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TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

QUARTERLY WORK SESSION
TUESDAY, NOVEMBER 8, 2016

BE IT REMEMBERED THAT at 11:00 a.m. on
Tuesday, the 8th day of November, 2016, the above-entitled
matter came on for hearing at the Texas Workforce
Commission, TWC Building, 101 East 15th Street, Room 244,
Austin, Texas, before ANDRES ALCANTAR, Chairman; JULIAN
ALVAREZ and RUTH R. HUGHS, Commissioners

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P R O C E E D I N G S

TUESDAY, NOVEMBER 8, 2016

(10:58 a.m.)

CHAIRMAN ALCANTAR: Good morning, everyone. We'll start the first performance briefing work session. Larry, who do you have first?

MR. TEMPLE: Doyle.

CHAIRMAN ALCANTAR: Good morning, sir.

MR. FUCHS: Good morning Mr. Chairman, Commissioner Hughs, Commissioner Alvarez, Mr. Temple.

CHAIRMAN ALCANTAR: Are you on?

MR. FUCHS: I am now.

CHAIRMAN ALCANTAR: All right.

MR. FUCHS: Good morning, Mr. Chairman, Commissioner Hughs, Commissioner Alvarez, Mr. Temple. Doyle Fuchs with the Labor Market and Career Information with the economic update for this quarter's performance briefing. The -- you've got -- got a packet with some refreshed slides and information in it after our -- our latest release. The first four -- four slides in the presentation all tell pieces of basically the same story. Unemployment rates are drifting higher primarily because of continued softness in oil and gas and the related manufacturing activities.

On the second slide, the job market is growing slowly. We were pretty flat in July and August. September

1 we had a little bit of an uptick from -- to 1.7 percent
2 growth rate for -- for Texas and for the U.S. U.S. growth
3 rates have flattened out as stated about that 1.7 percent
4 level for the last three months.

5 On the third slide, the strength in the service
6 sector has -- has more than offset weakness in oil and gas
7 and manufacturing resulting in continued job growth for the
8 state. A particular strength in financial activities,
9 professional and business services and leisure and
10 hospitality. Those are basically the same industry sectors
11 that have been propping us up for a while now. The -- the
12 forth slide gives us some idea, again, graphically of some
13 of those same kinds of numbers. The strength in -- in the
14 services sector more than making up for -- for the weakness
15 in oil and gas.

16 The -- and then the following slide compares West
17 Texas Intermediate Crude prices with our annual growth rate.
18 As noted previously, the Texas job market was impacted by
19 that drop in oil and gas prices and continues to -- to -- to
20 remain somewhat depressed. We continue to add jobs, and our
21 job market continues to grow but at a somewhat depressed
22 rate but not nearly as robust a growth as we saw two years
23 ago.

24 CHAIRMAN ALCANTAR: Right.

25 MR. FUCHS: The rig count slide follows that. It

1 compares Baker Hughes rig counts with WTI prices. Our rig
2 counts have started -- have been growing slowly since about
3 the middle of June. Last month or -- or most recently, the
4 count stood at 245 active rigs in Texas and 277 active rigs
5 nationwide. So only 32 active rigs in -- in the U.S.
6 outside of Texas. Most of the industry forecasters expect
7 an uptick in activity once oil prices get to and -- and stay
8 at about \$50 a barrel. We're not there yet, but, like I
9 said, we have seen some growth and activity. But -- but,
10 again, not -- not anything spectacular and likely not until
11 we -- until we get to where we can sustain that \$50 a barrel
12 level.

13 Looking at our annual growth rates and
14 unemployment rates by -- by metro area, the larger metro
15 areas or the fastest growing metro areas remain roughly the
16 same as they have in previous quarters, Dallas, College
17 Station, Rou -- Austin-Round Rock is in there. Of note
18 McAllen-Edinburg-Mission MSA has popped into the number 3
19 slot with 3.3 percent growth last month.

20 MR. TEMPLE: Has that just been in the last nine
21 months, six to nine months they've done that? I'm wondering
22 if there's a correlation with anything.

23 MR. FUCHS: Yeah, we -- we won't -- we won't look
24 at any personnel changes in organizations in the Valley this
25 year, but it maybe had an impact. The -- of note there,

1 McAllen's unemployment rate remains persistently high but
2 some light at the end of the tunnel with their unemployment
3 rates as low as they are. The -- the worst performing areas
4 of the state as far as growth rates remain primarily oil and
5 gas areas, Houston, the -- the Permian Basin, Longview and
6 East Texas, so.

7 Three quarters ago we added the Job Openings and
8 Labor Turnover Survey results at the national level to kind
9 of give us an idea of, you know, what -- it gives us a
10 little bit of a read on employer attitudes and what's
11 happening in the -- in the job market. The -- as -- as
12 quits remain on an uptrend, layoffs and discharges have --
13 are relatively flat, and it remained that way which is --
14 you know, the -- the -- kind of a general impression from
15 that is is that as -- as optimism about what's going to
16 happen with the economy or prospects for finding another job
17 somewhere else that's maybe better than the one you're
18 leaving. Quits go up in a -- in a more healthy environment,
19 and -- and they'll start drifting down as -- as workers
20 become concerned about finding another job.

21 The next couple of slides are Helpwantedonline
22 listings, information and, again, there not a whole of
23 change from what we've seen over the last probably couple of
24 years.

25 CHAIRMAN ALCANTAR: So, Doyle, on this one,

1 it's -- so it's been 10 years since it was double in terms
2 of the number of quits compared to layoffs and discharges?

3 It's been about a decade --

4 MR. FUCHS: Yes.

5 CHAIRMAN ALCANTAR: -- since it doubled up. Okay.

6 MR. FUCHS: Yeah. And there's -- those numbers
7 are put together by a survey from Bureau of Labor
8 Statistics. They are working on working that down to the
9 state level, so we're hopeful that we'll get some -- some
10 state-level indications of these -- these JOLTS numbers
11 fairly soon.

