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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, APRIL 17, 2018

BE IT REMEMBERED THAT at 10:28 a.m. on
Tuesday, the 17th day of April, 2018, 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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1 P R O C E E D I N G S

2 TUESDAY, APRIL 17, 2018

3 (10:28 a.m.)

4 CHAIRMAN ALCANTAR: Good morning, everyone.
5 I'd like to call to order this meeting on the -- this work
6 session on the IT Project from the performance briefing.
7 Ed, who do we have first?

8 MR. SERNA: We've got Doyle first, sir.

9 CHAIRMAN ALCANTAR: Good morning, Doyle.

10 SYSTEM PERFORMANCE BRIEFING

11 MR. FUCHS: Good morning, Mr. Chairman,
12 Commissioner Hughs, Commissioner Alvarez, Mr. Serna. Doyle
13 Fuchs with LMCI with the quarterly economic briefing. Staff
14 handed out a copy of the presentation so you should have
15 that in front of you. Spin through some of the highlights
16 here.

17 CHAIRMAN ALCANTAR: I don't have a copy.

18 MR. FUCHS: Of all people, we had to miss
19 you, so --

20 CHAIRMAN ALCANTAR: That's all right. They
21 were both over there on the left.

22 MR. FUCHS: Oh so we -- yeah. Thank you,
23 Tom.

24 CHAIRMAN ALCANTAR: I do have two now.

25 MR. FUCHS: So we're -- we're looking at

1 February 2018 labor market data; we'll be releasing March on
2 Friday. So we'll get an update on -- possibly updated
3 February numbers and then new numbers for March at that
4 time. The total non-agg employment for the State during
5 February again posted solid growth, 2.3 percent over the
6 year, 4000 -- or 40,500 jobs over the month, 285,000 jobs on
7 the year over year basis, which is good, strong, solid
8 growth. All three sectors in a goods producing area, mining
9 and logging, construction and manufacturing, were up over
10 the month and over the year. Mining and logging has posted
11 the largest over the month increase or change on record last
12 month. And construction is showing fastest over the year
13 growth. So both sectors -- and manufacturing for that
14 matter are doing -- doing very well.

15 On the service providing side, retail
16 rebounded somewhat in those trade transportation and utility
17 sectors, so that -- that added to the growth there.

18 Healthcare is still growing, but a little bit
19 slower rate than what we saw a year ago. So overall job
20 numbers look really good for February with some good, solid
21 growth across most sectors.

22 Information is down again just to emphasize
23 there that that's not IT, that's -- a large component of
24 that is print media and -- and those types of industries and
25 so -- so it -- it's been declining and continues to do that.

1 Looking at our growth rates over time, again,
2 2.3 percent growth on annualized basis for February, well
3 above the U.S. rate at 1.6 percent. It's been, you know,
4 both numbers have ticked higher, our growth rates have been
5 climbing pretty steadily since about the middle of last
6 year, so looking at our numbers by -- by Metro area, Midland
7 and Odessa were number one and number two for over the year
8 job growth, and Midland had our lowest unemployment rate in
9 the State at 2.5 percent.

10 I think that goes back, you know, take a look
11 at oil and gas here in a little bit, but the solid growth in
12 Permian Basin drilling activity has been reflected in those
13 numbers. College Sta -- Bryan/College Station comes in at
14 number three. Gotta give a shout out to my Aggies.

15 Looking at unemployment rates, we stood at
16 4.1 percent -- or excuse me, 4.4 percent even for -- for
17 February, that was steady, been steady, for the last couple
18 of months and a bit higher than the low we set three months
19 ago, I think it's pretty much a go at 3.9 percent. Still a
20 bit better than the U.S. rate at 4.1 percent.

21 The unemployment rate is down seven-tenths of
22 a percent on a year-to-year basis, so get solid job growth,
23 falling unemployment rates, strong growth and low
24 unemployment in some key areas out west, so, that -- the
25 employment situation is -- is strong for Texas.

1 Overall, we saw 90 counties with an over the
2 month increase in unemployment rate and a hundred with a
3 decline, so, again, solid -- pretty solid growth and good
4 movement statewide.

5 Initial unemployment claims factor in our
6 unemployment rate estimates continue to show a sharp decline
7 after the post-Harvey numbers. Took another sharp drop this
8 last month, so.

9 Our other economic indicators, average hourly
10 earnings are higher for both the U.S. and Texas. A lot of
11 that's been attributed to the new tax laws that allowed
12 employers to kick somebody to employees.

