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TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

COMMISSION WORK SESSION)
RE: PERFORMANCE MEASURES,)
BUDGET, AND THE STATUS)
OF ALL FUNDING)
APPROVED BY THE COMMISSION)

COMMISSION PERFORMANCE BRIEFING
TUESDAY, JULY 27, 2010

BE IT REMEMBERED THAT at 2:45 p.m., on
Tuesday, the 27th day of July 2010, the above-entitled
matter came on for hearing at the Texas Workforce
Commission, 101 East 15th Street, Room 244, Austin,
Texas, before TOM PAUKEN, ANDRES ALCANTAR, AND RONALD G.
CONGLETON, COMMISSIONERS, of the Texas Workforce
Commission; and the following proceedings were reported
by Kim Pence, a Certified Shorthand Reporter of:

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

2 TUESDAY, JULY 27, 2010

3 (2:45 p.m.)

4 CHAIRMAN PAUKEN: All right. Gene?

5 MR. CRUMP: Good afternoon, Commissioners.

6 We'll go ahead and kick off our quarterly performance
7 measure meeting, as we normally do, with Mark providing
8 an economic situation report. Mark?

9 CHAIRMAN PAUKEN: And, Mark, is it true
10 you're leaving us at the end of August, huh?

11 MR. HUGHES: It's true.

12 CHAIRMAN PAUKEN: Had enough, huh?

13 MR. HUGHES: It's true.

14 CHAIRMAN PAUKEN: Give us all this
15 depressing data and say, "I'm out of here."

16 (Laughter)

17 MR. HUGHES: Well, I'd like to bring
18 different news, but -- I'm Mark Hughes with the Labor
19 Market and Information Career Department.

20 MR. CRUMP: Mark, Mark, move it a little
21 closer to you. There you go.

22 MR. HUGHES: Good afternoon,
23 Commissioners. I'm Mark Hughes with the Labor Market
24 and Career Information Department.

25 Since the first of the year, payroll

1 employment in Texas has expanded by 166,000 jobs, and
2 over the past year, the job count has expanded by
3 110,000 jobs. We hear some of the media about Texas
4 leading recovery and Texas is doing better than other
5 locations. And what I did is I listed out a
6 state-by-state comparison on the pink sheet, which you
7 have in front of you, that shows the actual and the
8 percentage change in payroll employment by state over
9 the past year.

10 I think the comparison is rather startling
11 in both -- not only the way that Texas stands out as
12 being a leader in job creation or job growth, but also
13 the fact that there appears to be so little growth in
14 all of the other states. If you'll notice that over the
15 past 12 months, there are many, many, many states have
16 remained in negative territory on the job growth side.
17 I think this comparison speaks pretty well for what's
18 going on in Texas.

19 In February, March and April, the economy
20 seemed to be coming back in a robust fashion, and
21 certainly in Texas, our employment expanded very rapidly
22 during those three months. Since May, however, across
23 the board, if you survey economic indicators, the
24 economy, or the economic measures of the economy I
25 should say, have been rather soft and kind of fit in

1 very well with what most of the forecasters are saying,
2 and that is, that we can expect growth, but slow growth,
3 for the remainder of this year and certainly into next
4 year.

5 Over the last month from May and June,
6 payroll employment expanded by 14,000 jobs in Texas,
7 which was quite a bit less than it had done in the three
8 earlier months. Over this period if we look in June,
9 the unemployment rate in Texas was 8.2 percent, and in
10 our state, the unemployment rate has been 8 percent or
11 greater since August of last year.

12 If we compare the two, the only caveat I
13 would make about the unemployment rate is that we know
14 that the payroll job count needs to expand somewhere
15 around 18,000 to 20,000 new jobs or growth each month
16 for us to reach a point that we're absorbing all the new
17 labor market interests. In other words --

18 CHAIRMAN PAUKEN: Just standing.

19 MR. HUGHES: That's just standing still.
20 We need to add somewhat -- just less than about 20,000
21 payroll jobs per month. And I say that. I don't want
22 to confuse the fact that when you're looking at our data
23 like the newsletter in front of you and that sort of
24 thing, I'm talking here about payroll jobs, which is a
25 little different than talking about employment

1 associated with the labor force. That's employed people
2 as opposed to jobs, which would count on the payroll
3 side. But we look for that number in terms of
4 sustaining growth that's going to begin to change the
5 labor market picture. When we look at it, we have
6 somewhere around 20,000 that's been kind of quick.