12 CHAIRMAN ALCANTAR: Thank you.

13 MR. FUCHS: Again, not -- not -- not a lot of note
14 in the Helpwantedonline job listings. Overall listings
15 remain lower than they were at this time a year ago. The
16 same occupations showing up at the top of the list that have
17 tended to be there so not -- not -- again, not a lot of note
18 there.

19 I would like to take a bit of a look at sales tax
20 collections. Note there that -- that for roughly the last
21 six months or so, sales tax collections overall have
22 flattened out and are running a low trend line which gives
23 us a little bit of an indication that maybe in the retail
24 sector things might not be quite as -- as robust as they had
25 been. Sales tax collections for -- for retail, however, has

1 been -- been fairly flat and drifting a little higher.

2 So the Consumer Confidence Index shows a lot of
3 the same as what the quit rate shows on JOLTS data. It
4 continues to trend upwards kind of choppy with what's -- you
5 know, it depends on what's in the news that day when they
6 take the survey but -- but, again, tending to trend a little
7 higher.

8 The remainder of the -- the slides in the
9 presentation are -- are in there for informational purposes.
10 We recently released our 2014-2024 employment projections,
11 so I've included a few slides there on -- on the growth
12 industry sectors, industries and occupations -- occupations
13 adding the most jobs -- just to give you some idea of some
14 high-level information from that particular data set, so,
15 you know, to explore at your leisure.

16 The -- we've also recently put together some
17 information and -- and used a little more information on
18 education attainment basis earnings -- versus education
19 level -- education attainment versus unemployment rates and
20 -- and pay levels. And as you can see on -- on that chart,
21 unemployment rates go down as -- as education levels go up
22 and as pay goes up. The -- of note there that -- and the
23 message that we've been trying to convey is that -- that
24 anything less than a high school diploma, you're starting
25 out kind of behind the eight-ball and your chances of -- of

1 being able to pull yourself out of poverty are pretty slim
2 with a persistently high unemployment rate and low wage
3 levels for most of that worker category.

4 We've also been mining a few more demographic data
5 out of some of our data -- out of some of our -- our
6 surveys. We've got median -- median earnings by award level
7 and gender in the next slide. Not a lot of surprise there.
8 Education level, pay goes up and -- and females tend to make
9 less by any of those categories than -- than their male
10 counterparts.

11 And then the last slide -- actually -- yeah, the
12 last slide shows education attainment by race and ethnicity
13 -- ethnicity over time. I think the bright spot there is
14 that the gap for Hispanics, 25 -- age 25-64 remains wide,
15 but it's narrowing. That education attainment levels are
16 going up and -- and which to me is the bright spot in that
17 particular slide.

18 That concludes my prepared presentation. I do
19 want to thank our dissemination and outreach staff for
20 helping put these charts together, in particular, Fatima
21 Pendleton, so thank you.

22 CHAIRMAN ALCANTAR: I really like the enhancements
23 and the additional charts are very informative and useful,
24 so thank you for all your good work and, by the way, thanks
25 for all the good work in terms of your work with the other

1 agencies and all the tools and everything else you guys are
2 doing.

3 MR. FUCHS: Thank you.

4 CHAIRMAN ALCANTAR: Very important. Thank you.

5 MR. FUCHS: My pleasure. Thanks.

6 MR. TEMPLE: Randy.

7 MR. TOWNSEND: Good morning, Chairman and
8 Commissioners. For the record Randy Townsend, Chief
9 Financial Officer. Excuse me. In Tab II, Commissioners, I
10 have a one page -- well, two pages in there with the monthly
11 legislative report that's the financial status as of August
12 31st. It's for fiscal year '16. I do have more recent
13 information that I'll just provide you just a verbal update
14 with regard to our fiscal '17 just to kind of walk you
15 through a little bit of that.

16 I also included a handout out -- up there for you.
17 It's a three-page document. It's the state fiscal year 2016
18 monthly legislative reports. It's a summary about strategy
19 and expenditure object, and I wanted to talk a little bit
20 about that to give you a little bit more insight into -- a
21 little bit more transparent view of the one-page summary
22 that's included in your performance briefing materials this
23 morning.

24 Just by way of kind of high-level overview for the
25 2016 in review essentially at this point, we had an

1 appropriation year budget of about 1.27 billion. We
2 expended through August on a fiscal year basis 1,185,000,000
3 roughly. That was about 97 percent of what we had assumed
4 we would spend on a fiscal year budget from that standpoint,
5 so we were tracking quite closely from that perspective. If
6 you compare the 1.185 billion spending for '16, that
7 compares pretty close to the one year ago of 1,143,000,000
8 call it. So we were pretty much in the same time --
9 frame -- spending framework there.

10 Just to kind of give you a kind of -- moving ahead
11 just a little bit and giving you a view or verbally giving
12 you a perspective on what this is going to look like for
13 fiscal '17, the budget goes from about 1 point, you know, 27
14 billion. It will be about 1.58 billion so 300 million
15 higher when we bring in the budget for the voc. rehab.
16 program for fiscal '17.

17 One month in -- again, I'm just kind of giving you
18 the verbal perspective. I just this this morning -- we --
19 we had spent about 120 million as of September, the first
20 month. That compares with 100 million the year before.
21 Most of that difference was attributed for the most part to
22 the voc. rehab. expenditures in this -- in that first month
23 of the fiscal '17. It will close a little earlier this next
24 year, so I will -- I'll get around and give you an update of
25 fiscal '17 with a two-month look which I think will give us

1 a little better view. But so far, we're -- we're one month
2 in, and I just wanted to give you some sense that, you know,
3 we're tracking where we would expect to -- to be at this
4 point.

