

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE  
TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS

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

COMMISSION PERFORMANCE BRIEFING

TUESDAY, OCTOBER 25, 2011

BE IT REMEMBERED THAT at approximately  
1:30 p.m., Tuesday the 25th day of October 2011, the  
above-entitled matters came on for hearing at the  
Texas Workforce Commission, TWC Building, 101 East  
15th Street, Room 244, Austin, Texas, before TOM  
PAUKEN, RONALD G. CONGLETON, and ANDRES ALCANTAR,  
COMMISSIONERS, and LARRY TEMPLE, EXECUTIVE DIRECTOR,  
of the Texas Workforce Commission; and the following  
proceedings were reported by Janis Simon, a Certified  
Shorthand Reporter of:

## TWC PERFORMANCE BRIEFING 10/25/2011

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

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

(1:30 p.m.)

CHAIRMAN PAUKEN: All right.

Mr. Temple.

MR. TEMPLE: Yes, sir. Mr. Chairman and Commissioners. We will start off with Rich Froeschle giving the state of the state.

MR. FROESCHLE: The state of the state?

(Laughter)

MR. FROESCHLE: Well, that's good. I thought that only happened in January of every year.

Mr. Chairman, Commissioners, ladies and gentlemen, I'm Rich Froeschle, Director of the Labor, Market, and Career Information Department.

Well, it's always a good thing when we come to the performance briefings and we could at least start with some positive numbers. And so we've got some job growth going on here in Texas, and I think that's what we've highlighted.

I've given you two hands out -- handouts. One is our monthly newsletter we released for -- an October Newsletter we released Friday with the September numbers, and the other is a handout of some of the materials I'm going to talk about this afternoon in terms of the -- the job market. I want

## TWC PERFORMANCE BRIEFING 10/25/2011

1 to really start off with the unemployment rate  
2 numbers.

3           A lot of people are focusing on -- on  
4 the fact that the unemployment rate did not actually  
5 go down in the last month, but the truth of the matter  
6 is it's fairly self explanatory. When you look at the  
7 increase -- continued increase in the size of the  
8 labor force, Texas continues to grow at a -- at a pace  
9 from a population standpoint, about twice that of the  
10 United States as a whole. It should be no surprise  
11 then at the increase in our labor force, despite the  
12 fact that we continue to create large numbers of jobs,  
13 keeps our unemployment rate relatively stable.

14           On this first handout, I also show the  
15 contrast with the United States. So, you -- you see  
16 by contrast in the United States that we actually have  
17 declining labor force numbers at the national level,  
18 and you have declining actually employment numbers.  
19 So, you have some influence of people leaving the  
20 labor force, discouraged workers, some marginally  
21 attached workers. And so although it looks like the  
22 unemployment rate -- although it's still very high at  
23 9.1 percent has crept down a little bit from a year  
24 ago, a lot of that is simply people leaving the labor  
25 force as a whole.

## TWC PERFORMANCE BRIEFING 10/25/2011

1                   On the second handout I show some  
2 differential unemployment rates for our September not  
3 seasonally-adjusted numbers. The area with the lowest  
4 unemployment rate here in the -- here in the state is  
5 the Panhandle area up in Amarillo, followed by Permian  
6 Basin, Concho Valley, Brazos Valley, South Plains all  
7 below 7 percent. You see Texas highlighted down at  
8 the -- about the two-thirds level in the middle of the  
9 pack. Most of the Texas rate is extremely highly  
10 influenced by the employment numbers in the Dallas  
11 area and -- and the Gulf Coast area, not surprisingly.

12                   When we start talking about job  
13 creation, if I go to the third handout here, if we  
14 look at the over-the-month change, month over month,  
15 September to September or August to September, month  
16 over month, and then year over year, the September  
17 2010 to September 2011 numbers, Texas comes in No. 2  
18 on -- on both ways to sort the data. The No. 2  
19 adding -- adding more jobs than any other state except  
20 Florida in the month-over-month period, adding more  
21 jobs than any other state except California in the  
22 year-over-year basis. And if you actually take some  
23 time and go through all the details in this chart,  
24 you'll see that year-over-year only three states did  
25 not add -- did not add jobs, four if you count Rhode