7 So you may have some other questions. I
8 have no other comments to speak of.

9 CHAIRMAN PAUKEN: A couple of issues. I
10 don't -- I don't see the June figures for the other
11 states here, but my impression was that Pennsylvania is
12 now -- we no longer can say that of the largest labor
13 market states we have the lowest unemployment. Is
14 Pennsylvania the same level that we are, 8.2?

15 MR. HUGHES: Commissioner, I don't know.
16 I didn't look at the unemployment rates. I was looking
17 at just growth.

18 (Simultaneous discussion)

19 CHAIRMAN PAUKEN: Okay. Would you just
20 let me know on that? I don't know how we can pull that
21 easy enough -- easily enough.

22 MR. HUGHES: Sure.

23 CHAIRMAN PAUKEN: I just -- we've been
24 able to say that of the large labor market states we are
25 the lowest in the country. I think I saw that

1 Pennsylvania -- and I could be mistaken -- also had 8.2
2 in June.

3 What disturbs me here, I just saw the
4 Financial Times just reported that from the beginning of
5 the current administration stimulus program, that would
6 have been February of '09, until the present, there's
7 been a growth of 400 -- these are national figures --
8 400,000 public sector jobs and a loss of 2.7 million
9 private sector jobs. So that's what -- the ripple
10 effect on Texas is what scares me.

11 What signs do you see of areas where
12 there's a pickup?

13 MR. HUGHES: Geographically it's not just
14 what we see. I've seen, you know, a variety of
15 forecasts out there that all say that Texas will lead.
16 And generally speaking, what you see is that
17 geographically the growth is right where most of the
18 jobs are. You see it in Houston, in Dallas/Fort Worth
19 and in some of the other large metropolitan areas.

20 Industrially, the thing that I would have
21 to focus in on is what the current numbers are saying,
22 not so much what I might think would happen in the
23 future, but what I can actually see there today, and you
24 see the growth. Certainly oil and gas has been an area
25 that we've seen some expansion in job count. And then

1 you see associated industries with that, like fabricated
2 metals.

3 Other than that, when you get outside of
4 that little core, then what you jump to very quickly is
5 this growth over the past years in healthcare and
6 healthcare services.

7 CHAIRMAN PAUKEN: On that front, I've
8 heard some concerns expressed that with the offshore
9 drilling ban some people in the Houston southeast part
10 of Texas are worried that's going to negatively impact
11 their job growth or unemployment figures. Have you seen
12 anything on that yet?

13 MR. HUGHES: No.

14 CHAIRMAN PAUKEN: No, okay.

15 MR. HUGHES: I've been asked many times,
16 but we haven't seen any.

17 CHAIRMAN PAUKEN: Anecdotally is what I'm
18 being told, but I didn't know if we had any statistics.

19 The secondary area, and this is also
20 anecdotally, you're speaking of healthcare. But I was
21 with someone last night and they have an office that has
22 had a lot of people, had to lay people off in tougher
23 times in the medical field, and on the horizon they are
24 not anticipating hiring people. So -- and as they check
25 around with other offices, they are hearing the same

1 thing. So that could be a concern.

2 The only one I'm really hearing positive
3 about is the oil and gas sector. Even on healthcare I'm
4 hearing that it may be a stagnant situation for a period
5 of time.