5 FTEs, the full-time equivalents, back to fiscal
6 '16 in your one-page document in the -- in the notebook,
7 22,755 FTEs. We had -- had averaged for the last three
8 months of the -- of the state fiscal year '16. Jump ahead
9 to the month of September, we bumped up to 4,533 so almost
10 1,800 FTEs. Again, it's consistent with what we expected to
11 see in terms of the transition of the -- of the VR staff
12 that came into the agency effective September 1st so that
13 was along the lines of what we -- our expectations.

14 I also wanted to just spend a couple of moments,
15 again, about -- on the three-page document that I had handed
16 out -- give you some sense of the year by strategy. You
17 don't get a whole lot of a look, much of a look when you
18 compare just at a high-level strategy level. So what I've
19 done there for you by strategy is giving some additional
20 information, what I'm calling the expenditure object
21 summary. That's the third column of that -- of that
22 handout. That same information's compare -- is being
23 compared on the -- for the state fiscal '16 budget expended
24 and then showing you the comparison of what the -- the
25 budget less the expenditures were.

1 So as an example in that first strategy,
2 WIOA/Adult Dislocated, we had 131 million budget; 123 was
3 expended so there's 7.6 million underspent. Here you can
4 now tell that almost 7 million of that was related to grants
5 and client services. So in terms of the -- of salaries and
6 that sort of thing, we were -- you know, we were actually
7 under the expected -- the budget, well, slightly over the --
8 the budget level in that particular category. Most of that
9 difference in terms of of the budget was related to grants
10 and client services. What you can also see on that same
11 page is the comparison with prior expenditures, again,
12 broken down by that expenditure object summary. So it goes
13 strategy by strategy that way.

14 If you -- if you turn to page 3 of that document,
15 at the very bottom of page 3, you'll see a recap summary by
16 the -- the -- the expenditures. For example, grants and
17 client services of the almost 1.3 billion that we had
18 budgeted, almost a billion of that was grants and client
19 services, mostly grants, for -- for 2016. We had expended
20 990 million. So most of the difference as far as compared
21 to budget was related to grants and client services.

22 So the good news there was that for salaries and
23 personnel related costs, we were actually about 5 million
24 under -- under budget or almost, you know, 4 percent in
25 terms of operations. The same kind of trend line was going

1 on there.

2 I provided a little additional details for some
3 of the -- well, operating costs, for example, most of that's
4 related to capital budget kinds of -- of items, and then
5 agency operations is going to be, you know, a further
6 breakdown. So it gives you a little bit more of a view into
7 the -- the details of -- of the one page. If you'd like me
8 to come by, I can spend a little bit more time with you, but
9 I think this maybe gives you a -- hopefully without
10 overwhelming you with too many -- too many numbers there.

11 A couple other items I did want to share with you.
12 We just had some -- some late-breaking news as it relates to
13 fiscal '17. I think when I laid out for you the -- the
14 allocation information, it was approved earlier for the
15 Supplemental Nutrition Assistance Program, SNAP Employment
16 Training, SNAP E&T, we didn't know the -- the funding amount
17 for the -- the SNAP a-bod, the able bodies without
18 dependents funding. We thought it'd be similar to previous
19 levels. Although, I think we had concerns that New York
20 would possibly by back in the game in fiscal '17.

21 In fact, we were just notified I think as of today
22 that that number goes from about 9 million to just under 3
23 million, so we're going to see, unfortunately, a \$6 million
24 reduction in funding for the -- for the a-bod portion of the
25 -- of the SNAP E&T so that was just -- that's like literally

1 just this morning.

2 CHAIRMAN ALCANTAR: That's a little bit more than
3 what we anticipated.

4 MR. TOWNSEND: Absolutely, yes, sir.

5 CHAIRMAN ALCANTAR: Yeah.

6 MR. TOWNSEND: Quite a bit more.

7 COMM. HUGHS: More.

8 MR. TOWNSEND: Quite a bit.

9 CHAIRMAN ALCANTAR: Yeah.

10 MR. TOWNSEND: So we'll -- we'll have to deal with
11 that. The -- the other thing I wanted to just let you know
12 about in terms of fiscal '17, the current year that we're
13 in, of course, like I said, I will be pulling together the
14 two months' worth of data here by early next week, we are
15 going to be closely focused on the -- the expenditure levels
16 as it relates to the Pre-Employment, Pre-ETS, Pre-Employment
17 Training Services out of the VR program. You know, there's
18 certain -- 50 percent limits or minimums that we have to
19 attain on that -- in that program. We put the budget
20 together for that.

21 In terms of salaries and the operating costs, it
22 looks like we've tracked pretty closely in that first month
23 with where we expected to be in that part of the program.
24 Again, I'm giving you just a verbal update here for this one
25 right now. We probably are going to need to do some more

1 work as it relates to some of the assumptions in like client
2 services, and -- and Reagan may -- may want to talk a little
3 bit more about the -- the plan of having a work group at --
4 at the staff level to just stay focused on this -- on this
5 very important program as far as the expenditure levels and
6 that sort of thing.

7 The -- the final comment I'll leave you this
8 morning and this goes back to what Larry had mentioned from
9 -- I was -- I just attended the -- the NASWA administration
10 finance meeting, an AFM meeting. And I will tell you
11 there's still quite a bit of focus and concern about the
12 balances as it relates to the WIOA, the Workforce Innovation
13 and Opportunity Act, statewide funding. Texas has been
14 listed as one -- and just mainly because of the sheer size
15 of our state as far as the balances at the end. And this is
16 usually measured at the end of -- of June 30th of each year,
17 that is our program year starting in July.

18 The balances last year was right around 8 -- \$8
19 million the way it gets counted, and we've made a few
20 changes to try to bring that balances down where we were,
21 for example, waiting to -- for a couple months just to open
22 up the new grant. And on a state fiscal year basis, we can
23 -- we can make those -- on a one-time basis, we can fix some
24 of those -- those balances. That was almost guaranteeing \$1
25 million balance as of June 30th. So we -- we can address

1 those kinds of things.