## TWC PERFORMANCE BRIEFING 10/25/2011

1 Island being relatively stable.

2 I think one of the highlights, when we  
3 start talking about what happened in this -- in the  
4 last month, is -- is to highlight the -- the growth  
5 that we've seen between September of 2010 and  
6 September of 2011, both in terms of total employment  
7 and, as we like to say, the nongovernment, which is  
8 slightly different than private, but those that are  
9 non -- nongovernment. You've seen some pretty good  
10 percentage increase, 2.4 percent annualized in the --  
11 in the total nonfarm and 3.3 percent in the  
12 nongovernment sector. It shouldn't also surprise you  
13 that, when you look at some of the details in some of  
14 the major sectors here, that logging and mining, which  
15 includes a lot of the oil and gas extraction sector  
16 has added about 38,000 jobs at an 18.4 percent  
17 annualized clip, which is pretty good. Construction,  
18 also adding some jobs at 6.3 percent annualized clip.

19 If you go all the way down, you look at  
20 the service providing sectors. It also shouldn't  
21 surprise you that the -- the major sectors,  
22 information declining an annualized 2.9 percent clip,  
23 that includes periodicals, newspapers, publishing, a  
24 lot of hard copy print stuff that's -- that certainly  
25 is being supplanted by technology. And then,

## TWC PERFORMANCE BRIEFING 10/25/2011

1 government, and a lot -- and a lot of that is decline  
2 in local government. You've seen a lot of declines  
3 in -- in -- in local government, school districts, and  
4 the like.

5           We always like to focus on the goods  
6 producing sectors as we go forward. This index chart  
7 that I've shown you looks at the construction, mining,  
8 and manufacturing sectors. Obviously, in most  
9 economies, a good producing sector is viewed as the --  
10 as views as your export -- exporting sectors, and  
11 Texas is really no different. I think one of the  
12 interesting things on the chart that you continue to  
13 see here is the mining sector, which is the -- which  
14 showed a -- a significant increase prior to the  
15 recession, took its hit during the recession, but has  
16 continued to expand very significantly during the  
17 recovery.

18           We've seen a little uptick in  
19 manufacturing, and we've seen that uptick in  
20 construction as well, just not at the pace that we saw  
21 in the prerecession period.

22           We go back and we start looking at each  
23 one of these --

24           CHAIRMAN PAUKEN: How -- how -- do you  
25 have any way to break down that construction,

## TWC PERFORMANCE BRIEFING 10/25/2011

1 because --

2 MR. FROESCHLE: Oh, sure. Absolutely.

3 CHAIRMAN PAUKEN: Okay.

4 MR. FROESCHLE: Yeah.

5 CHAIRMAN PAUKEN: Tell me where we're  
6 seeing increases. What -- what's accounting for the  
7 increase in construction? Because, obviously,  
8 residential construction slowed down --

9 MR. FROESCHLE: Uh-huh.

10 CHAIRMAN PAUKEN: -- and, normally, we  
11 see quite a bit of commercial --

12 MR. FROESCHLE: Uh-huh, you have --

13 CHAIRMAN PAUKEN: -- construction. Is  
14 it --

15 (Simultaneous discussion)

16 MR. FROESCHLE: -- a lot of it --

17 CHAIRMAN PAUKEN: -- is it energy  
18 related? Is it government related?

19 MR. FROESCHLE: A -- a big chunk of it  
20 is -- is utility construction --

21 CHAIRMAN PAUKEN: Okay.

22 MR. FROESCHLE: -- which would be --  
23 actually would include your windmills and turbines and  
24 other related kinds of things. It would be non --  
25 nonresidential, nonbuilding construction, is a big

## TWC PERFORMANCE BRIEFING 10/25/2011

1 chunk of that construction growth.

2 CHAIRMAN PAUKEN: Non -- nonresidential,  
3 nonbuilding. Okay. And then how much of it is  
4 government?

5 MR. FROESCHLE: How much of?

6 CHAIRMAN PAUKEN: Of the construction  
7 growth is government related.

8 MR. FROESCHLE: That I cannot tell you.  
9 I have a way to look that up. I'll have to take that  
10 offline and get you a -- get you a related number --