6 MR. HUGHES: One of the things that we can
7 only speculate about when we're doing these estimates on
8 payroll employment is -- what we don't see yet in these
9 numbers is when the local public budgets become into
10 effect on September the 1st. And we've seen, you know,
11 that government and publicly supported kinds of things
12 and payroll numbers have contributed to job growth and
13 kind of holding employment numbers up. And what we know
14 about state and local budgets, you know, I think
15 September is going to be -- well, what would be October,
16 when you see the September numbers in October, I think
17 we'll get --

18 CHAIRMAN PAUKEN: A feel for what --

19 MR. HUGHES: -- a good measure of what's
20 going on.

21 CHAIRMAN PAUKEN: -- what happened with
22 the decline of the sales tax revenues and the reduction
23 in budgets.

24 MR. HUGHES: Yes, sir.

25 CHAIRMAN PAUKEN: Okay. All right.

1 theme is that there's some other federal grant funds we
2 were fortunate enough to receive to address some
3 workload in a few areas that came in the middle of the
4 part of the year. So some of the timing of that is --
5 we're going to see that spend out in a little bit latter
6 part of the fiscal year. There's really nothing we
7 could have done about that part.

8 And then some of our statewide initiatives
9 we have contracts in place now, and some of those --
10 some of that activity has recently happened. So those
11 are probably primarily, just in a nutshell, a lot of the
12 reasons as far as some of the percent expenditures that
13 are a little bit lower than what we normally see this
14 time of the year.

15 We are about 917 million expended through
16 May. We had paid FTEs as of last quarter of just under
17 3700 FTEs. That's quite a bit above our -- what had
18 been established in our FTE cap, but again, that was to
19 be expected because we had added Recovery Act funded
20 employment services staff in the field in our employment
21 services strategy, well over 300.

22 And also, as LaShay and her staff are well
23 aware, our claims volumes has been much elevated over
24 prior years, and so we added quite a bit of additional
25 staff to address that workload as well.

1 MR. CRUMP: And, Commissioners, we'll be
2 updating our letter to the Governor's office in the
3 legislative budget board on those additional staff above
4 the FTE cap. That will go out sometime in August.

5 CHAIRMAN PAUKEN: Okay.

6 MR. TOWNSEND: So I'll just quickly cover
7 a few of the strategies here. If you have questions,
8 please just jump in. I'm just going to give you a few
9 highlights so you know where we stand on some of the --
10 a few of the details here.

11 The Workforce Investment Act, Strategy A11
12 or 111 there is listed, we're slightly below where we
13 expect to be. That's going to be related to our
14 Recovery Act funding in terms of our timing of our
15 statewide initiatives. And so those are under contract
16 now. I'm expecting expenditures to start elevating as
17 the year goes on, but that's contributing to a little
18 bit being off there just slightly.

19 The opposite direction for the youth, our
20 expenditures are a little higher than we would typically
21 expect at this point. Again, the Recovery Act is part
22 of that. There's 25 million expenditures to date in
23 that strategy from the Recovery Act as we would have
24 hoped at this point. One of the things we are going to
25 need to do, though, is make a budget amendment to our

1 fiscal year expenditure amount. We actually had a
2 higher grant last year that actually spends -- the
3 timing of this is a little bit off between our grant
4 year and our state fiscal year. So we'll be modifying
5 that to reflect the proper timing of the expenditures
6 there.

7 The Choices, 113, is slightly below, and
8 again, this is timing of some of our statewide
9 contracts. We've got several large TANF funding
10 contracts that we have out in contract, and we'll be
11 expecting to see some expenditures occur relatively
12 soon. So that is, again, contributing to that
13 situation.

14 The employment services, this is a
15 situation where we had recently around February put out
16 our Texas Back to Work contract, revenue funded. Texas
17 Back to Work is in that strategy, employment services.
18 So again, that's going to be one we'll see the latter
19 part of the year, probably until next fiscal year
20 actually, to see the expenditures occur on those
21 contracts. So again, to be expected there, I believe.

22 SNAP employment training, 115, I think
23 I've mentioned this in the past, possibly was the SNAP
24 ABOB funding that came in January time frame. The
25 expenditures are starting to -- as of June, I can tell

1 you that we have expended about 4-1/2 million of the
2 7 million we received and put in the contract in June.
3 So 64 percent of that has been expended now as of June.
4 So that's getting there, but as of May, we weren't quite
5 to that level.

6 The Trade Act program, this is one we're
7 seeing elevated expenditures almost twice -- at
8 13 million almost twice as high as it was the year
9 before. We have more folks in training. I think we've
10 kind of talked -- touched on this in the past as well.
11 There's more folks that are eligible for this program.
12 We received additional funding and expenditures
13 increased. Although we probably are not going to see us
14 fully expend the budget that we have set here, and so
15 that will carry forward to the next year at this point.