2 But I will -- I will get a little bit more
3 information to you in terms of where we -- we ended up as of
4 June in terms of balances. I know there's some reserves
5 setting out there that you're aware of. It may be a little
6 bit higher, but we want to make sure that we bring that
7 balance -- you know, within a responsible way obviously --

8 CHAIRMAN ALCANTAR: Sure.

9 MR. TOWNSEND: -- with your -- with obviously your
10 -- your direction and guidance on that. But it is being
11 measured, and there's concern that the balance across all
12 states is creeping back up again. And but Texas is
13 better -- I mean, of the total I think we can only make up
14 about 8 percent.

15 CHAIRMAN ALCANTAR: Were they concerned about the
16 changes they've made that kind of limited the way that
17 states can spend on in school/out of school and those sort
18 of things?

19 MR. TOWNSEND: I did not -- I did not hear that,
20 no, sir.

21 CHAIRMAN ALCANTAR: Yeah, you might want to remind
22 them about those sort of things when they express concerns.

23 MR. TOWNSEND: Yes.

24 CHAIRMAN ALCANTAR: The fact that they're
25 undermining good work by doing these sort of things probably

1 has a little bit to do with some of the replanning that
2 needs to be undertaken at the state and local Board level.

3 MR. TOWNSEND: Yes, sir.

4 CHAIRMAN ALCANTAR: All right.

5 MR. TOWNSEND: I believe unless you have
6 questions, that was kind of the highlights of the -- of the
7 financial status as of August and with a little bit of a
8 view of where we are in September.

9 CHAIRMAN ALCANTAR: All righty, then. Thank you.
10 Who's next, Larry?

11 MR. TEMPLE: Adam.

12 MR. LEONARD: Good morning, Commissioners. This
13 morning we're going to be talking primarily about
14 information in the Tab III and IV of your notebook, but I've
15 laid out in front of you a copy of kind of a summary of the
16 comments as I want to do. Some of the things I'll be
17 highlighting, I have some printouts in here for folks in the
18 audience who didn't get one off of the email account.

19 To start off with at the top, I wanted to just
20 talk about how this year to put some perspective on it, we
21 met or exceeded performance targets on nearly 74 percent of
22 the measures, and that's compared to 59 percent last year
23 for the measures that we report to the Legislative Budget
24 Board, to the Governor and to the legislature so that's an
25 improvement over last year. Our numbers of -- or the

1 percentage of DOL performance measures that met went up
2 slightly as well. We had two missed last year. First one
3 missed this year we just completed, so that's another step
4 in the right direction there.

5 When we drill into some of the numbers and looking
6 at some of the changes that there are and the instances
7 where we may not have hit our targets such as in
8 WIA/Dislocated Worker average cost and cost per -- or number
9 served, some of what we were seeing there had to do with a
10 change in service delivery strategy in one of our larger
11 Boards and also a general slowing of enrollments in
12 anticipation of the reductions that were coming in the Adult
13 Dislocated Worker money for the -- for the Boards for this
14 contract year so trying to spread it out. The change in
15 funding that was available, that may have had a factor
16 there.

17 For trade, of course, we're really affected by
18 what happens (indiscernible) within the larger labor force
19 and whether or not there is a sufficient number of trade-
20 affected layoffs. So when the numbers are low here, it's
21 kind of a good thing in the sense that there are fewer
22 people who need this assistance. Our Choices customer
23 served and average cost have been impacted by -- the targets
24 were tied very much to projected case loads from HHSC. And
25 as it turns out, the case loads are about 18 percent lower

1 than what they projected so not surprisingly our number
2 served and average cost are affected.

3 At the same time, it's not just a question of we
4 have a lower case load. It's that 53 percent of them are
5 exempted from state and federal -- or federal standards with
6 36 percent of them being mandatory under federal standards,
7 exempt under state. That's kind of a hard to serve
8 population in a way because of the mixed messaging
9 associated with it.

10 In terms of looking at -- we -- we missed the
11 contracted number of self-sufficiency fund grantees. But we
12 are starting this year off promisingly with a couple of
13 projects involving 352 trainees that are currently in
14 development so that may put us on a good path for this year.

15 When we look at Adult Education performance, you
16 know that our numbers came up significantly on participants
17 served, and that might have been kind of a high point on
18 that because in this new year we're really emphasizing use
19 of the career pathways and other programs, integrated
20 education and training programs, that have a higher cost.
21 But still, it was good to see a response there in that year
22 compared to the year before.

23 When we're looking at achievement of the diploma
24 equivalent, the numbers came in below target, but it is
25 worth noting that this was the first year where everybody

1 taking the test was taking new, harder tests. And more
2 recent data has shown that the percent of people passing the
3 test tended to look -- it was trending upwards. So
4 hopefully, that will improve as we go forward for this year.
5 And last year would've been more impacted by this -- the --
6 the change that the test brought to us. And, of course, we
7 also know that there are some changes in the types of tests
8 that are going to be available in the future.

9 In terms of looking at the percent of students who
10 are completing the level in which they're enrolled, what
11 we're seeing there is that those students who tend to stick
12 it out, remain in the program longer, they have very high
13 completion rates. Eighty-two percent of those who stayed
14 long enough to get a post-test assessment end up showing
15 gains, and 44 percent of those who count as participants,
16 who were in the denominator, do not remain in the program
17 long enough to reach the -- the post-test assessment.

18 So right there, it's a different kind of
19 challenge, but it is something that's theoretically within
20 our control in the sense that this is not a LAG measure, and
21 it's showing that generally the program seems to be
22 effective for those who are sticking around within it. So
23 hopefully through improved retention strategies within the
24 program, that may end up pulling this number upwards.