13 Consumer Price Index on the flipside is also
14 a little higher. Inflation's picked up a bit by both the
15 U.S. and State level, higher gas prices have something to do
16 with that, so.

17 As I mentioned, our -- our oil -- crude oil
18 situation and rig count situation has improved dramatically
19 from where we had been. The rig count during February stood
20 at 476 active rigs, that's the highest it's been since early
21 2015. Oil prices were also the highest they've been since
22 late 2014. So -- and most of the growth, most of the growth
23 in U.S. drilling activity has been out in the Permian Basin,
24 so.

25 Labor force participation rate gives us a

1 little bit of a long-term look at what's happening on the
2 job front. That ticked a bit higher during February, so a
3 few more people -- people going to work. Overall,
4 nationally, last slide, na -- the U.S. added 313,000 jobs in
5 February for an annual growth rate of 1.6 percent in -- not
6 as good as what we're doing here locally, but still good,
7 solid, steady growth. And notable that last bullet there,
8 that Midland and Odessa were the two fastest growing MSAs in
9 the country for February.

10 That concludes my comments. If you have any
11 questions --

12 CHAIRMAN ALCANTAR: With good reason, right?

13 MR. FUCHS: Excuse me?

14 CHAIRMAN ALCANTAR: With good reason, Midland
15 and Odessa.

16 MR. FUCHS: Yes, sir.

17 CHAIRMAN ALCANTAR: Any questions or
18 comments? Thank you, Doyle. A really good presentation.

19 MR. FUCHS: Thank you.

20 COMM. HUGHS: Yes, very good.

21 CHAIRMAN ALCANTAR: Ed?

22 MR. SERNA: Randy's up.

23 COMM. HUGHS: Good news for Texas.

24 CHAIRMAN ALCANTAR: It is.

25 MR. SERNA: Randy's up next.

1 CHAIRMAN ALCANTAR: Good morning, Randy.

2 MR. TOWNSEND: Good morning, Chairman,
3 Commissioners. For the record, Randy Townsend, Chief
4 Financial Officer.

5 Under Tab 2 of your notebook we're going over
6 the monthly Legislative report, financial status as of the
7 midpoint of the fiscal year.

8 Overall, the expenditures as of February 2018
9 were right around 763-million, represent about 45 percent of
10 our 1.7-billion operating budget. That 763-million compared
11 to 703-million expended a year earlier.

12 The FTEs, the staffing levels, the fulltime
13 equivalents were about 4300 FTEs as of the second quarter
14 end in fiscal year '18. That's about nine to 10 percent
15 below the FTE limit, so we're well within the limit there.

16 Just a couple observations with respect to a
17 couple of the strategies. In terms of 1.2.1, vocational
18 rehabilitation, I did want to point out -- I discussed this
19 with Cheryl a little bit and we'll continue to track this,
20 our expenditures are about just a little over 126-million
21 compared to 139-million a year before, down about three per
22 -- 36 percent expended compared to 46 percent the year
23 before.

24 Quite a bit of that as you look into it, it
25 deals with a couple things. One is the our staffing levels

1 are -- are down some for -- from what we had budgeted. I
2 know there's an initiative to get those positions filled.
3 That's also seeming to have impact on the amount of client
4 service expenditures. Some of that's by design. I think
5 there's some changes with how some of the assessments,
6 medical assessments, are ordered -- are requested from how
7 it used to be done as I understand it. Cheryl can speak
8 more specifically about some of that because that's some
9 information that you need to consider this morning. But I
10 know they're looking into that to see how that pattern would
11 -- would continue to -- to progress, but that was one of the
12 noteworthy items as far as just comparing year over year
13 expenditures in terms of Vocational Rehabilitation Program.

14 The other point I would make, it's not really
15 so much within the Agency's control, TWC's control, but
16 1.4.1, the Child Care for Foster Care Families, it's 56
17 percent expended, almost 40-million compared to -- we have
18 an inter-agency contract with Department of Family and
19 Protective Services for about 71-million. And so that is on
20 pace to probably be close to 82-million by the time the year
21 is -- is up. And the Department of Family Protective
22 Services has made a request consistent with their rider in
23 their -- in their agency's bill pattern of the Legislature
24 and the Governor's Office, notifying them of the need to
25 increase the appropriation transfer from other available

1 appropriations within their Agency's budget to increase that
2 contract by the 12-million, but it will need the approval
3 first. But the pace is on -- when you look at that, I mean,
4 it's going to be 10 to 12-million over what was assumed
5 there, but I did want to point that out for your
6 consideration this morning.