16 The Project RIO is just very close, but
17 it's a little bit - a little bit higher than you'd
18 expect. Most of that is attributed to our interagency
19 contract we have with the Department of Criminal
20 Justice. They have a little bit higher expenditure this
21 part of the year. Obviously they can only spend the
22 contract amount, so I'm not worried about that
23 particular situation, but it is contributing to a little
24 bit higher expenditure levels there.

25 The senior employment services, we, again,

1 received some additional funding. The good news came in
2 in February, and in this case, that's, you know,
3 contributing to the current expenditure levels.

4 So I will conclude at this point with a
5 little bit -- a quick status on where we are with our
6 balance for skills. We made our decision this morning
7 that will reduce the budget for skills this year. Of
8 course it will result in an increase next year. So we
9 had as of -- I just looked. We had a balance showing
10 about 23 million that we can put into contract
11 currently. So that will be down to about 21 million
12 once we make the adjustment for the 2 million decision
13 from earlier today that you made.

14 We have a pending contract relating to
15 Toyota. I think it will take care of about 10 million,
16 and then -- and so that will leaves us with about
17 10 million to -- it's in the works at this point in time
18 to get that in contract before the end of August.

19 The self-sufficiency probably -- I think
20 we've planned to carry about million of that forward to
21 next year at this point.

22 So that's, I know, a real quick overview.
23 I think you kind of saw the kind of common themes that
24 are coming throughout there. A few of the smaller ones
25 I can touch on if you'd like, but I think that hits the

1 highlights of the financial status as of May. So do you
2 have questions or comments?

3 COMM. CONGLETON: No.

4 CHAIRMAN PAUKEN: Okay. Thank you.

5 MR. CRUMP: Commissioners, I'd like to
6 turn it over to Adam. He'll take us through systemwide
7 performance and some of the board measures. Adam?

8 MR. LEONARD: Good afternoon. I will be
9 starting in Tab 3, and I handed out a single two-sided
10 page that has a graph at the bottom, a chart on the
11 bottom, that's going to talk about some of the key
12 observations to make.

13 The first is that relative to last year,
14 we have six fewer measures that are minus P status
15 compared to the end of last year. And of the 11 that
16 are currently in minus P status from our LBB measures,
17 six of those are pretty much directly related to what's
18 going on in the economy, the number of claims,
19 employment rate, things like that.

20 All of our DOL measures, though, are in a
21 meeting or positive performance status right now and are
22 looking good for the year.

23 Looking on Page 1, the number of employers
24 served is actually up slightly year over year right now,
25 and that's a recent change. It had been dropping. It

1 started to go back up again, and we think that that's
2 actually related in part to Texas Back to Work, that
3 we're seeing more employers kind of coming into the
4 system, and we're picking them up in our accounts there
5 as far as employers served. So that's showing up there.

6 The job seekers served, total job seekers,
7 is still going up year over year, but that rate of
8 growth is slowing quite a bit. We were looking at -- in
9 previous quarters, year over year might have been 14,
10 20, 30 percent, and so each quarter as we roll forward,
11 the year-over-year change gets smaller as we seem to be
12 kind of peaking, if you will.

13 The level of staff system services is
14 still fairly strong, about 75 percent, of all job
15 seekers are getting one or more staff-assisted services.
16 And in terms of our customers served in measures, we're
17 all obviously doing fairly well on those with the
18 exception of Self-Sufficiency Fund Customers served
19 right now is the only one that's in a minus P status.

20 And our average cost numbers, in part
21 because we have so many people coming into the system
22 right now, are generally all looking stronger, that is
23 to say average cost is down.

24 The one exception there has to do with the
25 ES average cost per customer served measure, and I just

1 first three months of calendar year 2010, we're seeing
2 the last couple of months year over year those numbers
3 are higher. We have bottomed out and, in fact, are now
4 starting to see performance improve. And so with any
5 luck, this will be kind of a leading indicator for some
6 of our other measures, and that will be something we
7 track and will kind of keep you up to date on.