25 Our re-employment within 10 weeks remains above 50

1 percent, but it has softened somewhat compared to last year.
2 And we think this has to do with the increase of about
3 37,000-and-change new claimants with a substantial portion
4 of them being in the oil and gas area.

5 Although, it is worth noting that the numbers of
6 oil and gas claims are starting to come down and return to
7 kind of their pre-2000 -- you know, 2014 levels. Even
8 though oil and gas prices have not significantly risen, I
9 guess you'd see kind of the level of stability within the
10 industry in terms of layoffs right now. We're at least
11 returning to some of those lower levels.

12 The chart here in the middle of page 2 talks about
13 how we're continuing to see improvement within our Choices
14 participation through employment despite, again, a high
15 percentage of the cases being exempt. We had an SESEP
16 measure that missed the enrollment target essentially
17 because we had participants remaining in the -- in the
18 program a little bit longer than expected due to limited
19 employment opportunities to transition them out of the
20 program and into external employment.

21 When we look at the Unemployment Insurance
22 Division, they met four of their six measures with the
23 number of initial claims being up slightly over 15 and both
24 years being above target. Average wait time has also missed
25 its target, but we are seeing some improvement in the trend

1 there. So if you look at the average wait time over the
2 last four quarters, a strong downward trend is being shown.

3 Regulatory Integrity and Civil Rights Division met
4 or exceeded all of their measures. And although, Vocational
5 Rehabilitation wasn't in our program last year, we wanted to
6 go ahead and show you how the programs did, the ones that
7 are coming to us, as a way of kind of setting expectations
8 from baseline. And what we saw was that within the --
9 within the VR area, all measures met or exceeded performance
10 expectations and within the Business Enterprises of Texas,
11 all but one met or exceeded performance expectation there.

12 I -- on the chart on page 3, unfortunately, I left
13 off two measures, but they were also in a plus-P status.
14 They were average cost per -- per consumer served and
15 general in VR services. Both those came in just slightly
16 below the -- the high end of the -- or I'd guess you'd say
17 the low end of the margin. So they were at 94.9 percent of
18 target and low is good on average cost. So, again, when VR
19 comes over here in terms of these measures that we're going
20 to have for another year in pretty solid shape going forward
21 for year '17.

22 Talking about the Boards for a moment. This
23 material would be in Tab IV, and although we haven't gotten
24 the September NPR which is the year-end NPR for our Boards
25 out yet -- it should be out later today -- I did have a

1 snapshot of how they actually did. And so if we focus on
2 that, their year-end results, they ended up meeting
3 performance expectations in 239 out of 250 possible
4 instances, and that -- for four of the 13 misses were within
5 literacy/numeracy gains which is a measure that, of course,
6 is no longer on the books for year '17 going forward.

7 So I'm happy to answer any questions you may have
8 about how we completed last year in performance and how
9 we're looking going forward.

10 CHAIRMAN ALCANTAR: Okay. Thank you, Adam. Do we
11 have any questions?

12 COMM. HUGHS: I think he's addressed them.

13 CHAIRMAN ALCANTAR: I'm sorry?

14 COMM. HUGHS: No, not at this time. Thank you.

15 CHAIRMAN ALCANTAR: Thank you for everything.

16 Larry? Reagan, in terms of performance, we're getting ready
17 to go into our conference, and I was thinking in particular
18 given -- given what's going on with -- with child care, but
19 let's sit down and talk about the -- the awards, performance
20 bonuses, again, have a good discussion in terms of what we
21 should consider doing not only within child care but within
22 some of the other programs just to affirm that the awards
23 that we have in place are the right ones and which ones need
24 to be suspended or rethought given in particular what's
25 happening in child care. But anything else that you can

1 think of?

2 MS. MILLER: Yes, and I -- I'd also note we'd
3 received some direction from you earlier not for this
4 conference but for the one the next year about potential
5 awards that were focused on employers who were employing
6 individuals with disabilities. So we'll want to add that to
7 the conversation as well.

8 CHAIRMAN ALCANTAR: Yeah. And so we can set
9 something up. I guess we need to do it sooner rather than
10 later so we can affect the focus of the Boards and their
11 approach to contracting and everything.

12 MS. MILLER: Yes.

13 CHAIRMAN ALCANTAR: But certainly given what's
14 happening in child care, we just need to reevaluate what
15 we've done there.

16 MS. MILLER: And I will also note, Adam did not
17 mention child care performance, but as you know, we're
18 bringing forward an agenda item at next week's Commission
19 meeting to talk about child care performance, number served
20 and options for how to move forward.

21 CHAIRMAN ALCANTAR: Great. I appreciate
22 everybody's hard work. Adam -- I mean Larry?

23 MR. TEMPLE: Nothing else.

24 CHAIRMAN ALCANTAR: Okay. Do we have -- that --
25 that concludes both work sessions? We're going to IT now,

1 right?

2 MR. TEMPLE: Yes, sir.

3 CHAIRMAN ALCANTAR: All right. Okay. Good
4 morning still.

5 MS. RICHARDSON: Good morning. Good morning,
6 Chairman, Commissioners, and Mr. Temple. For the record I
7 am Lisa Richardson, TWC IT Director. I'm very excited to
8 share with you that we have several new and very
9 exceptionally qualified members of our IT leadership team,
10 and I'd like to introduce them to you today. So first, I'm
11 starting with our newest member. I'm going to call Heather
12 Hall up and then Tina Kaur. They -- they sat in the very
13 back row. They -- they were like, okay, not sure what to
14 expect on their first Commission meeting.

15 So Heather joins us as our Technology Business
16 Services and PMO Director, and Heather ran the PMO at DADS
17 and was also the former CIO at DADS, and so I'm very excited
18 about having her here with us today. Tina Kaur is our
19 Application Development and Maintenance Director, and Tina
20 is running -- she was running all the application
21 development systems at DARS, and so she comes over with all
22 of the knowledge of the vocational rehab. systems, and, in
23 addition, she's been very busy learning all of the systems
24 that we have here at TWC as well. So I'd definitely like to
25 -- to welcome them to our -- our team.

