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TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

WORK SESSION
WEDNESDAY, JANUARY 23, 2019

BE IT REMEMBERED THAT at 09:57 a.m. on
Wednesday, the 23rd day of January, 2019, the above-entitled
matter came on for hearing at the Texas Workforce
Commission, TWC Building, 101 East 15th Street, Room 244,
Austin, Texas, before RUTH R. HUGHS, Chairman; JULIAN
ALVAREZ and ROBERT D. THOMAS, Commissioners.

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

2 WEDNESDAY, JANUARY 23, 2019

3 (9:57 a.m.)

4 CHAIRMAN HUGHS: The quarterly work session
5 is now called to order. We'll start with a performance
6 briefing. Ed, who do we have first?

7 MR. SERNA: We have LMCI up first. Mariana,
8 go ahead.

9 MS. VEGA: Hello. Good morning, Chair Hughs,
10 commissioners. Just for the record, my name is Mariana
11 Vega, I'm with the Labor Market and Career Information
12 Department, and I'm just here to give the overview -- the
13 economic overview.

14 So if you do have some materials in front of
15 you, if we go ahead and start on the second page, which is
16 the first slide, you can see that total non-ag employment
17 increased for the 30th consecutive month, adding 38,000 jobs
18 in December. And this did put Texas first among all states
19 in terms of employment change over-the-month. This is
20 actually the largest over-the-month December gain for the
21 series history, which began in 1990.

22 Texas also added more jobs over the year than
23 any other state with 391,800 jobs added. This is a 3.2
24 percent annual growth rate.

25 All of these gains contributed to a total

1 non-farm employment reaching a new high of 12,744,100 jobs.
2 All of the major industries did increase in employment, with
3 the exception of information, which slightly decreased over
4 the year. The service-providing sector did account for 67
5 percent of the annual growth, adding the most in terms of
6 jobs over the year.

7 Trade, transportation and utilities added
8 82,700 jobs. The growth was mainly in wholesale trade, as
9 well as in trade transportation and warehousing.

10 Professional businesses added 75,600 jobs.
11 Education and health services added 49,400 jobs which --
12 with the majority of that growth in healthcare and social
13 assistance.

14 The major industries in the goods-producing
15 sector actually showed the strongest annual growth
16 percentage wise.

17 Mining and logging has had 16 consecutive
18 months of double-digit growth and ended the year with a
19 strong annual growth rate of 18 percent.

20 Construction has added employment every month
21 since October of 2017 and has added 46,800 jobs over the
22 year. This was an increase of over 60 percent from the
23 year-to-year job growth from last December, December 2017.

24 If we go to the next slide, we do have
25 employment growth charted. We are seeing a very healthy

1 economy. The Texas annual employment growth does stand a
2 3.2 percent, just under twice the rate of the U.S. rate of
3 1.8 percent, and this does mark 104 consecutive months of
4 positive annual growth for the state.

5 The Dallas-Fort Worth-Arlington and the
6 Houston, the Woodlands-Sugar Land MSAs accounted for 70.1
7 percent of the annual growth for all Texas areas.

8 That said, the Midland MSA has led all MSAs
9 in Texas and in the U.S. in annual growth rate for 19
10 consecutive months, with a very strong 7.1 percent annual
11 growth rate.

12 Page number 3 and 4 does chart all of the
13 metro areas as far as employment growth and unemployment
14 rates. So, aside from the Dallas-Fort Worth-Arlington area
15 and the Houston MSA area the Austin-Round Rock MSA also
16 increased quite a bit numerically, adding 36,800 jobs over
17 the year. As I mentioned earlier, percentage-wise Midland
18 has had the strongest growth rate at 6.7 percent, and this
19 is actual rate, not seasonally adjusted.

20 MSAs are showing positive annual growth with
21 the exception of the Beaumont, Port Arthur, and Victoria
22 MSAs.

23 The Midland MSA also posted the lowest
24 unemployment rate of 2.1 percent, and this was followed by
25 the Odessa and Amarillo MSAs, which tied at 2.6 percent.

1 Austin followed at 2.7 percent. The highest unemployment
2 rate was in the McAllen-Edinburg-Mission MSA. That MSA
3 actually increased 9/10 of a percentage point to 6.7
4 percent. The Beaumont, Port Arthur and Brownsville-
5 Harlingen MSAs followed with unemployment rates of 5.9 and
6 5.7 percent respectively.

7 All of these areas did show an increase in
8 the labor force overall, but we also saw an uptick in those
9 that were unemployed, so that's why we're seeing a bit of an
10 increase in overall unemployment rates.

11 So if we go to slide number 5, we have the
12 unemployment rates charted for Texas and the U.S. Texas has
13 remained at a historically low rate of 3.7 percent for three
14 consecutive months while the U.S. rate increased 2/10 of a
15 percentage point to 3.9 percent.

16 And just to kind of summarize what happened
17 to the unemployment rates on the next slide, and these are
18 actual rates, not seasonally adjusted. The Texas
19 unemployment rate in Texas did stand at 3.6 percent,
20 slightly lower than the U.S. rate. Statewide we saw 188
21 counties with an over-the-month increase in unemployment
22 rates, 21 counties saw an over-the-month decrease, with 45
23 remaining constant.

24 They did vary quite a bit across the State of
25 Texas. The lowest unemployment rate was in Hartley County,

1 with 1.8 percent, and that is in North Texas. A high of 9.4
2 percent was in Star County and the Rio Grande area. As far
3 as metro areas, as I mentioned earlier, a lot of the metro
4 areas did experience a bit of a rise in the unemployment
5 rate, but that was -- that was actually due to an increase
6 in the workforce overall.

7 In Texas -- the Texas unemployment rate was
8 1/10 of a percentage point lower than the unemployment rate
9 in December 2017, so we're doing really well overall.

10 Moving on to initial claims. As far as for
11 the month of December, there was an overall increase in both
12 initial claims and continued claims. Initial claims did
13 increase 1560, continued claims increased 12,491.

14 As we go to the other indicator slide, which
15 is slide number 8, average hourly earnings are up over the
16 year for both the U.S. and Texas and, as I've mentioned
17 before, it is indicative of a very tight labor market where
18 employers are kind of competing for workers overall.

19 For U.S. the consumer price index did
20 decline by 1/10 of a percentage point, while for Texas it
21 rose 1/10 of a percentage point. The losses were in the
22 energy industry, mainly decreases in gasoline prices. I
23 think we've all noticed that. Food prices rose slightly.

24 As we go on to slide number 8, or 8, I'm
25 sorry. West Texas Intermediate and rig counts. The number

1 of rig counts has maintained more or less steady over the
2 last three months at 532. They are up over the year,
3 however, up by 76 rigs. And despite the oil -- the
4 declining oil prices, employment in mining still continues
5 to stay strong, and we are seeing that in Texas.

6 I know maybe a lot of people have questions
7 as far as what's driving the price movement down, and the
8 market is a little bit oversupplied at the moment. OPEC is
9 considering cutting back production, and the demand globally
10 is not as strong, either. The Permian Basin, however, is
11 growing, and it will still continue to grow due to the fact
12 that with efficiencies in the oil and gas industry they are
13 able to turn a profit even with very low crude oil prices.

14 As we move on to the labor force
15 participation rates, both actual and seasonally adjusted
16 have increased, actually, by 1/10 of a percentage point.
17 Texas showed us a labor force participation rate of 63.8,
18 which was above the U.S. of 63.1, and it does rank 22 among
19 the 51 states.

20 Over the year the rate was up 4/10 of a
21 percentage point. The Hispanic labor force participation
22 actually had the largest increase over the year for those 16
23 and over, it increased 1.1 percent over the year. The rate
24 for women increased 7/10 of a percentage point over the
25 year, which outpaced the males by 2/10 of a percentage

1 point.

2 And just in summary, the December Jobs
3 Report, the nation added 312,000 jobs with an annual growth
4 rate of 1.8 percent. Texas ranked first among all states in
5 terms of over-the-month employment gain and over-the-year
6 employment gain. The growth rate was 3.2 percent, and it
7 was -- it did fare better compared last year when the growth
8 rate was 2.1 percent, and 25 out of the 27 areas in Texas
9 have grown annually, including 14 areas who've -- whose
10 growth rates increased over 2.0 percent.

11 And that's all I have for you today. If you
12 have any questions, I'll be more than happy to answer those.

13 CHAIR HUGHS: Commissioners, you have any
14 questions?

15 COMM. ALVAREZ: I may. Mariana, thanks for
16 the report. You know, as we travel the state, this is
17 really good information for us to brag about. So thank you
18 for all the great things and keeping us posted on all the
19 updates. Thanks for the great work.