7 And what that, Commissioners, I believe those
8 were a couple of highlights I thought I would just share
9 with you and --

10 CHAIRMAN ALCANTAR: Well, let's talk Voc
11 Rehab.

12 MR. TOWNSEND: Okay.

13 CHAIRMAN ALCANTAR: Ed, is Ms. Fuller still
14 here?

15 MR. SERNA: She's around here somewhere.

16 CHAIRMAN ALCANTAR: Good morning.

17 MS. FULLER: Good morning, Mr. Chairman,
18 Commissioners and Mr. Serna. Cheryl Fuller for the record.

19 CHAIRMAN ALCANTAR: So we have some staffing
20 issues or what's going on here? And some medical purchases?
21 What's driving that?

22 MS. FULLER: I think there are about three
23 things --

24 CHAIRMAN ALCANTAR: Okay.

25 MS. FULLER: -- that are at play here and we

1 are certainly monitoring those carefully. The first thing
2 is that we are returning to our previous staffing level
3 slowly but surely. You know, last year with the division --
4 the combination of the two programs, we completely
5 restructured and so we're working diligently to get back to
6 those pre-DSU combo staffing levels.

7 Another one, though, and this is more based
8 on some historical feedback is that we are very fortunate
9 right now to have a great economy and when we do have a
10 great economy we do see fewer customers coming in the door.
11 And we are seeing fewer customers come in the door this year
12 than we were even last year.

13 But what I am hopeful of is that that most of
14 all, as you approved the combination of our program manuals
15 and the policies in those, we really did work very
16 diligently to increase our -- our focus on fiscal
17 stewardship to make sure we're making good and wise and
18 appropriate decisions with the -- with the public dollars
19 and making sure that the services we purchase are clearly
20 tied to an employment outcome.

21 One of the things that goes along with that,
22 with the WIOA, is there was a real focus on using existing
23 assessments if they were still current and relevant to the
24 purpose instead of purchasing another one. And that with
25 systems our size, it takes a little while for that to kick

1 in, but I think we're finally starting to see it kick in a
2 little bit. So I'm hopeful fiscal stewardship, along with
3 the benefit of having a strong economy and also working on
4 getting our staffing levels back, is telling us, you know,
5 why we're seeing the lower expenditure rates that we are.

6 CHAIRMAN ALCANTAR: Okay. It's just a little
7 bit lower than what I would have hoped in terms of where we
8 are at the year --

9 MS. FULLER: Yes, sir.

10 CHAIRMAN ALCANTAR: -- and given the
11 trajectory of what was happening last year, so --

12 MS. FULLER: Yes, sir.

13 CHAIRMAN ALCANTAR: -- keep us informed.

14 MS. FULLER: We're certainly watching it
15 carefully and we're hopeful that the story is -- is one
16 primarily of being good stewards with our funds.

17 CHAIRMAN ALCANTAR: Thank you.

18 MS. FULLER: Yes, sir.

19 CHAIRMAN ALCANTAR: Ed, who's next?

20 MR. SERNA: Then Adam on appointments.

21 CHAIRMAN ALCANTAR: Thank you, Randy.

22 Appreciate the update.

23 MR. TOWNSEND: Yes, sir.

24 MR. LEONARD: Good morning, Mr. Chairman,
25 Commissioners --

1 CHAIRMAN ALCANTAR: Good morning, Adam. How
2 are you?

3 MR. LEONARD: I'll be working off of my notes
4 handed out jus before the briefing started. It's got a
5 graph in the middle of page one. There's some in the chair
6 back here for people in the audience who didn't get one
7 electronically and wanted to follow along.

8 It's -- it's kind of interesting that Cheryl
9 just talked about the hot economy and the impact it's having
10 in certain things in their operations because we're seeing
11 that in a variety of different areas. So with it becoming
12 easier to find employment, we're seeing kind of reductions
13 in the numbers of customers and participants who may be
14 coming in to get services through the centers access data or
15 even through Work In Texas. The chart on page one shows
16 kind of a long-term trend of what we've been looking at
17 there.