8 CHAIRMAN PAUKEN: Okay.

9 MR. LEONARD: Also where we think that
10 things have bottomed out, might be starting to rise, is
11 looking at the number of new job openings in
12 WorkInTexas. And again, we're just looking at the most
13 recent data there, that that last data point is higher
14 than the year earlier. If you look at 2009 Quarter 2 --
15 or 2009 Quarter 2 and compare it to 2010 Quarter 2, it's
16 up slightly. So we're hoping that that's going to be
17 the beginning of an upward trend in terms of employers
18 starting to post and use the system.

19 But, of course, when we look at entered
20 unemployment rates overall, all of the entered
21 employment rates have been hit pretty hard by the
22 recession. We're down anywhere from 4 to 12 points over
23 year-over-year change, which is fairly significant
24 obviously. We've got -- one is actually up ever so
25 slightly, but one is down almost 15. So on the whole,

1 we're generally looking at pretty significant hits
2 there. But when I look at it, I'm thinking we've got a
3 couple of more quarters before it bottoms out and starts
4 to hopefully climb, and we stop seeing the drops we have
5 been seeing.

6 Retention lies two quarters behind entered
7 employment business. Entered employment is looking at
8 employment right after exit, and retention is looking
9 for employment through the third quarter after exit. So
10 that measure runs six months behind. So we're going to
11 probably be seeing drops in retention longer, you know,
12 for the better part of the next year compared to entered
13 employment. But we haven't seen nearly as significant a
14 drop there because, generally speaking, people who get
15 jobs are more able to keep them than people who leave us
16 without having a job in the first place.

17 So entered employment takes the big hit in
18 a bad economy. Retention takes some hit because you
19 always have some people in the first, second and third
20 quarter after exit who do change jobs in a good economy
21 or a bad economy. And so what's happening is those are
22 the ones we think are probably having the most
23 difficulty and are causing the reduction that we're
24 seeing. For the most part, those who are historically
25 job jumpers are probably still doing pretty well under

1 this measure.

2 Choices participation is up year over year
3 in all those measures. And child care is also doing
4 well in terms of meeting our performance. Choices child
5 care is up for the first time year over year in many
6 years. We had been watching those numbers drop. They
7 are up slightly now. We talked about those a little bit
8 this morning in the -- in the public meeting. So that
9 shouldn't be any real surprise there, but it does kind
10 of make things a little tighter on the average cost and
11 board targets. Because in the past when you -- when
12 Choices child care was going down, that kind of built in
13 a little extra cushion that you could afford to buy more
14 care or raise rates because Choices child care is more
15 expensive. So if you needed less of it, that yielded
16 more money available to provide that transitional care.

17 Lastly I wanted to mention in Tab 4 about
18 the boards. You may have noticed in the beginning there
19 on the first page the risk report that we have an NA
20 column or totally blank column there where under the
21 average children served ARRA. And the reason that is is
22 because we're in the process of adjusting those child
23 care targets based on the actions that you just took to
24 adjust the allocations for the boards and whatnot. We
25 weren't able to get those back -- these adjustments made

1 in time to go into the book for you-all. So you'll see
2 that starting with next month's book, the June NPRR.

3 And when you look at the measures where
4 the boards are missing, there's 130 instances out of 448
5 that are missing. 54 relate to claimant reemployment,
6 26 are related to entered employment retention, and 32
7 are related to Choices. So really the vast majority of
8 the issues are concentrated in those three areas, two of
9 which are fairly understandable given that they are so
10 driven by the economy.

11 And that's really all I wanted to cover on
12 these. I'm happy to answer any questions you might have
13 on these.

14 COMM. CONGLETON: No questions.

15 COMM. ALCANTAR: No questions.

16 CHAIRMAN PAUKEN: Next?

17 MR. CRUMP: Well, Commissioners, that
18 concludes staff's prepared remarks. If you have any
19 questions for any of the other items in the book or any
20 questions at all?

21 CHAIRMAN PAUKEN: All right. Thank you,
22 Gene.

23 MR. CRUMP: Yes, sir.

24 (Proceedings concluded at 3:10 p.m.)

25