20 CHAIR HUGHS: Yes. Looks like our economy
21 remains strong. So really good economic news. Thank you.

22 MS. VEGA: Yes, thank you.

23 MR. SERNA: We have Adam up -- no. Randy up,
24 sorry. As he came up slowly. And then -- and then Adam.

25 MR. TOWNSEND: Good morning, Commissioners.

1 For the record, Randy Townsend, Chief Financial Officer.

2 Under tab 2 of your notebook I have the
3 monthly legislative report, a quarterly report, as of
4 November 30th, 2018. And there's also a couple of pages for
5 explanations of budget variances that I believe, for the
6 most part, most of our variances are typically what -- a
7 couple of different varieties.

8 It's either the timing of our grant
9 expenditures that might not occur evenly through the year,
10 they might be a higher percentage in the latter part of the
11 year and that sort of thing. So we've noted that where
12 that's appropriate. And then sometimes it depends, and I'll
13 talk a little bit more about this one on Trade Act, for
14 example. It depends on the number of trade petitions that
15 are actually approved by the federal government.

16 And so the -- it's not just timing, it's
17 actually what's -- who's been approved for training and that
18 sort of thing. So we've made an estimate of what kind of
19 training, or budget we think would be covering the number of
20 trainees for the year, and then it's just going to be
21 dependent on who's approved and who actually participates in
22 the program. So we make those notations where, you know,
23 where we have that. And then, you know, and also typically
24 just the -- kind of the flow of the expenditures throughout
25 the year.

1 But let me go back to the first page that has
2 the numbers on it, just to give you a quick overview of the
3 amounts. Again, this is 25 percent of the year, for fiscal
4 '19, through November 30th, we -- the Agency expended 405-
5 million. That's about 21 percent of the 1.9-billion budget.
6 That will compare about a 24-million increase over one year
7 earlier at that first quarter, which was 381-million from a
8 year ago.

9 For the most part, that 24-million increase
10 is concentrated in just a few strategies. I'll just
11 highlight those briefly for you. Give a bit more
12 information. The first to strategies, 1.1.1 and 1.1.2,
13 which is our Workforce Innovation and Opportunity Act, WIOA,
14 the first one's the Adult and Dislocated Worker Programs,
15 and the second one's the youth. Both those programs are
16 increasing in expenditures. Between the two of them it's
17 about a 10-million in -- or 9-million increase from the
18 prior year.

19 I don't think we're going to see that
20 continue, because, you might recall, the grant from the
21 federal government for the State of Texas was increased
22 significantly, about \$50-million for the year, and that
23 program for WIOA have been in decline for a number of years,
24 funding wise, from the Department -- through the Department
25 of Labor and Texas because of the way the funding formula

1 works we were able to get -- we were awarded additional
2 grant funds. And so you're seeing that increase now
3 starting to take effect, so that explains kind of what's
4 going on with that.

5 I mentioned trade -- affected workers, which
6 is 1.1.6 here. We had expended our first quarter 2.2-
7 million compared to 3.3-million the year before, so only 11
8 percent expended on estimated budget, and again, that's
9 going to be tied to the number of approved trade petitions,
10 and then also the number of folks that take advantage of the
11 training.

12 And typically, in a better economy, in a good
13 economy, there's a little bit less interest in the training
14 is what we've seen over time, and so that is not
15 particularly surprising at this point when I -- when you
16 take those factors into account in terms of the
17 expenditures.

18 The other areas, as far as that increase,
19 that accounts for that 24-million, you have to go down --
20 you go down to strategies for child care and namely those
21 are 1.4.1 was their choices of mandatory child care, 1.4.2,
22 which is our at risk and transitional child care, and those
23 two childcare strategies for our -- the Workforce Commission
24 are up about 6-million from last quarter a year ago to this
25 quarter.

1 When you look at what's budgeted for that
2 this -- I also want to point this out. If you just do a
3 quarterly budget, we are probably about 50-million
4 underneath -- under that budget for the quarter. Thirty --
5 I looked at that a little bit different way. What -- how
6 that breaks down between our workforce board allocated funds
7 at about 35-million of that. And so that's part of that
8 ramp up.

9 We start -- we've seen the boards doing the
10 ramp up and I'm sure Adam will have a little bit more
11 details about the trends as far as number of children in
12 care. We kind of leveled off with the choices, but we've
13 been continuing to show, you know, to increase on the number
14 of at-risk children in care. So I would expect that to get
15 a little bit higher as the year goes through.

16 Now the only other consideration we now need
17 to make is that with what Commission earlier, the introduced
18 bill in the Commission meeting, you know, the target may be
19 set lower in 2020 than we had set it for 2019, and so we'll
20 need to take a -- work with the boards and look at how that
21 is best managed in terms of ramping up and then what is
22 affordable into the next fiscal year at this point.

23 But they're -- not trying to suggest that,
24 you know, there will be any holds or any freezes at this
25 point in terms of the number of children in care. It's just

1 that we need to make sure we work closely with the boards to
2 manage the number of children in care within the dollars
3 that are available.

4 The choices child care has kind of leveled
5 off at this point. We're averaging, it looks like, about
6 30-million a quarter currently, about 10-million a month.
7 And so, we had -- when we had presented a budget for
8 approval previously, Commission approval, it was -- we had
9 set the budget 137-million for our choices in mandatory
10 care.

11 We're on pace to spend about 120-million for
12 the year. We'll continue to monitor that. That just means
13 that -- so we're at now, on a fiscal year basis, we've taken
14 that 17-million and moved it into the at-risk form of child
15 care. And so it doesn't go away, it's just we're -- where
16 we have to spend it out of which strategy.

17 The other -- I mentioned the 35-million of
18 the 50 was related to the boards ramping up. The other 15-
19 million relates to our -- most of our state-wide initiative
20 grants. The commissioners had approved several quality
21 initiatives that are taken into account, and then we had
22 left two amounts, one for just kind of unknowns in terms of
23 direct -- we call it direct care contingency for child care.
24 Just not knowing what was going to happen, mainly with the
25 choices program; if that might be a higher demand for that

1 and then how we might need to work with the boards to cover
2 that, you know, higher than expected in child care federal
3 to occur. That has not occurred to date.

4 Then you also set aside for the quality a
5 fairly significant amount to meet the minimum quality
6 amounts for child care. Just to give you some sense of what
7 that quality minimum is; we've -- we're moving to a 9
8 percent minimum on the child care program, and that's about
9 \$80-million a year that has to be spent on quality and 9
10 percent quality, and then 3 percent for infant and toddler,
11 and that number is the 25-26-million range.

12 So there's a fair amount that has to be spent
13 on quality. Some of that, though, is satisfied by what
14 Health Human Services Commission spends on license
15 regulation, roughly 20-million, our local match that the
16 boards raise. A good portion of that is also qualifies as
17 the quality dollars.

18 Taking all that into account then we still
19 just need to make sure we -- we're basically hitting that
20 100-104-105-million number for quality. And so it'll be
21 something we continue to work on. Just make sure you have
22 that information, as commissioners, for your decisions on
23 the -- on the Child Care Quality Initiatives.

24 The final one I would just highlight for you
25 here in terms of the strategies: If you go down to 3.1.2 --

1 well, I'm sorry. Let me do one more thing before I do that.

2 Because on the 1.4.4, the child care, foster
3 care families. That's the DFPS child care. That's in --
4 that's provided to us through an inter-agency contract.
5 That is estimated at 70-million here. The current spend for
6 the first quarter is almost 21-million, so it's on pace to
7 be at 85 to 90-million for the year we think.

8 In the Supplemental Appropriation Bill, at
9 least on the Senate side, there was a 20-million increase
10 out of our Child Care Block Grant Funding. I believe that
11 might have been shared around to the offices. They would
12 add to this 70-million, and so that's going to be bringing
13 up this 2019 number if that supplemental bill passes, as is
14 currently drafted, or currently introduced.

15 But I did want to tell you that -- what that
16 number looks like, and that is, again, coming out of our
17 Child Care Block Grant Funds. So -- and then, finally,
18 3.1.2 for the strategies here and informational resources.
19 That looks like it's over spent at 35 percent, but you
20 compare that to a year ago we're at 36 percent. That's the
21 timing of the Information Technology and License Agreements
22 we have.

23 We actually pre -- we pay those for the year.
24 Typically occurs in the October time period or so, and so
25 you -- that first quarter's always higher, and it'll come

1 back down throughout the year.

