not only at additional tradition
2 centers but also at other nonprofits such as Haven for
3 Hope --

4 CHAIRMAN PAUKEN: Yeah.

5 COMMISSIONER ALCANTAR: -- that provide
6 these services to foster youth.

7 CHAIRMAN PAUKEN: Yeah. I just want to
8 see. I -- you know, these are real social
9 entrepreneurs, and I just -- you know, there are
10 nonprofits and nonprofits, and these -- they're doing a
11 lot of very good work. So I think if we're going to do
12 something along those lines I would encourage staff to
13 take a close look at that program.

14 COMMISSIONER ALCANTAR: Chairman, I had
15 proposed an additional milling. Would you like to do a
16 different amount, greater amount or just expand
17 eligibility?

18 CHAIRMAN PAUKEN: No. That would be fine.
19 I just want to make sure it's -- you know, that it's --
20 it's useful in spend and not just, you know, taking them
21 in to -- they're really doing something with these --
22 those foster kids.

23 COMMISSIONER CONGLETON: We don't want to
24 warehouse them. We want to give them avenues to --

25 CHAIRMAN PAUKEN: That's right. That's

1 the right term. I'm just not interested in, okay, they
2 move and we hold them for three months and we put them
3 in something and get in there --

4 COMMISSIONER CONGLETON: Some kind of
5 help.

6 CHAIRMAN PAUKEN: Right. Okay.

7 MR. TEMPLE: We'll look at that, develop a
8 strategy for getting the money out and eligible
9 participants and expansion of existing and bring all
10 that to you and brief you-all.

11 COMMISSIONER ALCANTAR: So the proposal is
12 to combine the two and expand the foster youth
13 initiative by adding another million dollars to the
14 amount already represented on this page.

15 While we're on foster youth, one of the
16 things that happened in our visit to Houston, Reagan
17 with me -- and, Larry, you joined in that one, too,
18 right?

19 MR. TEMPLE: Yes.

20 COMMISSIONER ALCANTAR: We engaged in a
21 discussion with the individuals there at the Hays Center
22 in Houston to explore whether or not as we transition
23 these youth beyond their current situation to the next
24 one whether or not we could work with business and the
25 local college to take advantage of our self-sufficiency

1 fund which is our skills fund funded with TANF. Could
2 you update us on the progress of that work?

3 MR. TEMPLE: We worked with -- we've got
4 that one in place.

5 MS. MILLER: We have a proposal in-house
6 from the Hays Center in Houston. We're working with the
7 Pride Center in El Paso on their application. And we
8 have three other site visits scheduled with three foster
9 centers in the next probably two to three weeks.

10 COMMISSIONER CONGLETON: And these are
11 people coming out of foster care?

12 MS. MILLER: Correct.

13 COMMISSIONER CONGLETON: Okay.

14 MS. MILLER: These are kids that are
15 transitioning out.

16 COMMISSIONER CONGLETON: Okay.

17 MS. MILLER: We would use self-sufficiency
18 for some job training funds pulling in some employer
19 partners --

20 COMMISSIONER CONGLETON: That's a natural
21 source of money for them.

22 COMMISSIONER ALCANTAR: And so I would
23 propose, Chairman and Commissioner Congleton, that in
24 addition to that million that we ask staff to -- as they
25 build this initiative to include a component that would

1 take advantage of some of the self-sufficiency funds
2 also to support this population.

3 MR. TOWNSEND: Okay. Great. My next one
4 is --

5 MR. TEMPLE: That would not have to come
6 out of commission reserve. We could use existing self.

7 COMMISSIONER ALCANTAR: From the
8 self-sufficiency fund.

9 MR. TEMPLE: From the self-sufficiency,
10 just for clarification.

11 COMMISSIONER ALCANTAR: Yes, whether it's
12 half a million, whatever we think that is --

13 MR. TEMPLE: Right.

14 COMMISSIONER ALCANTAR: -- reasonable
15 given the size of the population and our ability to pull
16 in employers.

17 The next one would be -- I guess the next
18 item I'd like to address is the issue of child care
19 quality. I do agree that -- with staff recommendation
20 to -- on Page 4 of 5 at the bottom, I do agree with the
21 recommendation to use the dollars that we had previously
22 designated as quality improvement dollars, that those go
23 to direct care to offset the direct care dollars that
24 are lost through the higher federal match rate. And I
25 would also endorse the notion of making available the