18 You can see the big humps of course in the
19 numbers served were back when we were in the worst of the
20 great recession and how since coming out of that we've been
21 trending downward over time. So we're down below -- sorry,
22 down around 700-and-change-thousand participants and
23 customers which would include the self serve only people,
24 are still above a million, but only like 1.1-million or
25 thereabouts. So lower than we've certainly seen in the last

1 11'ish years.

2 In terms of our WIOA adult dislocated worker
3 we're also a little low there at about 84 percent of target.
4 The over the year number there is only down slightly, so it
5 seems like this may be stabilizing a bit compared to where
6 we were. But again, when you've got a relatively hot
7 economy, it could very well be that we're not seeing the
8 need to enroll as many people over into programs that
9 provide kind of higher levels of service such as training,
10 such as the individualized services that you tend to find
11 more in Title I than in say, Title III.

12 The numbers we're seeing on skills and self
13 are not that different than normal, which is that the
14 numbers are -- start a little bit slow because we finished
15 the year a little hot, so that kind of empties the shot
16 blocker a bit and then it's hard to build up new projects,
17 we'll have many in the works and they grow during the course
18 of the year.

19 The trend is still better than what we had
20 seen prior several years ago when essentially 80 percent of
21 the work was done in the last quarter. So not seeing any
22 issues there are unexpected.

23 In Adult Education, the numbers served are a
24 little bit tricky to work out. Normally speaking, we
25 probably feel pretty good at about 73.66 percent target this

1 point in the year, and we may be fine. The area of
2 hesitation is in the fact that there was some uncertainty
3 this spring in the form of the new procurement of the
4 programs that existing providers may be a little concerned
5 about whether they're going to be ramping out of the program
6 by the end of the year because they weren't selected to
7 continue, that kind of thing, so that may -- that introduces
8 a little bit of an X factor there. We're also a little bit
9 lower than we had hoped to be on career pathways.

10 The one that really -- kind of the biggest
11 mystery and that we're trying to understand better is the
12 credential rate, because those numbers are just considerably
13 lower than when we had run the data historically before
14 WIOA. So we took old data and kind of created the measures
15 if you will using old data, and -- and the numbers right now
16 are lower by a considerable amount for some reason. We
17 haven't quite figured out why that might be.

18 But we are seeing again the positive effect
19 of the improved economy. Ten week reemployment is up at
20 about 58 percent, which is over the year improved about five
21 percentage points and change, so we've seen some really good
22 numbers there.

23 Choices is impacted by the hot economy as --
24 to some degree because as a -- if you have people
25 participating and becoming employed, that means they're

1 cycling out a little bit faster than they would otherwise
2 and so you have fewer people actively in the program working
3 than you did before, which changes that ratio. And you know
4 in child care, let's move on to that. Since we initially
5 set targets for the boards, we were very conservative after
6 last year discovering that the mandatory care grew far
7 faster and higher than we had expected. So for the first
8 part of this year, since we didn't have a full year of -- of
9 post preauthorization data yet, we were very conservative.
10 We estimated the number to be at about nearly 24,000 is what
11 we would need this year.

12 Now we knew that would be a little high, but
13 we figured it was better to be high than low, considering
14 this care is more expensive. We've since looked at this and
15 now believe the number for the year this year is going to be
16 more like 19,400 kids a day on average for the course of the
17 year, which means that -- that most of the boards are able
18 to afford more care than we had initially thought in the
19 discretionary care in the total, so we'll be getting some
20 updates on that to you all shortly.

21 In terms of VR, we already talked about some
22 of the things going on there. Right now we're actually at a
23 slightly negative on average cost per participant served,
24 but it does look like for the year we'll probably be okay on
25 that. And another area where we're seeing kind of an impact

1 of the economy is down under regulatory integrity, where the
2 number of payday law decisions are down below target and a
3 lot of that has been turnover and vacancies that they've
4 been having in that group.

5 So other than that, it's pretty much the same
6 sorts of things we've been seeing on -- on other measures,
7 so as I said, we'll be monitoring with their schedule that
8 they should hit by the end of the year. Same thing for
9 personnel policies and CRD.

10 In Tab 4 and on the last page of the handout
11 we've got information about the boards. We have five
12 measures that the boards -- that every board is meeting
13 their target on. We have another measure where all but one
14 are meeting. And then we've got several boards; Brazos,
15 Concho and Lower Rio, are meeting or exceeding expectations
16 on all their measures. There are another five boards that
17 are meeting all but one measure.