2 And we'll just mention on the full-time
3 equivalents, FTEs, if you go out to your -- about three
4 columns back from the right over there, there's an average
5 FTE, year-to-date average. That number's 4,428 full-time
6 equivalent staff. Our cap, our limit, is 48 -- almost 48 --
7 4868, so we're about 400, 10 percent, under the limit.

8 Most of that's concentrated in our two
9 largest programs; the Unemployment Insurance Program, and
10 the Vocational Rehabilitation Program. There -- those post
11 -- those positions are posted, for the most part, and of
12 course then being filled. But until they're actually filled
13 and there's a paid position, it doesn't get counted as a
14 full-time equivalent here the way that is handled.

15 So that concludes kind of the brief overview
16 of the budget status for the first quarter of fiscal '19 if
17 you have questions, comments, or -- I can address.

18 CHAIR HUGHS: Any questions or comments?

19 COMM. THOMAS: I have a quick question.

20 MR. TOWNSEND: Yes, sir.

21 COMM. THOMAS: On the FTE that delta, you
22 said about 10 percent?

23 MR. TOWNSEND: Yes, sir.

24 COMM. THOMAS: Is that -- is that trending
25 pretty consistently year over year?

1 MR. TOWNSEND: That has been pretty
2 consistent, actually. We've been averaging probably around
3 that 4400. Now some of that when we -- when there was a
4 hiring freeze in affect, we had dipped down below and we've
5 come back up a little bit, but I think it's just the -- I
6 mean, it's a pretty -- it's a difficult market in some cases
7 to fill -- keep -- to fill positions and keep it, you know,
8 keep it filled with other folks not leaving for other -- we
9 have some competition with other sister agencies that like
10 to -- like some of our trained staff.

11 And so I think as we add positions, we're
12 having difficulty keeping some of the ones filled. So it's
13 -- but it has been averaging about this -- roughly this
14 number here for a couple quarters now.

15 COMM. THOMAS: But we're pretty consistently
16 posted to try to get the --

17 MR. TOWNSEND: Yes, sir.

18 COMM. THOMAS: -- to trim that delta, it's
19 just the market situation?

20 MR. TOWNSEND: Yes, sir. Most of those --
21 obviously almost all those positions are currently posted,
22 and the interviews are either -- and, you know, candidates
23 are being evaluated, or being interviewed, and that sort of
24 thing. Because -- but yes. Yeah.

25 MR. SERNA: The other thing we find is, as

1 Randy pointed out, we're losing staff at about the same rate
2 that we're hiring staff. If we could ever get to a point
3 where we could get ahead on the hiring part of it, but I'll
4 get reports from each of the divisions that say, we hired --
5 IT, for example, you know, I get a weekly. We hired three
6 people, and we lost one, or we lost two, or we lost four.

7 And as Randy pointed out, we'd like to think
8 that sometimes that's to the private sector, because the
9 economy's so good, but we're also losing them to other state
10 agencies that -- we're a conservative state agency when it
11 comes to the compensation, our compensation, and some state
12 agencies are a little bit more aggressive than we are and we
13 do lose qualified staff.

14 COMM. THOMAS: Have we been able to identify
15 how the staff delta -- staffing delta impacts our ability to
16 deliver service versus the cost of our employees to maintain
17 service with the reduced staff?

18 MR. SERNA: Yes, sir. Depending on --
19 depending on the areas, and I'll use IT as an example, but
20 because it's really clear-cut, we're able to supplement our
21 ranks with contract employees with staff augmentation.

22 In the case of call centers or some of our
23 tax offices, it's a little bit more challenging, but because
24 of the way we handle that, we're able to shift the workload.
25 But what we see are increases in call wait times, and not

1 just because of volume, but also because of staff
2 availability.

3 We have to measure how much of it is volume
4 increases and how much of it is just the impact of our
5 staff. So we do try to calculate what the -- sort of what
6 the intrinsic cost is to us of maintaining a conservative
7 posture when it comes to our salaries versus the service to
8 our customers.

9 MR. TOWNSEND: And Commissioners, I might --
10 Commissioner, I might just add that on the unemployment
11 insurance side, that's -- and Clay can probably speak better
12 to this than I can, but they manage -- based on the workload
13 that they have, and especially in our call centers, they're
14 constantly posting and filling and having attrition and that
15 sort of thing, but they're also looking at the workload
16 demands and what the wait times are and that sort of thing.

17 And so they're not going to fill all those
18 positions, necessarily, if the workload is not initially
19 there. So I think there's that part of the -- and it would
20 be the same for some of the appeal staff as well, along
21 those lines.

22 So I think just it will -- and of course that
23 won't be the same answer for the Voc Rehab Program, but in
24 the Unemployment Insurance case, if we started seeing claims
25 start ticking up, then that would start putting more demands

1 on taking claims, and so they would probably start filling a
2 little bit quicker rate at that point. But there's -- some
3 of that going -- that's taken into account as you manage the
4 program too, so --

5 COMM. THOMAS: Okay, thank you.

6 CHAIR HUGHS: All right. Thank you, Randy,
7 for the update.

8 MR. SERNA: Believe we have next Adam.

9 MR. LEONARD: Good morning, Commissioners.

10 We'll be talking about the data that are in tabs 3 and 4 in
11 the notebook. Tab 3 is the state-wide performance data, tab
12 4 is the board-level performance data.

13 And as is my custom I'm going to mostly go
14 through kind of some observations from our analysis of what
15 those reports show in the form of the handout that I gave
16 you earlier today, so there's an air of cold performance
17 observations for the FY19, Q1 briefing.

18 So to start with, at an overview level, we
19 compared how we're doing so far in the first part of this
20 year versus how we ended last year. And generally speaking
21 the numbers are fairly similar. They're slightly lower in
22 part because some of the measures we have, have a little
23 seasonality in them, and they start the year in kind of
24 strange places. There're only a couple cases where we're
25 looking at something wanting to really dig a little bit

1 deeper to understand what's going on there. And then
2 there're a few things where this is just what the trend is.

3 And so a good example of that has to do with
4 some of our participant served numbers in the Workforce
5 Development Division. In particular, we've been tracking
6 the total number of unduplicated career training participant
7 counts for the past several years and coming out of the
8 recession the numbers have just been dropping considerably
9 over time.

10 And a lot of this, though, is obviously the
11 economy, but some of it is also due to the fact that some of
12 our tools were developed when these folks were in grade
13 school and are now being replaced. And there's a lot more
14 competition in the market if you think about the solutions
15 that are available to job seekers and to employers as far as
16 postings go.

17 So we're expecting to do some interesting
18 measurement as Work in Texas 2 goes online, or Work in Texas
19 replacement goes online, to kind of see whether or not this
20 attracts additional people and gets them engaged more in the
21 system and where we can get better results with them. And,
22 of course, there will be some marketing associated with
23 that.

24 Looking at our adult and dislocated worker
25 number, just a point I wanted to highlight here is that

1 we're actually beating performance on this, which is great,
2 but the big news is, is that the numbers were up 42 percent
3 over the last year. So we're not just meeting, but there's
4 big increases, and that's important, because the numbers
5 before that were not quite where we needed them to be.

6 And some of that probably had to do with some
7 of the -- what's the word? I guess you'd say uncertainty
8 about funding for WIOA adult dislocated worker in past
9 years.

10 When we're looking at our TANF and NCP
11 Choices, participant served numbers, the numbers are down
12 compared to last year and the overall performance is coming
13 in at about -- just under the acceptable range of about 94
14 percent of target, but a lot of this has to do with fact
15 that, again, the TANF caseload is going down, which means
16 there're fewer people forced to serve, which is certainly in
17 and of itself not a bad thing, that there are fewer people
18 who need access to public assistance.

19 We've also seen a reduction in the referrals
20 from our non-custodial parents cases in -- with judges, so
21 if we have fewer of those cases coming in, again, there are
22 fewer people to work. So on the whole, despite the fact
23 that we're in the negative status on that, it's probably not
24 for reasons due to failure to deliver or failure to serve.

25 Our contracted skills trainees' numbers are

1 at about 33 percent of target compared to about 32 and a
2 half percent of target last year. And I mention that
3 primarily to kind of show that there's a lot of seasonality
4 associated with this program.

5 The program tends to start a little slow and
6 then build momentum through the year, and usually ends up
7 hitting the total numbers that are expected to be contracted
8 to be served, so this is not an area that gives us a great
9 deal of concern.

10 Self-Sufficiency Fund also didn't have any
11 new contracts for trainees effective in the first quarter
12 this year, but that program being smaller has even more kind
13 of variance from quarter to quarter in it, so a few cases
14 one way or the other can really make a difference there.