1 14 million dollars to local boards to -- after they
2 reach their direct care contribution levels, that if a
3 board is then able to secure an amount above and beyond
4 their share of the 27 million in local match that they
5 can use that money to access some of this 14 million
6 that needs to be drawn down anyway for the purposes of
7 quality activities and let staff develop a proposal to
8 allocate a percentage aligned with their formula
9 allotment, but leave a process that ensures that we are
10 able to draw down all of these funds.

11 CHAIRMAN PAUKEN: Commissioner Congleton.

12 COMMISSIONER CONGLETON: I just want to
13 make sure we don't have any problems with that. That's
14 feasible?

15 MS. MILLER: Yes, sir, it is. I think as
16 we look at developing a plan I think a portion of this
17 14 million might be easier to access based on some match
18 that we -- that we currently have available if we look
19 at the pre-K match. It gets pretty detailed, but I
20 think we can develop a plan that would target all of
21 this 14 million to quality activities at the board,
22 spread it out so every board gets a little bit of it.
23 And other boards that are able to overmatch can draw
24 down even more.

25 COMMISSIONER CONGLETON: Very good.

1 MR. TEMPLE: We've gone out and looked at
2 each board, what they get, how they're identifying match
3 and the pre-Ks. And not knowing right now what's going
4 to happen next year with these ISDs on their pre-Ks,
5 we're following that and tracking that and looking at it
6 so that we'll be able to adjust between now and that
7 time.

8 MS. MILLER: Yes. So we'll put together a
9 proposal and brief you.

10 COMMISSIONER ALCANTAR: That's all I have
11 on this schedule.

12 MR. TEMPLE: Okay. Randy.

13 MR. TOWNSEND: One last comment on 4B.
14 It's on Page 5 of 5. It's just an area we're still
15 working on, the disability navigator.

16 COMMISSIONER ALCANTAR: I'm sorry. I did
17 have one more --

18 COMMISSIONER CONGLETON: I -- go ahead.

19 COMMISSIONER ALCANTAR: Go ahead.

20 COMMISSIONER CONGLETON: You know there's
21 a 20 million dollar DOL grant out there, that navigator
22 thing. We need to try to get some of that money and
23 fund that because that's --

24 MR. TOWNSEND: I understood --

25 COMMISSIONER CONGLETON: What did we

1 spend, a half a million on that, half --

2 MR. TOWNSEND: It's about a million seven.

3 COMMISSIONER CONGLETON: About a million
4 seven.

5 MR. TOWNSEND: -- what we're having to
6 include in the budget right now.

7 COMMISSIONER CONGLETON: We might get
8 enough to take care of that.

9 MR. TOWNSEND: And I was aware -- well,
10 just yesterday I became aware that there is a grant that
11 we can try to go after.

12 COMMISSIONER ALCANTAR: What I was going
13 to say, Chairman, is, I know you're -- you've really
14 been highlighting our ongoing need to be competitive in
15 manufacturing. And while I'm not ready to propose
16 anything today that -- in the form of a manufacturing
17 initiative, I would ask that again if things improve in
18 terms of the current situation relative to the statewide
19 initiative dollars that we -- that we focus some money
20 on the manufacturing initiative that --

21 CHAIRMAN PAUKEN: I would agree because
22 that is -- looking at the numbers -- I don't have them
23 in front of me, but that's been the biggest area of
24 decline since the great recession even in this state.

25 COMMISSIONER ALCANTAR: I have a couple of

1 ideas.

2 CHAIRMAN PAUKEN: That and construction,
3 manufacturing and construction.

4 COMMISSIONER ALCANTAR: I have a couple of
5 ideas, but I'd like to hold off and see if we have the
6 flexibility in the fall.