11 CHAIRMAN PAUKEN: Okay.

12 MR. FROESCHLE: -- based on some  
13 ownership codes of who's funding what. We might be --

14 CHAIRMAN PAUKEN: Correct.

15 MR. FROESCHLE: -- we can give you a  
16 little insight to that.

17 CHAIRMAN PAUKEN: Okay.

18 MR. FROESCHLE: Just some brief  
19 highlights of -- of major industry sectors --

20 CHAIRMAN PAUKEN: And why -- and one  
21 other question, I'm sorry.

22 MR. FROESCHLE: Sure.

23 CHAIRMAN PAUKEN: On the first page, if  
24 it's 8.5 percent, you're showing 8.2 Texas  
25 unemployment rate.

## TWC PERFORMANCE BRIEFING 10/25/2011

1 MR. FROESCHLE: September 2010 was  
2 8.2 --

3 CHAIRMAN PAUKEN: Oh, of '10, I'm sorry.

4 MR. FROESCHLE: September 2011, 8.5.

5 CHAIRMAN PAUKEN: Excuse me. I'm -- I'm  
6 looking -- I'm going the wrong way. Okay. All right.

7 MR. FROESCHLE: Some people like to read  
8 left to right, and some people read right to left.  
9 I'm sorry.

10 CHAIRMAN PAUKEN: No, no, no. My fault.  
11 I just didn't look above. I just assumed; never  
12 assume, I've learned that, Rich.

13 MR. FROESCHLE: I did it just to --  
14 (Laughter)

15 CHAIRMAN PAUKEN: I've learned that  
16 here.

17 (Laughter)

18 MR. FROESCHLE: -- I did it just to make  
19 sure you're awake. I've put a lot of people to sleep  
20 in my life, so I do make them read left to right just  
21 to make sure we keep them awake.

22 All right. Just some major highlights  
23 here. I actually won't go through all of these. You  
24 can read through them, but it highlights some of the  
25 major sectors.

## TWC PERFORMANCE BRIEFING 10/25/2011

1 I think I've already, essentially,  
2 mentioned the fact that business professional  
3 services, a major sector that's --

4 CHAIRMAN PAUKEN: Yeah, why -- explain  
5 that a little bit. Is that in the urban areas? Is  
6 that Dallas, Houston, Austin, San Antonio? What --  
7 you know, tell us a little more about that. Because I  
8 saw that number bubble up in September, and I -- I  
9 didn't know what -- what it really reflected.

10 MR. FROESCHLE: I don't have all the  
11 detail breakout by -- by region in this, you know,  
12 summary report that we do here.

13 CHAIRMAN PAUKEN: Right.

14 MR. FROESCHLE: Certainly, all of that  
15 is available, but --

16 CHAIRMAN PAUKEN: But what's your  
17 intuition as to what's going on there?

18 MR. FROESCHLE: Well, you know, having  
19 just spent some time in Dallas and Houston and looking  
20 at that data over the last couple of weeks, it's  
21 pretty clear that what's -- you know, that the major  
22 drivers of growth in the economy has been in the major  
23 metropolitan areas.

24 CHAIRMAN PAUKEN: Okay.

25 MR. FROESCHLE: I mean, we already have

## TWC PERFORMANCE BRIEFING 10/25/2011

1 some 92 percent of all the labor force in the state is  
2 in these -- is in those metropolitan areas, and almost  
3 68 percent of the -- of all the employment is in the  
4 Dallas Metropolitan and the Houston Metropolitan  
5 areas. So, those two areas clearly dominate, you  
6 know, the employment picture in the state.

7 CHAIRMAN PAUKEN: And is the decline in  
8 leisure and travel just basically seasonal, that we're  
9 out of the summer?

10 MR. FROESCHLE: Well, the -- these --  
11 these numbers here, when we start talking about  
12 leisure and hospitality and the like, are looking at  
13 seasonally-adjusted numbers. We can look at them both  
14 ways. I don't have the nonseasonally-adjusted  
15 patterns.

16 But, clearly, when you look at anything,  
17 some tours and retail hospitality, there are seasonal  
18 patterns to it. So, it kind of depends on what  
19 employment series you're looking at as to what -- as  
20 to what you'd see.

21 The professional business services side  
22 of this is actually a lot that, is the -- is the  
23 temporary sector. So, we have personnel supply  
24 services that --

25 CHAIRMAN PAUKEN: Oh, okay.

## TWC PERFORMANCE BRIEFING 10/25/2011

1 MR. FROESCHLE: -- dominate a lot of  
2 that business growth, but it's a -- it's a fairly  
3 broad-based category. Again, though, dominated by  
4 personnel supply services.