15 Looking now at the Adult Education Program.
16 Our average cost is technically reported as a minus P,
17 meaning negative performance for not meeting, but the
18 reality is, is that this program behaves a little bit
19 differently than the others with regard to average cost, and
20 that has to do with the fact that it's a little bit more
21 driven by kind of a semesterly approach, where you have
22 these huge influxes of people joining classes at certain
23 points in the year.

24 So we're not concerned about where that is.
25 We think we're going to end up the year fine on that

1 measure, but I just wanted to highlight where we were on it.

2 The one -- one of the measures we're a little
3 more concerned about is the Adult Education Credential rate,
4 and so we're kind of looking at that because we're not
5 meeting, but we're also down considerably over this time
6 last year. We're not quite sure what that is yet, so we
7 have to start digging into the data to understand whether
8 there were any obvious changes.

9 So my folks and Workforce staff are kind of
10 getting together and brainstorming around some of the things
11 we might could investigate on that and report back to see
12 whether this is an unusual blip, or if it really is kind of
13 a trend that we have to be concerned about.

14 Choices participation through employment:
15 We've seen the performance stabilize there after falling in
16 prior years, which is some good news there. But one of the
17 things that is worth pointing out is that we still are
18 seeing increases in the percent of federal mandatories that
19 are state exempt.

20 So this is bottom of page 2, you can see the
21 last two years by month what that looks like, and then the
22 little black line is showing that for the last three months
23 the data was considerably higher. A higher proportion of
24 people were considered federally mandatory, which means
25 we're accountable for them to the feds in terms of meeting

1 performance expectations. But state either law or
2 regulations exempt them, and so it kind of makes it a little
3 harder to serve them when, you know, you've got over a third
4 of the people we can serve are being told that, well,
5 actually, you don't need to come in and work with us.

6 So the boards work to try to outreach and get
7 people to kind of volunteer despite the fact that they're
8 not required to, but ultimately that does have kind of an
9 impact on us, and we've seen that over time performance had
10 kind of trended downwards as this percentage has gone up.

11 Couple measures I wanted to kind of point out
12 that -- with regard to Workforce where we saw some really
13 positive results; 41 measures are meeting or exceeding, and
14 28 of those have performance that was better in the same
15 period one year earlier, so over-the-year change is better
16 on 28 of the 41 measures that we're meeting. And some of
17 the notable improvements have to do with claimant re-
18 employment within 10 weeks, which was at 60 percent compared
19 to 56 percent one year earlier, and the wage replacement for
20 those who were re-employed within 10 weeks is up from 82 and
21 a half last year to 88 and a half this year. So again,
22 positive results there.

23 Our employer served numbers are up over the
24 last year, getting close to 15 percent higher, and our adult
25 median earnings in Quarter 2 performance is up about 400 and

1 -- call it \$450 compared to a year earlier, and dislocated
2 worker median earnings is up almost \$1100. So some strong
3 improvements there.

4 Shifting to some of the other divisions now.
5 Have fewer measures with either the feds or for the state,
6 which a lot of the sections are a bit shorter. VR is
7 meeting all five of their key measures. And the Business
8 Enterprises of Texas is meeting 3 of the 4, but the one
9 that's missing the number of businesses operated by blind
10 managers is only 2 -- 2 out of 100-and-something that are
11 meeting, so we're very close on that one, but we are still
12 technically down.

13 For UI they're meeting all six of the
14 measure, and we're seeing improvement on two of them.
15 Significant over-the-year change in the form of reduction of
16 claims by about 22 percent, or initial claims, and average
17 wait time is down by 21 percent. So that's something I know
18 that everyone looks closely at, because ultimately people
19 don't really enjoy sitting on the phone waiting to speak to
20 somebody to get some assistance whether you're an employer
21 or a job seeker. So some good news there.

22 Regulatory Integrity Division is meeting
23 three of the four measures, but the one measure that we're
24 not meeting, this is one of those seasonals we talk about.
25 This is the number of monitoring reviews. They don't do

1 1/12, 1/12, you know, per month. They're kind of scheduled
2 out over the course of the year. There's no reason to
3 believe we won't meet this as we have done in pretty much
4 all prior years.

5 And then Civil Rights is meeting four, or
6 five -- four of the five, but is seeing some positive
7 improvement in one of the measures. But in terms of over-
8 the-year change of about 22 percent.

9 So that's all the state-wide stuff, and if
10 there aren't any questions there, I'd go to the board-level
11 material, which is in tab 4, and the last page of the
12 handout.

13 So if you think about that we have 28 boards
14 and there are 18 measures that currently have -- I'm sorry.
15 And there are 19 measures, 17 of which currently have
16 targets assigned to them, there are 476 opportunities for --
17 to see boards either meeting, exceeding, or not meeting
18 performance, and 458 percent, so 96 percent of the possible
19 that we could measure right now we have performance that is
20 meeting or exceeding expectations in a positive manner. So
21 we're quite pleased about that. That is up from this time
22 last year of about 93 percent, so we're up slightly from
23 last year.

24 From -- if you think about this at a board
25 perspective; we had 13 out of 28 meeting all of their

1 measures, another 13 that are meeting all but 1, so very
2 strong numbers there.

3 When we look at it from a measure
4 perspective, we have 20 -- 12 measures met by all 28 boards,
5 4 met by 27 of the 28, and 2 met by 26 of the 28.

6 The one measures that we really kind of are
7 seeing a concentration of boards that are currently not
8 meeting has to do with child care, so the number of kids
9 served in child care per month. As you know, we're ramping
10 up, and what we did was we got with the boards this summer
11 and asked them to kind of put together a plan for us telling
12 us about where they thought they could be month by month to
13 reach their ultimate target, which state-wide was about
14 131,000 kids per day. And so we still have 8 that are at
15 less than 95 percent of what the November number was.

16 We had two that we kind of feel are -- or
17 that were technically over-enrolled, one of which is over-
18 enrolled, probably, and the other one has sufficient carry-
19 forward that it's probably more of a technicality situation
20 and something we'll be looking at getting back with you on
21 as we continue to review affordability in the program.

22 When we look state-wide about this, November
23 put us meeting. Okay, so state-wide we're at 97 and a
24 quarter percent of where we wanted to be in November, which
25 was within the 5 percent variance, so that's 120,000 kids

1 per day. A big change from where we were when we started
2 this, around 103,000 kids per day during summer, at the low
3 point. We're also up about 6.8 percent higher over-the-year
4 change, and 4 ½ percent from October into November.

5 Currently we're looking at this, we're
6 thinking that the way the trends are going we should hit the
7 131 ½-thousand kids per day. Probably by May, it could be
8 earlier. There's -- it's within the realm of possibility
9 that it could be April or March, but that is significant
10 improvement. The November jump was very heartening from
11 what we had been seeing. It had been kind of slow up until
12 about that point.

13 And we've been having bi-weekly calls with
14 the boards to kind of talk about various issues in child
15 care, so we've been talking about some of the trends we're
16 seeing. We've been talking with them about TRS.

17 And one of the things we've talked about had
18 to do with enrollment and the General Appropriate Act draft
19 for our appropriation, and the fact that there's this less
20 money in there. And so we've been looking at the data and
21 the boards have sufficient carry-forward from prior year and
22 are generating some more carry-forward this year to the
23 point that we feel very comfortable with them continuing to
24 enroll up to the 131,500 right now. Giving them that advice
25 on the calls, that we expect them to continue doing that.

1 And we will then continue analyzing the data
2 to determine what the going-forward affect should be as we
3 kind of monitor to see what happens, with the exceptional
4 item during legislation as to whether or not we need to
5 consider the carry-forward as money that we can use to
6 smooth out the drop that would come in the out years, or if
7 we can go ahead and spend that up -- spend that out earlier,
8 because the legislature ultimately restores the funding we
9 requested in the form of the exceptional item.

10 And I'm happy to answer any questions you may
11 have about board performance or the state-wide performance
12 and where we are.

13 CHAIR HUGHS: Commissioner, do you have any
14 questions for Adam?

15 COMM. THOMAS: Adam, on the last part, how
16 does seasonality affect the 131,000 kids served per day?

17 MR. LEONARD: So the measure itself is an
18 average across the entire year, and there is quite a bit of
19 seasonality in the day. So December, for instance, I'm not
20 expecting December to be considerably higher than November,
21 because December tends to be less utilization during the
22 month, because lot of families take some vacation, or are
23 off work, kids aren't in school, that sort of thing.

24 There are also some seasonality in terms of
25 cost; that the cost of care in the summer is a little bit

1 more expensive during the rest of the year, because you have
2 more fulltime care, whereas some younger school-age kids
3 might be only get part daycare during the time of the year.