1 Who's not here with us today is our -- our last
2 director in our -- our new IT organization, and that's Eddie
3 Esquivel. He's at a meeting over at Brown-Heatly this
4 morning, and he's managing all of our teams and
5 infrastructure that are located at the Brown-Heatly Building
6 for us. He was instrumental in merging our Help Desk and
7 ensuring that all of our staff continued to be supported
8 throughout the fields. So anyway, I'd like to welcome
9 everybody. Thank you, ladies.

10 (Applause)

11 CHAIRMAN ALCANTAR: Congratulations. Looking
12 forward to Heather, Tina's and Eddie's contributions as we
13 move forward.

14 MS. RICHARDSON: Thank you so much. I'm very
15 excited about that. So if you turn to your table of
16 contents in your workbooks, you'll see that we're reporting
17 on 11 high-profile projects today. Several new projects are
18 also being kicked off with the beginning of a new fiscal
19 year, and we'll be adding those next quarter. Examples of
20 those include our PC Refresh effort. We're going to be
21 updating you on our WIT Replacement project and also
22 updating on ReHabWorks System Enhancements that we're
23 undertaking as well.

24 So if you'll turn to Tab I in your notebooks, our
25 first project that I wanted to report on today is our DARS

1 Transition. This project actually prepared us for our
2 September 1st transition activities. It's been -- actually
3 been a great success for us with over 20 IT teams focusing
4 on the various aspects of the transition. Commissioner
5 Hughs, do you -- are you there?

6 COMM. HUGHS: I'll be there in a second.

7 MS. RICHARDSON: Okay.

8 COMM. HUGHS: I'm with you though. I'm still
9 following.

10 MS. RICHARDSON: Okay. No problem.

11 COMM. HUGHS: I reviewed the folder in great
12 detail in advance of today's meeting so go on.

13 MS. RICHARDSON: I just wanted to make sure you
14 had the -- were in the right spot.

15 COMM. HUGHS: Yes, yes, yes.

16 MS. RICHARDSON: Thank you. So these teams were
17 working on everything from all the underlying infrastructure
18 that was necessary to put in place like all the networks and
19 the email and the automated systems to all the coding
20 changes that had to be done for interfacing the ReHabWorks
21 system and to be able to do payments through our financial
22 system and then also loading all of the employee information
23 into our HR system so that we could onboard staff and -- and
24 get them rolling.

25 This project actually took us through this first

1 phase of getting us through September 1st, and now we're
2 working on our next phases which really focuses on
3 transitioning and moving all of the VR staff into our
4 Workforce Solutions offices. So we are working -- IT is
5 part of an agency team that's -- which is managed out of
6 Glenn Neal's area, out of Business Operations, and we are
7 gathering all the estimates for what it's going to take us
8 to get any of the network and the connectivity for our staff
9 as we're moving into the Workforce Solutions offices so
10 that's what we're going to be -- that's where we're focusing
11 on next for our transition activities.

12 We did have some funding remaining out of that
13 DARS Transition project, and we'll be looking and working
14 with Randy in making some recommendations once we have
15 estimates on how much we might need to do any of the network
16 connectivity that -- in the fields.

17 If you'll turn to the next page, you're going to
18 see the listing of our key technology initiatives. And just
19 to cover some highlights for you -- to cover some highlights
20 for you, under the enhancements completed for this quarter,
21 we worked with our Training -- Training Department to
22 develop some share point training that we're offering for
23 all of agency staff, and we're starting to set up share
24 point sites for the divisions. HR has been one of our first
25 leaders and big adopters on using a share point site where

1 they're tracking requests for services in HR and also
2 managing their work loads. So it's real exciting to see
3 that -- that starting to kick off.

4 Under the middle section where you see some of our
5 key initiatives in progress, our PC Refresh project is
6 really kicking into full gear now. We've selected the
7 hardware for the refresh and are ordering over 150 test
8 machines that will be deployed this month. What we do is we
9 send those out all throughout the agency so that every
10 division gets to test the new devices. And we also have the
11 staff run any of their existing applications on it just to
12 see if we run into any kinds of problems. After we do our
13 testing, then we'll seek feedback. We'll make any
14 adjustments, and then we'll put out our final orders for --
15 for the PCs and start rolling those out in the
16 January/February timeframe.

17 We did have a slight adjustment recently in our
18 deployment strategy. Initially, we were thinking that we
19 would need to roll out all of the -- the transferred VR
20 staff machines first. But now through Business Operations,
21 they've come up with a better solution for us so that we can
22 just roll them out in every area rather than having to hit
23 an area for VR staff and then having to go back and hit them
24 again. Now we're just going to kind of roll them out
25 consistently regardless of the background of -- of the user

1 so that -- we're excited about that. It's going to save us
2 some time and effort.

3 And finally one of the projects that we were
4 starting to work on is our IT Service Management. That's in
5 the in-queue area. This is kind of taking our consolidated
6 Help Desk to the next level where we're going to be able to
7 work with our customers better and be able to track our
8 service requests that are coming in through IT and hopefully
9 better -- and -- and definitely set up better processes to
10 address our -- our customers' needs. So those are kind of
11 the highlights that we have under our IT organization. Any
12 questions that you might have for us today?

13 COMM. ALVAREZ: No questions.

14 CHAIRMAN ALCANTAR: Well, I guess my first com --
15 my primary comment is that I really appreciate the shift in
16 terms of the performance outcome focus, and -- and I think
17 the -- the new team members and where you're going with it
18 is really exciting. So I'm listening to this with that
19 context, and I -- and it's very encouraging so anyway keep
20 going.