5 CHAIRMAN PAUKEN: So, in that case, even  
6 if they're, quote, "construction jobs," or mining,  
7 logging jobs, but if it's temporary services, you'd  
8 call it professional and business services?

9 MR. FROESCHLE: Well, that's exactly  
10 right.

11 CHAIRMAN PAUKEN: Oh, okay.

12 MR. FROESCHLE: One of the very  
13 interesting things in our business is we've got  
14 probably 230,000-odd people that are in the personnel  
15 supply services business. And we categorize them in  
16 personnel supply services, but we have no idea where  
17 they show up to work every day.

18 CHAIRMAN PAUKEN: Okay.

19 MR. FROESCHLE: You know, so -- you  
20 know, none of our statistics actually allow us to look  
21 at if you work for, you know, Volt or Administaff or  
22 wherever it is, you know, what business is taking  
23 advantage of your supply services in any given day.  
24 So, we don't really have those breakouts. We put all  
25 of those temps in one category under personnel supply

## TWC PERFORMANCE BRIEFING 10/25/2011

1 services, and they tend to dominate this professional  
2 and business services category.

3 I think the good news is that we do  
4 continue to see some construction jobs. There's a lot  
5 of places in this country that certainly see no  
6 construction jobs. And so, while it's not as robust  
7 as we have seen historically here in the state, the  
8 fact that we do continue to see construction jobs, I  
9 think that's pretty good news. On an annual basis  
10 construction has grown by 6.3 percent and has added  
11 about 35 -- a little over 35,000 jobs over the year.

12 Mining and logging, it added 3400 jobs  
13 in September and has added -- added jobs and 21 in the  
14 last month 23 months. Education and health services  
15 employment was up 2500, the industry's third  
16 consecutive increase following revised gains in August  
17 of 6300, and the ninth monthly advance in the last 12  
18 months in the industry, which includes private  
19 colleges and universities, along with business  
20 schools, technical, and trade schools and the like.

21 And then other services also continued  
22 to add jobs, other service, including maintenance and  
23 repair and personal services and the like. The growth  
24 rate for employment in other services since September  
25 2010 has been at a rate at about 3.2 percent, which is

## TWC PERFORMANCE BRIEFING 10/25/2011

1 right around historical standards.

2           We've even seen a little uptick in  
3 financial activities, nothing like prerecession  
4 levels. But real estate rental and leasing grew by  
5 3200 positions, while the finance and insurance sector  
6 as a whole offset that by a decline of about 2000  
7 positions.

8           I mentioned information. Information  
9 grew by a thousand jobs. A lot of the over-the-year  
10 losses, however, have been in the print-related  
11 industries.

12           Trade transportation utilities added 200  
13 jobs in September, essentially unchanged from the  
14 previous year. Leisure and hospitality fell by 6500,  
15 following a revised decrease of 4000 positions. This  
16 was the largest over-the-month employment drop seen in  
17 the industry since 2008. However, if you do look at  
18 it on an annualized basis, the employment change  
19 growth has stood at about 21,500 positions, which is  
20 about -- which is about a seasonal average.

21           And then, of course, the thing that  
22 makes all the headlines is government. We lost about  
23 11 -- 11,000 jobs in September in government, almost  
24 exclusively in the local government sector. Given  
25 local government budgets, this shouldn't surprise --

## TWC PERFORMANCE BRIEFING 10/25/2011

1 this shouldn't surprise anybody.

2           If we were looking at all the online job  
3 postings that are sitting out there, I've brought to  
4 this group almost every session -- I kind of like to  
5 look at the Help Wanted OnLine, the Conference Board.  
6 If we go out there and we look at all those help  
7 wanted online postings, what are they looking like?  
8 I've given you a table, the top 12 or 13, or however  
9 many there are here.

10           Topping that list is registered nurses  
11 for I think the umpteenth month in a row. New to this  
12 list, however, is truck drivers, heavy  
13 tractor-trailers. And a lot of this jumping to the  
14 top of this list has to do with the new -- new  
15 administrative rules that require anybody that's  
16 driving a truck to have a commercial drivers license,  
17 and so you've seen a lot of -- a lot of interesting  
18 growth in the area of this truck drivers, a lot of job  
19 postings in this area.