4 So we do tend to see some numbers in that,
5 but right now with where we are in the ramp up, like I said,
6 I think that what we'll see is November will be -- or
7 December will probably be almost identical to November,
8 maybe a little bit lower, maybe a little bit higher, and
9 then January we should see a nice bump again. Because
10 January we typically have a seasonal bump as families go
11 back to school and perhaps changes in their child care
12 situation.

13 COMM. THOMAS: I think you probably mentioned
14 this to me, but what's the standard month -- standard
15 deviation range would you say then? If this is --

16 MR. LEONARD: Well, we don't -- okay, so
17 measure -- performance status has to do with measuring
18 against target. 95 to 105 percent is generally considered
19 to meeting most of our measures, so I don't have it broken
20 down by standard deviation, and it'd be kind of a little bit
21 tricky right now with the board's been having very -- such
22 variant sizes from a couple thousand kids to tens of
23 thousands of kids --

24 COMM. THOMAS: But aggregated would you be
25 able to aggregate that like you would the 120,000? I mean

1 --

2 MR. LEONARD: Yes.

3 COMM. THOMAS: Okay. I just -- it just as an
4 interest, just to see what kind of stressors that places on
5 the boards in the communities as they're trying to aggregate
6 across to 131,000 a day.

7 MR. LEONARD: Sure. And these numbers,
8 again, these are -- right now we're -- normally, if we were
9 ever in a normal period in child care, which we have not
10 been in three years, child care is, you know, we give the
11 boards 131,000 for the year and we generally expect them to
12 be there all year long. But as a result of reauthorization
13 a few years ago and then the increase in money and
14 everything else, we were constantly trying to control and
15 then increase, et cetera, to the point where we're doing
16 this month-by-month.

17 COMM. THOMAS: Yeah.

18 MR. LEONARD: My farthest hope, and I'm sure
19 that of the boards, is that by the end of this year we can
20 go into next year truly in, you know, a full-enrolled,
21 sustainable level of numbers, and get back to kind of
22 normal.

23 COMM. THOMAS: Thank you.

24 COMM. ALVAREZ: Madam Chairman, I do have a
25 question. Adam, on page 3 of Vocational Rehabilitation you

1 have VR is meeting with positively exceeding five key
2 measures and continues to see improvement in employment and
3 credential outcomes. What type of credentials are we -- are
4 we talking about here?

5 MR. LEONARD: I would have to go back and
6 look. I can't tell you exactly what the credentials are off
7 the top of my head. Although I will say that the -- that
8 within the VR program you see a higher concentration of
9 people achieving academic-style credentials, like Bachelor's
10 and Associates and Masters and such, than you do in our
11 programs. But like, if you were asking me how many of them
12 were an apprenticeship and received apprenticeship
13 credentials, I don't have that number.

14 COMM. ALVAREZ: Not so much apprenticeship.

15 MR. LEONARD: Okay.

16 COMM. ALVAREZ: But more of others --
17 industry-recognized certifications, like in welding or --
18 wouldn't necessarily have to be an apprenticeship.

19 MR. LEONARD: Right. So there is some --
20 I'll go back and look at the data on that and see what we
21 can break out right now. I'll tell you that Rehabilitation
22 Works was only fairly recently modified in terms of its
23 ability to track this data, and we're still at a point where
24 we're, to some degree, inferring results from other data
25 elements that are in the system.

1 Rehab Works, from my perspective in looking
2 at it, was really much more of an electronic case file
3 system, so a lot of the fields are text fields and not data
4 fields, and it's only been the -- recently been making some
5 changes in that to classify a lot of things, but I will
6 definitely figure out ways to try to drill into that a
7 little bit more for your question.

8 COMM. ALVAREZ: Thank you, Adam.

9 COMM. THOMAS: I want to -- I want to echo
10 that. Given the challenges in unemployment in our VR
11 community, employment challenges, that that kind of data
12 would be very helpful, Madam, to understand how we can
13 assist both our staff and the board staff in drilling down
14 on methodologies that we could consider, whether it be
15 pilot-program type state-wide initiatives or otherwise;
16 things that we could meaningfully try to start making a real
17 difference in the most vulnerable of all our vulnerable, but
18 making sure that we can think about that.

19 So I would echo Commissioner Alvarez's
20 request for that information, and I would encourage your
21 ability to figure out how to capture data versus text. I
22 know how challenging that can be in analysis.

23 MR. LEONARD: Absolutely, and of course I
24 will share the results of what we find on this with all of
25 your offices in an upcoming briefing.

1 CHAIR HUGHS: Okay.

2 COMM. ALVAREZ: Thank you.

3 CHAIR HUGHS: And, Adam, I'm glad to see that
4 you are ranging that to the 131,000, and it looks like we're
5 at numbers that it is realistic to have that expectation and
6 to think that we will find it. And it sounds like your
7 projecting we will, even in the next few months, get to
8 those numbers. But please keep us updated as this evolves.
9 I know you will.

10 MR. LEONARD: Absolutely.

11 CHAIR HUGHS: And looking forward to
12 following it closely, making sure that, you know, where we
13 think we're investing and the way we're investing to have
14 more access for more children ends up working out the way
15 we're anticipating it will, so thank you.

16 MR. SERNA: So next we have an update from --
17 an update on all of our IT projects, our major projects as
18 well as the activities in -- that the division is involved
19 in. Before we get started, though, I'd like to ask the --
20 all the IT managers that joined us to stand up so you can
21 kind of see your IT management team.

22 (Applause)

23 CHAIR HUGHS: Thank you all for being here
24 with us this morning.

25 MR. SERNA: You did an outstanding job of --

1 almost all of it behind-the-scenes -- just kind of keeping
2 things running and with IT now it's less of something that
3 we use and more of something that we absolutely depend on.
4 So they kind of take care of all that.

5 I just want to hit a couple of high notes for
6 you on the activity that we've been working on and talk a
7 little bit about this material that's in front of you.

8 One thing I want to note is if you look at
9 the Table of Contents you will note that we have a new
10 project that's being added for you UI appeals, electronic
11 hearing officer packets. Right now, we mail a lot of paper
12 out to our hearing officers who are around the state, and
13 we're going to -- we're going to fix that at the request of
14 the UI, and we'll be working with them to turn those into
15 electronic hearing packets, so more and more and more of the
16 information will be available electronically.

17 And then also we've completed two projects;
18 the Enterprise Contracting and Procurement System Phase II
19 project was successfully completed -- and Glen will report
20 on that -- and then Tracer2 re-write was successfully
21 completed as well.

22 Under tab 1 there's a whole list of projects
23 that the IT Division's been working on. I just kind of want
24 to highlight a few of them for you. We've developed -- and
25 I think we -- I know we've reported before that we had

1 developed an automated public information request and
2 payment processing system so that members of the public that
3 are asking for open records request don't have to do so by
4 sending an email or calling, they can actually -- will
5 actually be able to log on, submit that request track that
6 request, status of that request, kind of like you do an
7 Amazon package, and then if there's a charge associated with
8 it, pay it -- pay for it online, so we can get to where we -
9 - we're more responsive and -- to our -- to our customers.

10 We've also completed an intake and tracking
11 system for the Office of General Counsel for our internal
12 customers, our OGC's internal customers, so the client
13 divisions can request services from OGC electronically.
14 They can attach supporting documentation and OGC can better
15 manage their workload with that electronically. We've got -
16 - we've got that completed and already implemented.

17 And then something I wanted to point out is
18 we regularly, working with a contractor the DIR has on
19 contract, we regularly have a security assessment conducted
20 on our systems as a whole. We recently had that done by
21 AT&T. The assessment evaluated 40 security controls based
22 on a maturity standard derived from the National Institute
23 of Science and Technology. We received an overall Texas
24 Cybersecurity Framework Maturity Rating of 3.6 now -- 3.69
25 out of 5. We scored well above the average, and

1 significantly higher than other large state agencies like
2 us, so we're very pleased.

3 Our security staff has worked very hard to
4 ensure that our systems are secure as they can be, all of
5 our systems, and they continue to work to get to the 5, the
6 magic 5. And I was in the briefing and we were, of course,
7 always asking, so how do we get to 5? What's it going to
8 take for us to get to the 5? And we're already on track to
9 achieving that in a lot of areas. But I was very, very
10 proud of our staff for where we were at with the 6.9
11 considering our comparison to the rest of the state and the
12 larger agencies.