21 MS. RICHARDSON: Thank you, sir, very much. So
22 UI, LaSha?

23 MR. TEMPLE: Yeah.

24 MS. RICHARDSON: So next we'll call up LaSha Lenzy
25 to have our UI projects.

1 CHAIRMAN ALCANTAR: Good morning, LaSha.

2 MS. LENZY: Good morning.

3 CHAIRMAN ALCANTAR: How are you? It's still
4 morning.

5 MS. LENZY: It is still morning.

6 CHAIRMAN ALCANTAR: For another 14 minutes.

7 MS. LENZY: And I'm wonderful, thank you very
8 much. Thank you, Lisa. Chairman, Commissioners, good
9 morning again. LaSha Lenzy, Unemployment Insurance
10 Division. Under Tab II, we have two projects. If you look
11 at the work -- the first project, we've had very good se --
12 success with our Claimant Electronic Correspondence, so
13 we're excited to be moving forward with Tax Employer
14 Correspondence project.

15 We're excited about having employer focus groups
16 and getting more employer feedback particularly since it
17 will be hands on, where they can actually look at the things
18 and touch them and -- and go through some of the processes
19 so a different exposure there. We're planning on March 2017
20 implementation there.

21 On our second project, it's Web Appeals
22 Integration. As you all know, we currently have electronic
23 submission of appeals, and this new integration will improve
24 that capability but also with this project the processing of
25 the appellate information will also be automated so that

1 also will roll out in March of 2017. If you have any
2 questions on those particular projects?

3 MS. RICHARDSON: I think one thing I would like to
4 add that as far as our timeframe for several of our
5 projects, you're going to hear March a whole lot as -- as we
6 get updates. We are -- we recognize that we're going to be
7 in a legislative session and so before we roll any project
8 out to the public, we will definitely make sure that we get
9 approval to do that just -- just to make sure that we're not
10 -- that we're doing good things and not causing any harm as
11 we're doing this, so.

12 MR. TEMPLE: And we're working with Tax on the
13 scheduling.

14 MS. RICHARDSON: Yes, sir. And we're working with
15 the Tax on the scheduling.

16 MS. LENZY: And emphasizing the testing.

17 MS. RICHARDSON: Absolutely. So next if you don't
18 have any questions on the UI projects, then next we have our
19 Workforce projects, and so Courtney Arbour's going to join
20 us today.

21 CHAIRMAN ALCANTAR: Thank you -- thank you, LaSha.

22 MS. LENZY: Thank you all very much.

23 CHAIRMAN ALCANTAR: Good morning, Courtney.

24 MS. ARBOUR: Good morning. Courtney Arbour,
25 Workforce Division. I wanted to give you a couple of quick

1 updates. As you know, we have a number of enhancements
2 underway to some of the Workforce systems. And since you
3 last received an update on this, we've done a lot of work on
4 the system changes required of the child care
5 reauthorization, so much of the -- the energy of IT and
6 Workforce automation has been spent there.

7 Our main focus now are the program and system
8 modifications required of the other Workforce and Innovation
9 and Opportunity Act changes in addition to rebuilding the
10 reporting system for the TWIST web reports and the SNAP
11 two-way interface with HHSC.

12 The next update, the Workforce UI Portal. I
13 believe you're familiar with this one. It gives claimants
14 an opportunity to use one login to see both their
15 unemployment insurance and their WorkInTexas -- their
16 unemployment insurance information and their WorkInTexas
17 profile. The work has been ongoing on this project.

18 We've revisited the work that needs to be done and
19 have recommended -- like Lisa said, this is one of the --
20 the projects proposed to change for a March 27 roll out,
21 and, of course, they'd be conversations with you before that
22 happened. Before that happens, we could have funding to --
23 that is sufficient to continue the work while we do that.

24 CHAIRMAN ALCANTAR: Commissioners, any questions?
25 Thank you, Courtney.

1 MS. ARBOUR: Thank you.

2 MS. RICHARDSON: Thanks, Courtney. Next I'd like
3 to call up Paul Carmona for our Regulatory Integrity
4 projects or Brad Ward who's sitting in for Paul

5 CHAIRMAN ALCANTAR: Good morning, Brad.

6 MR. WARD: Good morning, Commissioners. I'm Brad
7 Ward from the Regulatory Integrity Division sitting in for
8 Mr. Carmona. I'll give you a quick update in two projects
9 that we're working right now, the Program Integrity
10 Reporting and Tracking System or PIRTS and the Treasury
11 Offset program for benefits.

12 The PIRTS program was implemented here in TWC for
13 our investigators to start using on June 27th, 2016. We
14 trained the Boards fact find -- or fact finders who -- the
15 train the trainer training for the Boards was conducted in
16 September, and they will go on and train their fact finders
17 and other staff. And we rolled out the Board version,
18 production version, of the system on 1 October to
19 coincidence with the block grant and the new rules coming
20 into effect for child care and the programming continued
21 through November 2016 so that we can monitor and respond to
22 any post-implementation needs especially that the Boards
23 find.

24 The next project is the Treasury Offset program.
25 And we, again, issuing the 60 day letters this month in

1 October. We've issued approximately 32,990 letters so far,
2 and we estimate that we're going to send out over the
3 November/December 135,000 letters will be mailed to
4 claimants. And the TOPS Steering Committee approved the
5 change request to extend the end date of the project to
6 March 2017, and this covers the contract period for the
7 security assessment contractors and ties their work schedule
8 to their negotiated contract.

9 Also approved was a change to extend the end date
10 of the infrastructure construction and security assessment,
11 and that vendor has already begun their work. Facility
12 improvements required for the IRS security compliance are
13 underway, modification of walls and -- and doors and that's
14 about 84 percent complete. That concludes my update, if
15 there are no questions.