20           This list is dominated mostly by some IT  
21 related and retail sales related and health related.  
22 If you go to the next one, if you look just at Austin,  
23 the Austin MSA, just by comparison, and you -- what  
24 you see is the -- the number of online job postings is  
25 heavily focused in the IT sector.

## TWC PERFORMANCE BRIEFING 10/25/2011

1           In closing, let me just point out a  
2 couple of things. I like to say that economic  
3 forecasting is a field that gives astrology a good  
4 name, which means that you can get any economist here  
5 on any given day and tell you a slightly different  
6 story. And I think anybody that watches the Saturday  
7 or Sunday news shows hears people -- people talking  
8 about different aspects of the -- of the labor market,  
9 how it's moving, what's influencing it, where it will  
10 be next year.

11           There are a couple of things that we are  
12 monitoring here. I'm not sure whether they're  
13 headwinds, but they're things that we are monitoring,  
14 nonetheless, in terms of looking at the -- looking at  
15 the economy going forward. We have seen some pretty  
16 high correlation between the price of oil and -- and  
17 job growth here in the state, especially over the last  
18 year. And as the price of oil has crept down a little  
19 bit, you have seen sort of mitigating growth in terms  
20 of overall employment growth.

21           We also look at a couple leading  
22 economic indicators. One is truck transportation;  
23 truck transportation correlates pretty well with  
24 over-the-year employment change, and we have seen --  
25 we have seen over the last five or six months a slight

## TWC PERFORMANCE BRIEFING 10/25/2011

1 downturn in overall truck transportation.

2           And I think similarly, if you look at  
3 the next chart and you see personnel supply services,  
4 we've seen over the last five or six months, also,  
5 slight trending downward in personnel supply services  
6 employment. Both of these latter two indicators are  
7 usually viewed as leading economic indicators. The  
8 good news is in September we got a little blip upward,  
9 but I think it's something that we all need to watch.

10           And then, last but not least, when I  
11 mentioned the Conference Board Help Wanted OnLine  
12 series, we have actually seen in those help wanted  
13 online postings slight declines over the last three or  
14 four months. Now, this help wanted online series is  
15 viewed as somewhere between a two or four month  
16 leading indicator. And so, again, it's something for  
17 us to watch going forward in terms of the overall  
18 health of the -- of the Texas employment labor market.

19           So, with that --

20           (Simultaneous discussion)

21           CHAIRMAN PAUKEN: Let me ask you -- I  
22 know we're facing the most serious drought really  
23 since the 1950s, maybe more serious than the 1950s.  
24 Have you seen any evidence of the impact on that here  
25 in Texas --

## TWC PERFORMANCE BRIEFING 10/25/2011

1 MR. FROESCHLE: No --

2 CHAIRMAN PAUKEN: -- from a -- from a  
3 job side?

4 MR. FROESCHLE: You know, it's a -- it's  
5 a very important question. Unfortunately, most of our  
6 statistics are nonagricultural in nature from a job  
7 standpoint, so I don't see that --

8 CHAIRMAN PAUKEN: But -- but you have --  
9 because of the draught, because of the problems in  
10 farming and ranching, that the jobs that, you know,  
11 whether it's the feed stores or the tractor sales, is  
12 there any way we have an idea of what -- the -- the  
13 grain bins, you know, how many people you need if your  
14 crops are down --

15 MR. FROESCHLE: Sure, it's both up and  
16 down the supply chain for agricultural.

17 CHAIRMAN PAUKEN: Right.

18 MR. FROESCHLE: And while we have not  
19 done any research, I have seen a lot of other studies  
20 that clearly show that most of those sectors,  
21 especially upstream from the -- from the agricultural  
22 sector, are -- are hurting. We do have the capability  
23 to do some rough estimates of looking at some of those  
24 industries upstream and downstream, and I --

25 CHAIRMAN PAUKEN: Could you? Yeah,

## TWC PERFORMANCE BRIEFING 10/25/2011

1 would you do that? I'd like to see -- because I'm  
2 hearing anecdotally in certain areas of the state,  
3 often of a -- a number of which are, you know, low  
4 unemployment but they're beginning to feel the effects  
5 in terms of their local economy.