13 Another thing I want to point out, is we are
14 working with the State of Mississippi. We are currently
15 working with the State of Louisiana, but we're working with
16 the State of Mississippi on Work Registration pilot. And
17 what this means is we're exchanging data with the State of
18 Mississippi working to develop that system so that we can
19 determine who's filing for unemployment here but maybe is
20 working over there, or the other way around. And we've got
21 a similar agreement with the State of Louisiana. We should
22 be deploying that system -- that system in March of this
23 year, March of 2019.

24 And then something that I'd like at some
25 point in the future to discuss with you all, and maybe have

1 a presentation to the Commission, is the activity that our
2 Regulatory Integrity Division does to help prevent fraud and
3 people kind of illegally getting benefits that they don't
4 need to get. But if you look at the National Suspicious
5 Actor Repository, or SAR, we're participating in a national
6 effort to identify suspicious actor activities.

7 Last year we uploaded suspicious actor data
8 and performed we look-ups representing 43,000 claims. And --
9 that prevented over \$1/2-million in payments of fraudulent
10 ID theft claims. We continue to test that data. It's been
11 manual so far, but our next steps are to create an automated
12 process for doing that.

13 And then also wanted to point out that we had
14 talked earlier about the security assessment. We continue
15 to enhance our cyber-security profile. We conduct white hat
16 hacking efforts against our own systems. We also have
17 increased our security awareness campaigns, and we hose
18 quarterly cyber-security clinics for our employees, all of
19 our employees. It's been real successful.

20 Earlier this week, I think, or last week
21 there was an email that I allegedly sent out, which I
22 didn't, that went to individual employees that said, hey, I
23 need you to go get some gift cards. I don't care what
24 stores you get them at, and then do something with them.
25 And nobody clicked on the link to go get the gift cards or

1 do that. We've already started teaching more people not to
2 -- not to click.

3 COMM. THOMAS: I was wildly tempted.

4 MR. SERNA: But we do -- I do take sort of an
5 evil pleasure once a month at sharing a list in executive
6 staff meeting of, we call it sort of the click list, but
7 everybody that's clicked on these links that have -- that
8 have kind of opened a vulnerability. And I'll share it with
9 our staff. Not that the executive -- not that the
10 management team has done it very often, but a lot of times
11 it's very good to see the competition of the divisions not
12 wanting to be on that list of who's clicked. So we continue
13 to -- we continue to do to that.

14 CHAIR HUGHS: Thanks for being vigilant about
15 that. All joking aside.

16 MR. SERNA: Yes ma'am. Yeah. All joking
17 aside it's a very important -- it's a very important thing
18 for us, and we take it seriously, but we also like to at
19 least insert a little bit of humor to make sure that our
20 staff don't get too glum about the idea of security and
21 feeling comfortable working here.

22 Finally, I would like to point out that we're
23 continue to prepare for the four large procurements, if the
24 legislature approves them, large procurements that we'll be
25 working on next year. We're already starting our efforts.

1 If the legislature approves them and if the Governor signs,
2 then we will be able to immediately move forward with our
3 Unemployment Insurance system replacement, our Workforce
4 case management system child care automated attendance
5 system, and then one thing that we will do is also an
6 enterprise printer.

7 It's time for us to replace all of our
8 printers in the enterprise, and we'll be working on that
9 project as well. And staff are already gearing up for those
10 projects so that we are not wasting any time when we get
11 approval.

12 And then the very last thing I want to point
13 out is when you're successful everybody wants to kind of
14 hang onto your success and kind of grab on to it, and in
15 some cases even claim credit. And I think this might have
16 been done inadvertently, but there was in article that was
17 recently published concerning data-sharing agreement, and
18 the title of the article is Data Sharing Agreement Saves
19 Texas \$90-million. And in the article -- the article is
20 intended -- and I'm not trying to speak negatively about a
21 fellow state agency.

22 The article is intended to highlight the
23 benefits of data-sharing agreements and a statewide effort
24 to coordinate some of those data-sharing agreements, but the
25 part about glomming on to someone else's success is they

1 attempted to attribute a lot of the successes that we have
2 had in our fraud prevention program to this recently started
3 sharing -- state-wide data-sharing effort.

4 For example, they've indicated that in 2015
5 we joined a compact, which we did by the way, we joined a
6 compact to share data with the Department of Criminal
7 Justice so that we could determine inmates or inmate
8 families that were getting benefits where they weren't
9 eligible.

10 In fact, we've been doing that probably since
11 2004. Our staff had already -- the article said, and I'll
12 quote, the article. It said, but the workforce agency
13 traditionally lacked access to incarcerated records needed
14 to deny such eligibility -- this part kind of rankled me --
15 nor did its staff think to acquire them. That was
16 completely inaccurate. Our staff not only thought to
17 acquire them, but not only from TDCJ, but from other
18 national sources, both private and public sources of
19 information, and we've been doing that since at least 2004
20 and our staff's been very successful at preventing that kind
21 of fraud. So when you're successful everybody kind of wants
22 to grab your success, and I think this is simply one of
23 those cases.

24 The numbers that they quoted were accurate
25 with regard to the \$90-million over the past 4 years that

1 have been prevented, et cetera, et cetera. But the only
2 reason I mention it is, one, to highlight the success of our
3 programs, because it's both RID and IT working together to
4 accomplish that.

5 And then, second, if you all came across an
6 article like this, I didn't want you to think that we hadn't
7 been doing something beyond the past couple of years to do
8 that -- to do this.

9 With that I'd like to move forward to the --
10 to the rest of the presentation and give you all -- have
11 staff give you a brief overview of where we're at with some
12 of our projects, and we'll start in tab 2 with the work in
13 Texas Replacement Project.

14 MS. LATA: Good morning, Commissioners and
15 Mr. Serna. My name is Karen Lata, and I'm here to -- oh,
16 sorry.

17 CHAIR HUGHES: Can you make sure your
18 microphone is on? Thank you, Karen.

19 MS. LATA: There we go. Is that better? All
20 right. Good morning. My name is Karen Lata and I'm going
21 to give you an update on the WIT replacement, the Work in
22 Texas Replacement Project.

23 The summary that you have in front of you
24 talks about the technology the IT aspects of the project,
25 but I also want to give you a little update on some of the

1 other aspects of this project that are enterprise-wide.

2 So in terms of the technology project, you'll
3 see that the budget and the scope are green. You'll see
4 that the timeline is yellow, and that is because of some
5 challenges that we've had with our schedule and with our
6 vendor but rest assured that we are still on track to meet
7 our go-live date of mid-July of this year for the Work in
8 Texas replacement.

9 Some of the challenges we've had include
10 completing the detailed design milestone. You'll see we're
11 at 99 percent, and we're working hard to get the last bit of
12 that milestone done.

13 We've also been working closely with our
14 vendor because some of the deliverables that they've
15 provided to us have not been on time or of the quality that
16 we'd need, so that's taken up some extra time, staff time.

17 We have started the next major milestone for
18 the project, which is the user acceptance testing phase.
19 That started a couple weeks ago. We've had a little bit of
20 a rocky start. Just some of the details of the system have
21 not been working like we anticipated and that has a lot to
22 do with the fact that we've asked for a lot of Texas-
23 specific customizations to the job-seeker registration
24 process in the system, and so the vendor has been working
25 hard to make sure that those -- all of the kinks are worked

1 out, and that we can -- we are moving ahead with the
2 testing, it's just we've had some bumps along that road.

3 In terms of other aspects of the project that
4 we're working on, we've had for communications, we had a
5 very successful time at our annual conference last November.
6 We had a lot of positive feedback, a lot of great questions
7 about the Work in Texas replacement, and now we're planning
8 for the spring forum in April.

9 We plan to have a couple sessions there to
10 provide as much opportunity for the people who attend the
11 forum to see a demo of the new system that we're testing,
12 and also to hear about our plans for training that will come
13 later.

14 And then we also -- we put out a request for
15 proposals for an outreach vendor to help us with the
16 rollout, the communications and rollout of the system. So
17 we've received those proposals and are reviewing them now
18 and hope to have a vendor on board in the next couple
19 months.

20 As far as training, we have -- we are
21 currently reviewing a detailed training plan that was
22 provided by our vendor, and working through the details of
23 scheduling the Train the Trainer sessions that our vendor
24 will provide to us. We originally had asked for one Train
25 the Trainer session, but we have now increased our contract

1 to allow us to have up to nine Train the Trainer sessions,
2 and those will be 4-day sessions, and with nine of them
3 we'll have plenty of space for not only our train -- our
4 trainers to attend, but also trainers from all 28 of the
5 workforce boards will be able to attend those Train the
6 Trainer sessions and that -- those will happen in the main
7 June timeframe. And so then people trained there will be
8 able to go out to the boards and train the end-users.