18 In terms of the misses, we kind of have a
19 little bit of a mixed bag when it comes to employers
20 receiving Workforce assistance, we do have 10 missing right
21 now, with three of those being reasonably close. But the
22 good news is, is that over the last 12 months, as a whole
23 for the State, the number served are up. So, despite the
24 fact that we're seeing some that are coming in low, others
25 are coming in high, and the net effect is that we're up

1 compared to the same point last year.

2 We also are down Choices, all family for the
3 Choices full work grade, six boards are missing that right
4 now. We talked a little bit about child care, and I think
5 these numbers will look quite a bit different next month or
6 thereabouts, so we're probably looking at, given the
7 existing allocations, perhaps two or three boards that might
8 have some issues, but for the most part, we're looking much
9 better there than what we were showing in February's data.

10 I wanted to talk a little bit about the
11 prudential rate. This -- we believe these numbers are going
12 to change pretty dramatically for adult dislocated worker
13 and perhaps even for youth, because we've been working with
14 IT to kind of fine tune the code on that based on some
15 additional conversations we had with the Department of
16 Labor. There were some -- I guess the nice way to put it is
17 inconsistency in their guidance, that they really didn't
18 want to clarify formally, but they got with me and explained
19 what they were looking for, so I think we'll see some
20 improvement in those. And a similar thing with youth
21 measures in general, that the code that we have to identify
22 who is a youth participant, that's going to be tweaked a
23 little bit. We're hoping that for the March MPR we're going
24 to see both sets of changes for that, but we're still
25 validating these fixes with IT staff and I guess we'll see

1 over the next week or two whether or not we're able to make
2 it for March or if we have to wait for the April.

3 And I'm happy to answer any questions you may
4 have about what's going on with the boards or performance in
5 general.

6 CHAIRMAN ALCANTAR: Commissioners, do we have
7 any questions or comments?

8 COMM. ALVAREZ: No questions.

9 COMM. HUGHS: I had a question about AEL. It
10 really is --

11 MR. LEONARD: Sure.

12 COMM. HUGHS: -- just a question, but are --
13 the -- it mentions here that the LBB measure period doesn't
14 follow our performance period. Is that the same thing where
15 we would have better -- you know, that we should look at
16 trying to align and I don't even know if we can, but --

17 MR. LEONARD: Well -- so, it's kind of an
18 interesting thing. When we -- for the grants, their period
19 -- the grantees, their periods run on a July to June period.

20 COMM. HUGHS: Uh-huh.

21 MR. LEONARD: And almost all measures for
22 things like customer served, average cost per customer
23 served, for state measures with the LBB and the Governor's
24 office, those run September to August. So what -- what I
25 was talking about there in that comment about how it's a

1 little trickier to evaluate is simply that they're kind of
2 focused on ramping up to a certain number within a certain -
3 - within a different schedule. There might be some
4 advantages to aligning them, but the reality is that I think
5 that this is probably, using July to June is probably -- or
6 program year is a little better for the grantees and for the
7 way that that aligns with federal performance, and the state
8 piece is kind of more of a derivative off of that, so I
9 think we can make it work.

10 And -- and most of the other state programs
11 that I mentioned are on September to August period, so when
12 it comes time to unduplicate everything and send it to TWIC
13 and others, it's probably easier to keep them separate.

14 COMM. HUGHS: Uh-huh. Okay. Thank you for
15 that.

16 MR. LEONARD: Sure.

17 COMM. HUGHS: And I would request that a
18 briefing from AEL staff, I'm not sure if anyone's here, but
19 I just want to get more details on their career pathways and
20 the credential rate target, but it can be after today.
21 Thank you for the update.

22 CHAIRMAN ALCANTAR: Thank you, Commissioner
23 Hughs. Appreciate it, Adam.

24 MR. LEONARD: Thank you.

25 CHAIRMAN ALCANTAR: Ed, do we have anything

1 else in terms of performance?

2 MR. SERNA: No, sir, we don't.

3 CHAIRMAN ALCANTAR: All right.

4 INFORMATION TECHNOLOGY BRIEFING

5 CHAIRMAN ALCANTAR: Let's go ahead and move
6 on to the IT briefing. Good morning, Lisa. Please proceed
7 when you're ready.

8 MS. RICHARDSON: Good morning, Chairman,
9 Commissioners, and Mr. Serna. For the record, I'm Lisa
10 Richardson, the IT Director.

11 If you turn to the table of contents in your
12 notebook, you will see that we have added two new projects
13 this quarter. The first one is the restart of the Top Tax
14 Project.