6 MR. FROESCHLE: Yeah, I was in Lubbock  
7 not too long ago, and of course, the -- the gentleman  
8 said, you know, "Thank you very" -- I had done a  
9 presentation for him. He said, "Thank you very much  
10 for the presentation, really enjoyed it." He said,  
11 "Next time you come to Lubbock, make sure you talk  
12 about the agricultural sector when you're here." He  
13 says, "And it's not -- you know, the farmers are --  
14 are having a hard time, but a lot of them have  
15 insurance against some of their crops. But the -- but  
16 the people that are in the supply chain are hurting  
17 significantly." And so --

18 CHAIRMAN PAUKEN: Great. Okay.

19 MR. FROESCHLE: -- another piece of  
20 anecdotal information related to that.

21 CHAIRMAN PAUKEN: All right. Thanks.  
22 Any questions?

23 COMMISSIONER CONGLETON: (Shaking head).

24 COMMISSIONER ALCANTAR: (Shaking head).

25 CHAIRMAN PAUKEN: Okay.

## TWC PERFORMANCE BRIEFING 10/25/2011

1 Larry.

2 MR. TOWNSEND: Good afternoon,  
3 Commissioners.

4 Under Tab 2, I wanted to briefly give  
5 you a status on our financial activities for 2011.  
6 This is ending August 31st. Not a whole lot to report  
7 here.

8 I just wanted to, in the third column at  
9 the bottom line, point out that we had expenditures  
10 for 2011 totaling 1 billion 288 million. Remarkably,  
11 that was within -- that's about 5 million higher than  
12 the year before, so such a large number is actually  
13 fairly close for the last two fiscal years.

14 The other observation to share with you  
15 there is that of that almost 1.3 billion, 175 million  
16 of that related to our wrapping up the -- the ARRA  
17 funds, the Recovery Act funds. So, that was included  
18 in this last fiscal year, as well. So, taking that  
19 into account, then, our -- just our nonARRA funds,  
20 Recovery Act funds, would have totaled just around 1.1  
21 billion, which is roughly our operating budget  
22 year-to-year for the last several years.

23 The -- the last comment we wanted to  
24 discuss this afternoon with you is under the Strategy  
25 1.2.2, the Self-Sufficiency. I believe Larry Jones

## TWC PERFORMANCE BRIEFING 10/25/2011

1 wanted to share some observations about that  
2 particular strategy.

3 MR. JONES: Good afternoon,  
4 Mr. Chairman, Commissioners. I just wanted to point  
5 out that we already have for this fiscal year as many  
6 as 16 projects underway on Self-Sufficiency. You saw  
7 14 of these with the Foster Youth Program that came  
8 before the Commission several weeks ago.

9 We also have one with the Houston Area  
10 Urban League and another grant up in the Dallas area.  
11 So, we have as many as 16 Self-Sufficiency grants that  
12 will be either started or will be started very  
13 quickly, and so that's a good start for this year with  
14 our Self-Sufficiency Program.

15 CHAIRMAN PAUKEN: Okay.

16 MR. TOWNSEND: And, Commissioners, if  
17 you don't have any other questions, that concludes my  
18 presentation on financial activities.

19 CHAIRMAN PAUKEN: No.

20 MR. TEMPLE: Adam.

21 MR. LEONARD: Good afternoon,  
22 Commissioners. I'll be talking about numbers that are  
23 in Tab 3 of your notebook, primarily. But, as normal,  
24 I'm going to talk about the color handout, single  
25 page, that should be loose in front of you. I have

## TWC PERFORMANCE BRIEFING 10/25/2011

1 extra copies here if need be. It looks like this.  
2 (Indicating).

3           The -- we finished the fiscal year  
4 missing 10 of the measures; however, only four of  
5 those were key measures, which are the ones that are  
6 typically focused on over at the Legislature. And  
7 when we look at the ones that we missed, they include  
8 things like the Entered Employment rate which, of  
9 course, we know is related to the economy, that when  
10 we set those targets, it was before the recession was  
11 really hit in Texas. And we didn't have a -- a good  
12 sense about how big a hit it would be, although we  
13 knew it was going to be somewhat of an issue.

14           When we look at the Job Seekers in the  
15 system, we continue to see a slow, steady reduction in  
16 the number of job seekers that are being served. And  
17 so what this first chart is showing, the blue line in  
18 the first chart is showing the number of job seekers  
19 served over the 12-month period ending in each month.  
20 And so you can see there that, basically, since  
21 somewhere in the beginning of Calendar Year 2010, the  
22 numbers have started to -- they -- they stopped  
23 flattening out and then they started dropping.