9 We're also looking at how we can get some
10 more customized training materials that will be online.
11 Right now our vendor has a lot of user guides and that sort
12 of thing, but they are kind of generic. They won't -- they
13 don't represent the customizations that we're making to the
14 system that we will be getting, and so we're looking at how
15 we can customize those materials so that when people look at
16 them they will match the system that we actually have.

17 So those are all of my updates on the WIT
18 Replacement Project. Do you have any questions?

19 CHAIR HUGHS: If you don't mind just sharing
20 with us the Internship Challenge and how that will move over
21 to WIT?

22 MS. LATA: Right, and so that will -- it will
23 be a link within the Work in Texas -- the new Work in Texas
24 system. You will be able to link from Work in Texas to the
25 Internship Challenge portal. I know you had asked about

1 that before and I need to get some additional information to
2 follow up with you on how that will work exactly. There's
3 some details I think there that we -- I still need to
4 understand before I can give you a full answer on that, but
5 I will follow up.

6 CHAIR HUGHS: Thank you for that. And then
7 other functionalities, of course, with respect to veterans
8 and all of our other communities and all of that's going to
9 remain in place and just have better functionality under our
10 new system.

11 MS. LATA: That's right. That's right. I
12 think for a lot of the -- a lot of our job-seekers there's
13 going to be a lot more information in the system about
14 career pathways and the labor market information for their
15 area, so that will be very useful to them.

16 CHAIR HUGHS: Commissioners, any other
17 comments or questions?

18 COMM. ALVAREZ: No ma'am.

19 CHAIR HUGHS: Okay, thank you for the update.

20 MR. SERNA: And I think one other thing is
21 we're also trying to schedule time with each of you all's
22 offices to provide a demonstration of the system, so we'll
23 work -- we'll work through that, as well, with your -- with
24 your chiefs.

25 CHAIR HUGHS: Will that demo be similar to

1 the one presented in April at the work forum, or a modified
2 version of it?

3 MS. LATA: I think it should be similar to
4 what was provided at the conference, the annual conference.
5 We're still working out the details. We don't want to take
6 up too much of your time with it, but, you know, we're
7 trying to make sure that we can -- that our vendor will be
8 able to show you some of the new, exciting features and how
9 both employers and job-seekers will access information in
10 the -- in the system.

11 CHAIR HUGHS: Looking forward to it. Thank
12 you.

13 MR. SERNA: And then Clay to talk about
14 short-term compensation.

15 MR. COLE: Thank you. Good morning
16 commissioners, Mr. Serna.

17 CHAIR HUGHS: Morning.

18 MR. COLE: For the record, Clay Cole,
19 Unemployment Insurance. I'm here to give you an update on
20 the two UI automation projects in progress, both aimed to
21 improve customer and staff services through improved
22 technology solutions.

23 The first item we have is the short-time
24 compensation, or as we refer it, the shared work portal,
25 which will allow TWC customers to interact with the online

1 portal versus submitting paper applications and
2 certifications as they do today. So really excited about
3 this for our customers. We are on time, on budget, and
4 looking at an August 2019 implementation. You all have any
5 questions about this item?

6 CHAIR HUGHS: On time and on budget kind of
7 answered all of them. Thank you.

8 MR. COLE: Okay. The next item is the
9 appeals electronic hearing officer packets. And, as Mr.
10 Serna stated, this is a new project the -- that's being
11 presented today for the first time.

12 And this will provide the hearing officer
13 packets and file that while eliminating the need to manually
14 print and ship case file boxes to hearings officers. And
15 this is, you know, a security risk that we deal with today
16 as we do, in times have, boxes of case files that go missing
17 or lost, and so this will prevent that risk. At the same
18 time saving us a significant amount of time and labor of
19 putting those case files together to box up and ship, so we
20 expect a significant savings from this, and again, something
21 we're very excited about, and just started, and I'm looking
22 at a May 2019 implementation. You all have any questions on
23 this item?

24 CHAIR HUGHS: Any questions?

25 MR. COLE: Thank you.

1 CHAIR HUGHS: Thank you.

2 MR. SERNA: And then -- and then Cheryl to
3 discuss our VR projects.

4 MS. FULLER: Good morning Madam Chair,
5 commissioners and Mr. Serna. Cheryl Fuller, with the
6 Vocational Rehabilitation Division. I'm here this morning
7 to give you an update on two projects that will benefit
8 programs in the VR Division. The first is the BET manager
9 monthly reporting and BET facility equipment systems
10 replacement.

11 As you may recall, this will replace two
12 quite outdated systems that are used by our BET Program to
13 receive monthly reports from our licensed managers, as well
14 as to track inventory and prepare federal reports.

15 We are on budget, and we are on schedule. In
16 the last quarter staff completed the test plan and began
17 testing various elements of the system, in addition they are
18 developing some of the reports that will be part of that new
19 system. We are on track for a May 2019 deployment.

20 I'd be happy to answer any questions.

21 CHAIR HUGHS: Commissioners, any questions?

22 COMM. ALVAREZ: No questions.

23 CHAIR HUGHS: Thank you.

24 MS. FULLER: Thank you. Our second project
25 is our Chris Cole Rehabilitation Center Consumer Tracking

1 and Scheduling and Attendance Systems Replacement. This
2 will replace and combine to update the systems, and also
3 incorporate those as part of our Rehab Works case management
4 system. And this project will really assist our Chris Cole
5 staff to better plan and prepare and manage class schedules
6 and monitor our customers progress through their training
7 programs.

8 It is also on budget, and on schedule. In
9 the last quarter staff completed the design phase, and they
10 are in the process of finalizing the test plan. At this
11 point we are on target for a May 2019 -- or March 2019
12 implementation of the Case Management and Evaluation
13 component, and a May 2019 implementation of our schedule
14 work and attendance component.

15 I'd be glad to answer any questions.

16 CHAIR HUGHES: Questions? Just want to make a
17 comment and commend staff for staying on top of this and
18 recognizing the need to bring these systems up-to-date and
19 addressing them as quickly as we can. So thank you for
20 that.

21 COMM. THOMAS: I just, I'm sorry, one quick
22 question. On the -- under the implementation schedule, is
23 that -- is that kind of a -- the management and evaluation
24 piece, the May 2019 under the March 19, is that just the
25 back stop in the unlikely event, or what is --

1 MS. FULLER: So what we are -- since the
2 replacement in combination of these two systems that had
3 different functions is -- involves us incorporating those
4 into Rehab Works and ensuring Rehab Works talks to them.

5 What we're trying to do is stage these
6 deployments with the deployments that we have already
7 scheduled for Rehab Works, so trying to manage all of that
8 within the staff time and schedule.

9 COMM. THOMAS: That makes sense. Thank you.

10 MR. SERNA: And usually -- the parenthetical
11 May was the original date, unless it backstops, it more just
12 an annotation that that was the original date, and we
13 advanced it to March.

14 COMM. THOMAS: So you can actually report on
15 budget and under time. We'll take it. Thank you.

16 COMM. ALVAREZ: Thank you, Cheryl.

17 MS. FULLER: Thanks.

18 MR. CARMONA: Should I proceed?

19 MR. SERNA: Yes.

20 MR. CARMONA: Thank you commissioners and
21 Chair. My name's Paul Carmona, Director of Regulatory
22 Integrity Division. Here to report to you on the status of
23 the TOP tax program, the Treasury Offset Program related to
24 tax debt.

25 The program is created to put in place an

1 interface between this agency and federal Treasury Offset
2 Program Database to collect debts from employers for
3 delinquent taxes, UI taxes or reimbursements, and any
4 penalties or interests that are attached to those debts.

5 The phase -- the initial phase was completed
6 November 27th, 2018 when TWC sent -- and that phase was the
7 debt calculation and the issuance of the 60-day notice
8 letters that are required under federal law.

9 TWC issued just over 83,000 letters to
10 employers with a debt amount representing just over just
11 over -- and almost over \$109-million. As of -- the intent
12 of those letters is to encourage the debtors to pay, make
13 voluntary payments, before TWC participates through the
14 Federal Treasury Offset Program to capture their tax --
15 their federal tax refunds.

16 And to -- as of last Thursday, January the
17 17th, 2019, TWC had received \$284,000 -- \$284,041 in
18 voluntary employer payments.

19 The next phase is going to happen next
20 Monday, January the 28th, 2019, when TWC begins transmitting
21 -- upon the elapse of the 60 days -- begins transmitting
22 those debts to the IRS.

23 We don't have any indication or any
24 information about the effect of the current federal shutdown
25 on the operation of the Treasury Offset Program.