15 As you will recall, this project was
16 previously put on hold pending DOL finalization of some of
17 the requirements. We now have their guidance and are
18 restarting this project as of this report.

19 The second new project is the TRACER 2
20 Rewrite being worked on by the LMCI team. Since last
21 quarter, we've closed out four projects; the PC Refresh, two
22 projects for UI, the telecenter upgrade and also the Tax
23 Audit Program. And then LMCI's supply and demand tool.

24 For the first time in my tenure, we don't
25 have a large UI project to -- on our list for status

1 reporting and I'm going to be missing LaSha at my side, but
2 next quarter we are kicking out the short term compensation
3 project for UI and so she only gets a pass for this one
4 quarter, so, sorry, LaSha.

5 Before we jump into our status updates, I
6 wanted to provide you with a few updates on cyber security.

7 CHAIRMAN ALCANTAR: Actually, before we go
8 there, is LaSha here?

9 MS. RICHARDSON: Yes, sir.

10 MS. LENZY: Would you like me to talk to you
11 all?

12 CHAIRMAN ALCANTAR: Yeah, come on up.

13 (Laughter)

14 MS. RICHARDSON: You just thought you were
15 getting out of it.

16 CHAIRMAN ALCANTAR: Really appreciate all the
17 good work you do, but, I wanted to touch base with you in
18 terms of what you're seeing, what your team is seeing, in
19 terms of opportunities for taking another look at
20 modernizing some of the equipment that we have. I'm not
21 even sure I'm comfortable calling them tools, it seems like
22 old equipment, but anyway.

23 MS. RICHARDSON: It's legacy systems.

24 MS. LENZY: Modernization. Yes, for the
25 record, LaSha Lenzy. Yes, I'm glad you asked, because we

1 have been gathering information behind the scenes and that's
2 really all we have been doing is gathering information to
3 bring to you guys and to get further direction on.

4 So what we're doing right now is we've
5 contacted six states that have their systems in place and
6 we've asked for demos with each of those and those sessions
7 will be starting next week. So once we've gathered that
8 information and then the other research that we've been
9 doing in conjunction with IT, then we would bring the
10 information that we've gathered to you guys and present it
11 at that time in a briefing.

12 MS. RICHARDSON: And if you recall, last year
13 we sent out an RFI, Request For Information, and so we did
14 receive several responses to that Request For Information,
15 which again helps us just gather information about what's
16 happening across the nation in other states.

17 CHAIRMAN ALCANTAR: Are we getting a feel for
18 whether or not price points for some of these things is
19 going down? We seeing some encouraging signs or you think
20 it's quite different from where we were five years ago?
21 It's too early to tell yet?

22 MS. RICHARDSON: Price points in IT typically
23 go up and not down, sir.

24 MS. LENZY: So I would say no, but it's not
25 going down.

1 CHAIRMAN ALCANTAR: Well, my point is -- my
2 point is, different states try different amounts and some
3 were able to do it for less and some were able to actually
4 successfully complete. And so when we look at those aspects
5 of the investments that were made the last cycle when the
6 huge investment was made nationwide, we saw some very
7 different results, very different price points, and now that
8 we have the benefit of what people paid and what they got,
9 do we have a better feel for what something like this might
10 actually cost moving forward? That's really the question.

11 MS. LENZY: Yes. The information that we got
12 from the RFI, I think the range of what those came in at did
13 give us a good gauge to bring back to you all.

14 CHAIRMAN ALCANTAR: Okay. All right.

15 MS. LENZY: It may not be for here, but it's
16 --

17 CHAIRMAN ALCANTAR: All right. I look
18 forward to those discussions after next week. Thank you.
19 All right. Lisa, let's proceed. Sorry, Commissioners.

20 MS. RICHARDSON: Certainly.

21 COMM. HUGHS: No, you're fine. Thank you.

22 MS. RICHARDSON: Do you want to stay?

23 MS. LENZY: No, I'm going to stay now.

24 MS. RICHARDSON: She's always by my side, so
25 -- so before we jump into our status updates, I wanted to

1 provide you a few updates on cyber security and our LAR
2 planning. So security threats are very real and constantly
3 changing. We take this very seriously and are vigilant in
4 staying on top of the security alerts that we receive and
5 also what's going on at the national level.