24           What's interesting is, is that not only  
25 the number's down, but they're accelerating month by

## TWC PERFORMANCE BRIEFING 10/25/2011

1 month, that if you look at the over-the-year change,  
2 the over-the-year change each month seems to be a  
3 slightly bigger drop than the month before that. And  
4 so we may be starting to move kind of back towards  
5 some normalcy in terms of the -- the numbers that are  
6 going into the centers, although we are still up above  
7 where we had been running before the recession.

8                   Looking at Reemployment of Claimants  
9 Within 10 Weeks, the last 18 monthly cohorts have been  
10 higher than the same month one year earlier. And so  
11 if you look at this chart, the blue line with the  
12 circles, the light blue line with the circles in it is  
13 the current year that we just are finishing. And if  
14 you compare that to the orange line, which is the  
15 prior year, you can see that month by month the  
16 cohorts are higher. And it's -- it has slowed the  
17 last few months, that if you look at the last four  
18 months, they are from March -- claimants from March,  
19 April, May, June, the improvement there compared to a  
20 year earlier is somewhat less. But it is still solid  
21 improvement, and -- and the line as a whole has  
22 clearly moved in the right direction since during this  
23 last year.

24                   In terms of job openings that are in  
25 Work In Texas, again, the heavy blue line in the

## TWC PERFORMANCE BRIEFING 10/25/2011

1 middle of the page there shows what the monthly  
2 numbers have looked like during Calendar Year 2011.  
3 And what's interesting about this is that when you get  
4 to the September numbers there at the end, we are  
5 now -- the September 2011 number looks an awful lot  
6 like it did before the recession hit in Texas, that  
7 it's about at the same level as it was in September of  
8 2007.

9                   So, really, I think that the October  
10 numbers are going to be very interesting to look at,  
11 because we typically have a big spike in October every  
12 year as you can see. So, to see how much of a spike  
13 we get this year will kind of give us a sense of  
14 whether -- you know, how much those openings are  
15 really picking up or whether the September number was  
16 somewhat of a blip. So, we'll be looking at that  
17 going forward.

18                   When we look at our new hire data,  
19 our -- our wage record data to see instances where an  
20 employee is working for an employer that they  
21 previously weren't, we continue to see improvement  
22 there. Potential new hires for the second quarter of  
23 2011 was about 15.9 percent of jobs filled, compared  
24 to 14.8 and 14.1 for the two prior years. So, we're  
25 seeing more churn, more hiring going on there. And

## TWC PERFORMANCE BRIEFING 10/25/2011

1 the percent of employers that are reporting new hires  
2 is also up for 2011, Quarter 2, about 46 and a half  
3 percent of those employers who reported employees  
4 indicated -- or seemed to indicate they had a new  
5 employee compared to 44.8 in 2010 and 43.1 in 2009.

6 I mentioned that Entered Employment were  
7 two of the measures that we were not quite meeting  
8 this year, although I should say that performance for  
9 '12 looks like right now it's going to be on target.  
10 So, it's something we'll be monitoring for the next  
11 year.

12 Lastly, I was going to talk about Tab 4,  
13 which has to do with the boards and how they've done  
14 this year. This is based on the August MPR, which is  
15 not year-end performance for all of the measures. But  
16 right now what we're looking at is that 22 of the  
17 boards were meeting or exceeding at least 80 percent  
18 of their measures, one was meeting all, six were  
19 missing only one, and 11 were missing only two.

20 And when you focus on the areas that  
21 boards were not meeting, 20 of those 66 instances were  
22 associated with the Federal Claimant Reemployment  
23 measure. Six -- only six were related to the 10 Week  
24 measure. And looking ahead to the -- to the year-end  
25 report that's going to be published probably next

## TWC PERFORMANCE BRIEFING 10/25/2011

1 week, it looks like only three boards will end up  
2 missing their target this year. And that's a  
3 significant improvement from where we were a year ago  
4 with the boards. And I believe last year, something  
5 like 24 or 25 boards were unable to meet their  
6 targets, so this is certainly some improvement there.

7           The other big area that we're seeing  
8 issues with is with Choices Participation, but we are  
9 anticipating that, as we kind of shift the focus more  
10 towards employment activities associated with  
11 developing the new Choices Work Right, we're going to  
12 probably be able to do a better job measuring what's  
13 happening in that area and -- and linking it more with  
14 the long-term outcomes of success for that program.