7 CHAIRMAN PAUKEN: Okay.

8 MR. TOWNSEND: I was going to move to
9 Schedule 4C. This is our daily operations schedule. I
10 had given you an earlier version of that document and
11 then came back with an updated version that hopefully
12 made it a little easier to review that broke it down
13 into some broad categories of types of daily operations
14 costs that we have.

15 And I believe that -- Commissioner
16 Alcantar, I believe this is where maybe on Page 4 you
17 wanted to have a comment regarding this -- one of the
18 items here, I believe.

19 COMMISSIONER ALCANTAR: Yes. My question
20 is, as it relates to -- I focused in on the -- on Page 4
21 of 4 at the bottom on Work In Texas, the contractor
22 maintenance. I guess as it relates to that and other
23 contracts I'd really like to ask staff to take a harder
24 look at some of these in terms of the amounts or the
25 ongoing need to do it in the manner that we've been

1 doing it.

2 Do you have any thoughts on that, Larry,
3 or --

4 MR. TEMPLE: Yeah. I've met with Lisa.
5 Is Lisa here? I met with Lisa and Dee earlier before he
6 went off on vacation, looking at the need, the
7 succession plan and weaning us off of this need. So
8 they have done this over the last couple of years, and
9 this is kind of at the last end of where we're looking
10 there. So some of these, quite frankly, have been
11 long-term contractors that we haven't really done a good
12 of shadowing and succession plan. So that's what we're
13 looking at doing now. So Lisa and Dee are putting
14 together that, and we can come back and brief you about
15 kind of what their ideas are over the next year.

16 COMMISSIONER ALCANTAR: Thank you.

17 MR. TOWNSEND: I was going to wrap up my
18 part by talking briefly about Schedule 5B. This is our
19 Workforce Investment Act, statewide activities funds,
20 whatever you want to call it. I alluded to this early
21 on, that we had really made a very dedicated effort
22 trying to find ways to either adjust our cost
23 allocations that hit the Workforce Investment Act grant,
24 find programs that could be funded from other available
25 funding sources. And that's what we've done to try as

1 much as we can, assuming we only would have eight
2 million of WIA statewide to work with. It may be more
3 hopefully, but right now it could be that low and then
4 look at our carry-forward balances which we think are in
5 the neighborhood of about 16 to 17 million, would there
6 be a way to transition over the next year or two years,
7 say, in a way that we could get down to an 8 million
8 dollar amount for Workforce Investment Act. So this
9 kind of starts that journey, I guess you might say.

10 We're currently looking at a budget of
11 around 14 million. It might be a little higher, it
12 might be a little lower by the time we finish everything
13 here, but I think it will be in the ballpark which would
14 mean that we would be using about 6 million or so of our
15 carry-forward balance. So we would have a little bit
16 left over, of course, for '13 and possibly the year
17 after that if that would be necessary.

18 A few of the major things other than the
19 things that we were able to do with the cost allocation
20 changes, and, Chairman, we've talked at length about
21 this with you on the veterans leadership. We believe we
22 could fund the veterans leadership staff with employment
23 services dollars as opposed to Workforce Investment Act.
24 We believe we have ES dollars to carry that for another
25 three years to allow that to continue.

1 CHAIRMAN PAUKEN: Yeah. And I think it
2 was clear from the beginning of the program ultimately
3 we wanted to sunset it, and I visited with the director
4 of the program. I think everybody -- we're comfortable
5 with the idea of sunsetting within that period of time
6 or perhaps even sooner, but three years gives us a
7 cushion to kind of wind the program on down. The
8 critical period was when it began, and I think that -- I
9 think that, you know, three years is sufficient.