6 To recap some of the most recent cyber
7 security attacks which have made national news, in February
8 2018, the State of Colorado systems were compromised by the
9 SamSam Ransomware attack. This attack was against a single
10 server in a hosted cloud environment.

11 The server had an unapproved image and a
12 default administrator password on it. Once the server was
13 accessed, the malicious code was able to spread through the
14 State of Colorado datacenter, as well as the State's data
15 network. So some of the fundamental basics of securing your
16 systems weren't -- weren't happening and that allowed some
17 attacks to come in through that system.

18 Additionally, in March of 2018, the City of
19 Atlanta was attacked by the SamSam Ransomware. Atlanta was
20 partially crippled by the incident. Workers who tried to
21 access files found only garbled data, courtrooms couldn't
22 function, police had to use pen and paper, and even weeks
23 after that incident, many city services have not fully
24 recovered.

25 TWC's information security tools and

1 strategies are critical in the defense of our systems and
2 data. The IT information security team uses an approach of
3 defense in depth, which uses multi-layers of security and
4 relies on all TWC staff being very vigilant when using our
5 systems and our data. The TWC data network and information
6 systems are constantly being scanned to identify
7 vulnerabilities and to mitigate any threats. The
8 information security team adjusts our security controls as
9 new threats are identified, to prevent the loss of Agency
10 data and attacks like the SamSam.

11 Most importantly, TWC IT is committed to good
12 computer hygiene, yes, computers need good hygiene just like
13 we do, and these measures range from network segmentation
14 which prevents viruses and malware from moving through the
15 systems and the environments, to end user training to
16 identify and prevent social engineering attacks and fishing.

17 Do you have any questions on security?

18 CHAIRMAN ALCANTAR: Commissioners?

19 COMM. HUGHS: No. I appreciate all the
20 attention you all put into it and all the hard work and for
21 staying on top of it.

22 COMM. ALVAREZ: Good job, Lisa.

23 MS. RICHARDSON: Thank you.

24 So moving on to our LAR planning for fiscal
25 year 2021, technology projects, this is always an exciting

1 time as we look forward and we see what -- what projects
2 we're going to be undertaking. So as LaSha was mentioning,
3 IT and the executive team started last November to identify
4 proposed technology projects to pursue next biennium. Our
5 teams are currently preparing detailed project proposals and
6 business cases for the recommended projects and next month
7 we will meet with your offices to review the proposed
8 projects and discuss other initiatives that your offices are
9 interested in pursuing.

10 With that, if you can turn in your notebooks
11 to Tab 1 --

12 CHAIRMAN ALCANTAR: Can we have a list of
13 those projects that you're considering currently?

14 MS. RICHARDSON: Yes, sir. We'll get that to
15 the offices.

16 CHAIRMAN ALCANTAR: Yeah. We don't have to
17 wait a month on that?

18 MS. RICHARDSON: No. No.

19 CHAIRMAN ALCANTAR: Okay.

20 MS. RICHARDSON: Not at all.

21 CHAIRMAN ALCANTAR: Let's go ahead and get
22 that list.

23 MS. RICHARDSON: Absolutely. To cover a few
24 highlights under enhancements completed this quarter, Item 1
25 is our automate appeals decision print.

1 So previously, TWC printed appeals decisions
2 on the first floor in the annex building. We've moved this
3 process, this function, to leverage the statewide datacenter
4 print and mail services, and are freeing up TWC staff time
5 to do more core functions rather than printing, stuffing and
6 mailing these decisions. So our low estimate is to save at
7 least \$78,000 per year on this effort.

8 CHAIRMAN ALCANTAR: Please proceed.

9 MS. RICHARDSON: Thank you, sir.

10 And then another highlight is Item 5, which
11 is our annual disaster recovery exercise. And I'm excited
12 to report that we have once again successfully completed our
13 annual disaster recovery exercise for our enterprise systems
14 and our print and mail functions.

15 Over 60 staff, both IT and program area,
16 participated in this exercise. Where some agencies only
17 hold a tabletop review of their project plans and their
18 recovery plans, TWC actually recovers our systems in a
19 separate datacenter. We recover the systems, the data, we
20 actually have program staff come in and enter transactions,
21 we run our batch processes, and we send print and mail to
22 Philadelphia so that it can actually be printed and then
23 verified by our staff.

24 So once again, we're way ahead of the game on
25 our disaster recovery initiatives at TWC.

1 Item 6 I'd also like to point out using our
2 digital signatures to streamline business processes. We've
3 had several pilots that have been very successful. Three
4 key pilots completed was the Texas Quality Assurance Team
5 Document transmission, the HR onboarding paperwork, and the
6 Civil Rights intake forms.