15           So, I'm happy to answer any questions  
16 you may have about the performance measures of closing  
17 out last year.

18           CHAIRMAN PAUKEN: Okay. All right.

19           MR. TEMPLE: I would bring your  
20 attention that the Department of Labor recognized  
21 Texas, the 10 Week Reemployment measure for the UI  
22 Claimants with the Innovation Award last -- and,  
23 again, the only state in the nation that has this, a  
24 couple other states are replicating it. But we won  
25 that award and particularly recognizing that we're

## TWC PERFORMANCE BRIEFING 10/25/2011

1 working with local workforce boards, which is kind of  
2 a unique situation. But, anyway --

3 CHAIRMAN PAUKEN: Okay.

4 MR. TEMPLE: -- Larry Jones.

5 MR. JONES: Naturally, I meet with Randy  
6 and with Adam before this meeting starts, and so we go  
7 through this data together. And I would echo a lot of  
8 the same things that Adam has already said.

9 I'd like to go back to the expenditure  
10 data and point out, this being our first full meeting  
11 following the closeout of our ARRA contracts, we  
12 closed out all of the our remaining stimulus contracts  
13 in September of this year. One of our unstated goals  
14 was to not let any of that funding go bad or have to  
15 be returned to the federal government.

16 I'm very pleased, Commissioners, to tell  
17 you that with the help of thousands of folks out  
18 there, including people at workforce boards, people at  
19 our colleges, people at our other training partners,  
20 and notably TWC staff here, we were able to achieve  
21 that goal. And so none of our stimulus money had to  
22 be returned.

23 CHAIRMAN PAUKEN: Okay.

24 Larry.

25 MR. TEMPLE: LaSha.

## TWC PERFORMANCE BRIEFING 10/25/2011

1 MS. LENZY: And I'll echo that Adam  
2 always does a good job in -- in explaining all of our  
3 measures. The only thing that I wanted to add was in  
4 our appeals area, we often talk about the workload in  
5 regular UI and in the call centers, but then there's a  
6 lag effect with our appeals areas. So, I just wanted  
7 to note that I'm really proud of those guys in  
8 appeals, in Commission Appeals.

9 They've really been struggling for the  
10 last year and a half or two years. But in this last  
11 quarter they had a 24 percent increase in their  
12 appeals timeliness. So, we're not where we want to be  
13 yet, but we're on our way.

14 CHAIRMAN PAUKEN: Okay.

15 MS. LENZY: So, thanks to all those guys  
16 for all the overtime.

17 CHAIRMAN PAUKEN: All right.

18 MR. TEMPLE: And, Commissioners, I -- I  
19 visited briefly with each of you today related to the  
20 new UI audit measures, and we'll be coming around and  
21 talking to you about those. But it's quite -- quite a  
22 change, and we've talked with the Tax folks, and  
23 they'll be coming around and -- and briefing the  
24 offices on that.

25 CHAIRMAN PAUKEN: Yeah, I'm concerned

## TWC PERFORMANCE BRIEFING 10/25/2011

1 about that.

2                   Okay. Anybody else? Jonathan, do you  
3 have anything?

4                   MR. BABIAK: Good afternoon,  
5 Commissioners. I think at the last performance  
6 briefing there was some question about the Civil  
7 Rights targets, and I've found that nobody knows  
8 exactly how we derived the old targets. The targets  
9 for the current biennium have been revised.

10                   I can tell you that we are closing all  
11 the cases that we plan to close, and we are expending  
12 about 95 percent of what we expected to expend. So,  
13 from an operating budget standpoint, I think we're in  
14 good shape. And I think once the new targets are used  
15 to measure our performance, then we will be able to  
16 show that we're meeting the targets.

17                   CHAIRMAN PAUKEN: Okay.

18                   All right. Thank you.

19                   MR. TEMPLE: That's all. Thank you.

20                   (Meeting concluded: 2:01 p.m.)

21

22

23

24

25

## TWC PERFORMANCE BRIEFING 10/25/2011

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 31st day of October 2011.

JANIS SIMON  
Certified Shorthand Reporter  
CSR No. 7076 - Expires 12/31/11  
Firm Registration No. 276  
Kennedy Reporting Service, Inc.  
8140 N. Mopac Expressway, Suite II-120  
Austin, Texas 78759