10 MR. TOWNSEND: Very good. The last
11 observation I will have for you this afternoon is on
12 Page 3 of 6. It's the other grant activities, and
13 really I'm kind of looking for a little bit of insight
14 on this from the commissioners. Typically we've
15 provided WIA statewide alternative funding. We've
16 provided two forms of alternative funding. One is
17 enhancement, small board funding, in the past, about
18 \$200,000 for five boards, and then we've brought boards
19 up to the 1.4 million level if they were -- still fell
20 below that threshold. We also provided statewide
21 alternative funding just based on the federal formula
22 that they -- for their -- as a -- usually in the two
23 million dollar range -- two and a half million dollar
24 range. The last time we funded alternative funding out
25 of the Recovery Act fund, used up balances there.

1 With a reduction that we're looking at
2 potentially for 15 percent going down to 5 percent, we
3 really had not assumed very much in the way of
4 alternative funding. The \$500,000 that's included here
5 would -- would ensure that all boards would be brought
6 to at least a minimum funding level for Workforce
7 Investment Act of 1.4 million, and that's just looking
8 at their formula funds. There's three boards that would
9 need funding, Concho, North Texas and Texoma, Concho by
10 far being the board area that would need the most help
11 in terms of funding to get to that level.

12 One other idea we had other than using
13 statewide activity funds is to possibly explore the idea
14 of using additional assistance. We're still researching
15 that. We don't know if that's a good idea, a bad idea.
16 It's a possible idea. That would save half a million in
17 this case of statewide funding. So, anyway, that's one
18 item we still have on the table for consideration unless
19 there would be a direction not to consider that as a
20 possible scenario. I'm not sure it can work yet, but it
21 could. So I did want to just leave you with --

22 COMMISSIONER CONGLETON: What funds are we
23 using?

24 MR. TOWNSEND: It would be --
25 Commissioner, remember how we set aside usually five

1 percent of our dislocated worker formula funding for --

2 COMMISSIONER CONGLETON: Okay. I know
3 where you're going with that.

4 MR. TOWNSEND: Yes, sir, and if that would
5 be funding that would be flexible enough to provide the
6 same kind of program services.

7 CHAIRMAN CONGLETON: I'll --

8 MR. TEMPLE: Commissioners -- I'm sorry.

9 COMMISSIONER CONGLETON: I was going to
10 say I'll take a look at it.

11 MR. TEMPLE: One thing, too, just from our
12 strategy in the past of dislocated, holding back and
13 then putting out, under the proposed WIA
14 reauthorization, it allows states money not that they
15 bring back from dislocated, not that they capture for
16 the boards and bring it back, but actually money held,
17 the ability to convert that to statewide activity
18 dollars. So we'll be monitoring that, and we'll look at
19 that. So there could very well be some recommendations
20 to maybe hold back more if we can get out quick, you
21 guys meet regular enough that we could get the money out
22 quick enough, but it would certainly give us the ability
23 to create some cushion with statewide activity in light
24 of possible cuts or just manage that money better. So
25 that's something that -- not in here, but something that

1 will be considered as we move toward.

2 COMMISSIONER ALCANTAR: Yeah. I would
3 certainly agree with Commissioner Congleton, that we --
4 you know, as long as the funding provides the same
5 flexibility, there's no reason not to look at it,
6 absolutely.

7 CHAIRMAN PAUKEN: Okay.

8 MR. TOWNSEND: Any other comments or
9 suggestions, directions that the commissioners want to
10 provide, we're open to that -- those comments.

11 COMMISSIONER ALCANTAR: Well, I have other
12 ideas, but they're not to be proposed today given our
13 current situation. I think if we get the additional
14 flexibility that's the appropriate time to bring them
15 back up.

16 CHAIRMAN PAUKEN: Okay. Good.
17 Mr. Temple.

18 MR. TEMPLE: That's all, Commissioners.
19 Thank you.

20 CHAIRMAN PAUKEN: Thank you.

21 COMMISSIONER CONGLETON: I had one
22 comment, that innovation fund. I know we're not crazy
23 about the innovation fund, but there's money out there.
24 You've got to go after it.

25 MR. TEMPLE: Okay.

1 COMMISSIONER CONGLETON: Okay. Very good.
2 (At this time, the proceedings were
3 adjourned at 1:36 o'clock p.m.,
4 Tuesday, June 21, 2011.)
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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

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

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

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

14

15

16

17

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

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