16 CHAIRMAN ALCANTAR: Any questions?

17 MS. RICHARDSON: Do you have the numbers? Did he
18 hand you the numbers on where we are?

19 MR. WARD: Yes.

20 MS. RICHARDSON: So the thing that we also wanted
21 to update is the number of notices that went out, so we had
22 the over 33,000 notices that did go out to date. That was
23 just, what, a week and a half ago, so we have received 40
24 payments so far totaling over \$28,000. So we are -- we are
25 definitely on our way to -- to receiving reimbursements from

1 people. We did receive over 2,500 phone calls to the IBR
2 system and then actually 270 calls came into our
3 investigative unit. So people are definitely reading the
4 letters, and they're starting a phone call, and we're
5 receiving payments, so which is what we anticipated for this
6 project.

7 CHAIRMAN ALCANTAR: So approximately 10 percent
8 have already responded.

9 MS. RICHARDSON: Yes, sir.

10 CHAIRMAN ALCANTAR: Okay, great. Thank you.

11 MR. WARD: Thank you.

12 MS. RICHARDSON: Thank you, Brad.

13 CHAIRMAN ALCANTAR: Have a good day, sir.

14 MS. RICHARDSON: Next up we have Tom McCarty.

15 CHAIRMAN ALCANTAR: Tom McCarty to take us home
16 maybe I guess.

17 MR. McCARTY: Good morning, Chairman Alcantar,
18 Commissioner Alvarez, Commissioner Hughs. Tom McCarty,
19 External Relations. I've got three projects here that I'm
20 going to update you on, and the first one is Reality Check.
21 I'm pleased to report that we are on schedule with this one.
22 We're currently in the testing phase, and it -- of
23 accessibility and vulnerability for the application. We are
24 expecting to still be on time to release this in November.
25 We did identify an accessibility issue with our video

1 player, so we're working on that right now so we can get
2 that corrected. So we are shooting for a mid-November
3 completion for this project.

4 CHAIRMAN ALCANTAR: So next week.

5 MR. McCARTY: Mid-November, yes, sir.

6 MS. RICHARDSON: I think that's next week.

7 COMM. ALVAREZ: Yeah, next week.

8 CHAIRMAN ALCANTAR: All right. Yeah, next week.

9 MR. McCARTY: Okay. So our --

10 CHAIRMAN ALCANTAR: Is that -- so I can just go on
11 my phone and get it next week?

12 MR. McCARTY: Yes, sir.

13 CHAIRMAN ALCANTAR: Cool. All right. Thank you.

14 MR. McCARTY: Yes, sir. I'll even give you a test
15 link if you want to use my phone.

16 CHAIRMAN ALCANTAR: All right.

17 MR. McCARTY: For Texas CREWS, I -- with this one,
18 we're working with UT, and we did have to extend our
19 completion deadline. It did not impact our budget for this
20 project at all. We are looking at a completion in January
21 of 2017 for this project. UT has indicated that they are on
22 schedule to finish this first grant for the 11th of
23 November. So we'll have more of a report to you on that
24 project.

25 CHAIRMAN ALCANTAR: Great. And we really

1 appreciate all the assistance from the UT team on a number
2 of these things and the other efforts underway, so.

3 MR. McCARTY: Yes, sir. The third project I have
4 for you is -- is Texas CARES which we now refer to as Texas
5 Career Check. On this particular project, we are on
6 schedule with it. We did just release last night the
7 interest profiler which is a 60-question test that assesses
8 students' likes and dislikes and then generates a list of
9 occupations based on the score. This test is from the O*NET
10 and is the same one that I believe Monster is using as well.

11 CHAIRMAN ALCANTAR: Is that the dream maker or the
12 dream killer? Which one is it?

13 MR. McCARTY: Dream maker.

14 CHAIRMAN ALCANTAR: Okay.

15 MR. McCARTY: We're going to go with positive on
16 that one. I'm not sure if that's really the name, but we're
17 going to go positive.

18 CHAIRMAN ALCANTAR: All right.

19 MR. McCARTY: Yes, sir. So we are on schedule
20 with it. Some statistics from our first full month of
21 October of having this project launch, it looked like our
22 average session duration was about five minutes and 34
23 seconds. We had about 21,000 sessions, 101,000 page views
24 and about 14,000 users for the month of October. So we'll
25 kind of keep track on these numbers and how they compare

1 with the previous program and kind of keep you updated on
2 it.

3 CHAIRMAN ALCANTAR: And did we do -- we did a
4 webinar on this?

5 MR. McCARTY: Yes, sir. We did do a webinar on
6 the week that we launched, and we saved it so that people
7 may go back and review that webinar as they like.

8 CHAIRMAN ALCANTAR: Okay, great. Thanks for all
9 the hard work on that one.

10 MR. McCARTY: Yes, sir. And that concludes my
11 three projects.

12 CHAIRMAN ALCANTAR: Any questions? Thank you,
13 Tom.

14 MR. McCARTY: Thank you.

15 CHAIRMAN ALCANTAR: Lisa?

16 MS. RICHARDSON: And that concludes all of the
17 updates that we have for you today.

18 CHAIRMAN ALCANTAR: Thank you for all your good
19 work. We really appreciate it. Is there a motion to
20 adjourn?

21 COMM. HUGHS: I move that we adjourn.

22 COMM. ALVAREZ: So do I. Everyone travel safe
23 this week.

24 CHAIRMAN ALCANTAR: We are adjourned.

25 (Proceedings concluded at 11:47 a.m.)

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C E R T I F I C A T E

STATE OF TEXAS)
COUNTY OF TRAVIS)

I, Kimberly C. McCright, Certified Vendor and Notary 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 14th day of November, 2016.

/s/ Kimberly C. McCright
Kimberly C. McCright
Certified Vendor and Notary Public

Verbatim Reporting & Transcription, LLC
1322 Space Park Drive, Suite C165
Houston, Texas 77058
281.724.8600