1 Nevertheless, we will transmit those debts that are eligible
2 to the IRS beginning next Monday.

3 The program is on target, on budget, and set
4 to complete by April of 2019, and I'm available to answer
5 any questions that you have.

6 CHAIR HUGHS: Any questions, Commissioners?
7 Okay, thank you, Paul.

8 MR. CARMONA: Thank you.

9 MR. SERNA: And then Glenn, the close out --
10 this is one of the projects that we completed, the close out
11 the Enterprise Contracting and Procurement System Project.

12 MR. NEAL: Good morning commissioners, Mr.
13 Serna. Glenn Neal, Business Operations.

14 The Enterprise Contracting and Procurement
15 System, Phase II replaces the existing CAT system at TWC and
16 migrates TWC contracts into one enterprise contract and
17 solution. You'll recall that we also had a Phase I, of
18 course, and that was intended to move the legacy DARS
19 contracts off of the HCAT system at HSSC to TWC.

20 As you can see from the status, we're green
21 across the board, and that's because we're closed -- we're
22 done with this project. We -- during the last quarter we
23 completed testing and data conversion. The system rolled
24 out on the 19th of November, and the project closed out
25 November 30th. We ended -- this project was re-baselined

1 during the course of the project, but we did end within the
2 re-baseline timeline, and we ended under budget by a little
3 less than \$150,000.

4 So with that I'll see if you have any
5 questions.

6 CHAIR HUGHS: Any questions, Commissioners?

7 COMM. ALVAREZ: No questions.

8 CHAIR HUGHS: Thank you for that update.

9 MR. SERNA: And then Adam on Enterprise Data
10 Warehouse.

11 MR. LEONARD: Good morning, Commissioners.
12 We're in the midst of iteration two, which involves adult
13 education, so we've been gathering requirements to determine
14 what we're ultimately going to try to accomplish with this
15 particular set of data. So what types of reports we need to
16 be able to build, what types of functionality we need to
17 make available to our users.

18 We are also in the process of design and
19 developing and testing some of that implementation, so the
20 project is built around -- we're called a series of vaults,
21 so the big focus is on the initial loading of the data into
22 the system through kind of staging set a vault, and then the
23 second tier, which is we call our data vault, which is what
24 allows us to go back and recreate the data in different
25 stakes and different points in times for audit trails and

1 for -- to answer kind of more static questions looking into
2 the past.

3 And so most of our focus have been those two
4 areas and that's what we're working on right now. After
5 that we'll be developing the third phase, which of the
6 business vaults that take that data table and stage it
7 specifically to the needs of different types of reports, or
8 different types of users.

9 And so we've really been concentrating kind
10 of making sure we get all of that data into the system,
11 staged properly, and can be kind of that foundational level
12 of functionality that we're looking for. So some good
13 work's been happening there in between IT and staff, and
14 also getting business input.

15 We have been having a few issues in terms of
16 working with DI on the state-wide data center in terms of
17 some connectivity issues. That has affected some of the
18 functionality. It's not a problem with AWS, we've been able
19 to verify that the Amazon Web Service Solution has not been
20 so much of a problem there. And so right now I think the
21 fact that we've been having to kind of spend rather a lot of
22 time trying to get this resolved and working on that, we're
23 looking at, I guess you'd say, reducing the project's scope
24 to focus more on kind of really those foundational issues to
25 ensure that we have a good platform that we can build other

1 things on.

2 So moving some of the actual development of
3 the reporting layer and the -- those products out, and
4 pushing them out to the business areas, mine primarily, to
5 take more of a lead in trying to develop that, so we can
6 kind of divide and conquer on this project and deliver
7 what's needed for all users.

8 Another thing I forgot to mention is that we
9 have also spent -- we were, in the last quarter, began kind
10 of our data governance efforts, so looking at ways in the
11 agency to standards for data governance, so that as we're
12 building all of these systems, we're not breaking other
13 things that depend on them.

14 So for that testing and communication and
15 ensuring that we have kind of audit trails, data trails,
16 data dictionaries, those types of things; the coordination
17 across this. And as we move as a system to having so many
18 vendor-produced products, so many COT solutions where really
19 it's going to become a greater challenge than it was when we
20 owned everything and we had only ourselves to blame if we
21 weren't communicating.

22 So that's all I have. Otherwise, we're clean
23 and green, and I'm happy to answer any questions you may
24 have.

25 CHAIR HUGHS: Great. Timeline are we a

1 little -- or just we're -- we're working out the quality
2 with the -- with the issues with the cloud, right?

3 MR. LEONARD: Yeah. We're not really in
4 production yet here, so although this is kind of frustrating
5 and delaying some of the things we could work on, there's
6 enough other work going on that it's not kept us from -- it
7 hasn't ground us to a halt in any areas so much as it's just
8 taking resources away and having us kind of move a few
9 things around in terms of our scheduling.

10 CHAIR HUGHS: Okay. Thanks for staying on
11 top of that.

12 MR. LEONARD: Well, the team is really great,
13 so.

14 CHAIR HUGHS: Absolutely.

15 MR. SERNA: And as Adam pointed out, we are
16 working with DIR to resolve these -- resolve these problems,
17 and Amazon, but we're trying to get them resolved with DIR,
18 but if we need to, we'll -- we've already kind of noticed --
19 put a note -- put DIR on notice that we may take alternative
20 steps that don't go through the data center to get what we
21 need. And they understand, so.

22 And then the final report is on Tracer2
23 Rewrite, the other project that we've closed out, and Mr.
24 McCarty will do that. Tom McCarty.

25 MR. McCARTY: Good morning Chair Hughs,

1 Commissioner Alvarez, Commissioner Thomas. Tom McCarty,
2 External Relations.

3 I'm pleased to report we went live last week
4 with the TexasLMI.com, which was formerly known as Tracer2,
5 so a new name, new look, new feel. We do still have Tracer2
6 up right now, or Tracer is still up right now. It will be
7 up until the middle of February. We'll pull it down, so at
8 the start, release for January numbers and all that, we will
9 just have TexasLMI up to -- for dissemination of our
10 information. So we'll continue with that.

11 We did develop a promotional video for the
12 new tool so that people can get a feel for it. We have both
13 of it -- we have links both on the TexasLMI page as well as
14 the Tracer page so that individuals going to either page
15 will be able to see that. And we're developing an
16 instructional guide for the use of TexasLMI as well.

17 And we are -- we are finishing up the sprint
18 20A, we're just working on a few minor changes, small little
19 tasks, they didn't prevent us from being able to launch or,
20 you know, impact functionality of the tool, so we'll
21 complete those and then close this out.

22 And with that, I'm available if you have any
23 questions.

24 CHAIR HUGHS: Any questions?

25 COMM. THOMAS: Just wanted to say it's a --

1 it's a very clean website, I like it a lot. You guys
2 obviously did a lot of work on it, and it's been kind of fun
3 to play around with it, so I'm looking forward to seeing
4 what the community, their response to it is.

5 MR. McCARTY: We are, too. I asked for some,
6 you know, just preliminary numbers of what we saw when we
7 released it last week in those three days compared to
8 Tracer. We're sitting at about 800 users, they're finding
9 information quicker than they were finding it on Tracer.
10 They're about -- they're spending about half the time
11 looking around for information, because they're able to get
12 to it easier and quicker, so that's been the trend that
13 we've seen with all of our tools, and we've -- as we've
14 upgraded them, so we're excited about the numbers so far.

15 CHAIR HUGHS: Congratulations.

16 MR. McCARTY: Thank you.

17 CHAIR HUGHS: And thank you to the team. I
18 know many of you are in this room, and it's really wonderful
19 work and I know it was, what, a year, or 18 months, in the
20 making?

21 MR. McCARTY: Yes, ma'am. That was a year.
22 There was planning prior to that. Mark Duce (ph) is in the
23 audience. He was kind of the team lead on this, so if Mark
24 would stand up and just for acknowledgement.

25 (Applause)

1 MR. McCARTY: Thank you very much.

2 CHAIR HUGHS: Thank you.

3 MR. SERNA: That's all we have for our work
4 session this quarter. Questions that you all have for me
5 I'll be glad to answer.

6 CHAIR HUGHS: Commissioners, any further
7 questions? All right, do I have a motion to adjourn?

8 COMM. THOMAS: So moved.

9 COMM. ALVAREZ: Second that.

10 CHAIR HUGHS: Thank you, we are adjourned.

11 (Proceedings concluded at 11:12 a.m.)

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C E R T I F I C A T E

STATE OF TEXAS)
COUNTY OF HARRIS)

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 6th day of February, 2019.

/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