7 Next, we looked to expand the use of digital
8 signatures on Agency documents that may have the greatest
9 return on investment for use of this technology.

10 On the next page under key initiatives and
11 progress, to highlight Item 2, we're also working on a self-
12 service password reset. IT is in the process of testing the
13 ability for users to do their own password resets, just like
14 how you can reset your own password with your bank or with
15 your Amazon account, we want users to be able to reset their
16 own LAN accounts if they ever get locked out wherever they
17 are, and this will also eliminate hundreds of calls to our
18 help desk and free up resources to focus on -- on other work
19 that we need to be focusing on.

20 COMM. HUGHS: I was going to ask how many
21 calls you get. I know that'll be a -- a welcome --

22 MS. RICHARDSON: It's -- it is a --

23 COMM. HUGHS: -- change.

24 MS. RICHARDSON: It's a large percentage of
25 the calls that we get and it's something that -- that we're

1 really excited about implementing.

2 And then the Item 4, the VR relocations, we
3 continue to support the relocations in conjunction with
4 Glenn Neal's team. We've had 13 relocations in fiscal year
5 '18. We've got four scheduled moves targeted for April and
6 then we've got another 23 are being scheduled for the
7 remainder of 2018. So we still have a lot of work there,
8 but it's exciting to get those VR staff moved into our board
9 offices and working with them.

10 That concludes my remarks and I was just
11 going to see if you had any questions for me.

12 CHAIRMAN ALCANTAR: Commissioners?

13 COMM. HUGHS: Would you say on the relocation
14 we're satisfied with the pace and where we are with that?

15 MS. RICHARDSON: Yes, we are.

16 COMM. HUGHS: Okay.

17 MS. RICHARDSON: We've made great pace. At
18 the end of last year we kind of slowed down for a period of
19 time, but now we're picking up and it's going very well.

20 COMM. ALVAREZ: Thank you, Lisa.

21 CHAIRMAN ALCANTAR: Thank you, Lisa.

22 MS. RICHARDSON: Okay. And now, please turn
23 to Tab 2 in your notebooks and Karen Latta will provide an
24 update on the WIT replacement project.

25 MS. LENZY: Thank you for not leaving me out.

1 CHAIRMAN ALCANTAR: Bye LaSha. Good morning,
2 Karen.

3 MS. LATTA: Good morning, Commissioners. For
4 the record, my name is Karen Latta, and I'm going to give
5 you an update on the Work In Texas replacement project.

6 So we're happy to announce that the contract
7 for the technology project was awarded to Geographic
8 Solutions, Inc., or GSI, at the end of January. And we
9 conducted a project kickoff meeting with GSI on February
10 21st, and they have provided product demonstrations to us
11 and to our communications and training team so that we have
12 a better idea of what we need to communicate about and
13 provide training on as we go forward.

14 We've also been working to -- on
15 configuration requirements workshops. We had a whole week
16 of workshops in March and we also had one last week, and
17 next week, and that's where we work with GSI to figure out
18 how to configure their base system to meet our Texas needs.
19 And we've also completed the project planning process with
20 GSI to set out the master schedule for the project as we go
21 forward. And as of today, the -- the project is on budget
22 and on -- on time and on scope so far.

23 Do you have any questions?

24 CHAIRMAN ALCANTAR: In terms of the target,
25 what are the possibilities for a faster completion date?

1 MR. SERNA: I think staff is working with the
2 vendor to -- Mr. Chairman, been working with the vendor to
3 see if there's anything that can be done to accelerate the
4 date.

5 CHAIRMAN ALCANTAR: Uh-huh.

6 MR. SERNA: Granted that the amount of
7 complexity for this operation, given other states, kind of -
8 - kind of pushes that out there. Current target is July of
9 next year and we would like to see if we can advance that at
10 least a couple of months, but we may still be able, based on
11 the progress that they make, we may be able to have a
12 product that we can demonstrate but that hasn't been fully
13 used or acceptance tested yet prior to that date. So we're
14 going to work through something.

15 CHAIRMAN ALCANTAR: Thank you. I appreciate
16 that.

17 MR. SERNA: Yes, sir.

18 MS. LATTA: Okay. With that, next up is if
19 you'd turn to Tab 3 in your notebooks and Courtney Arbour is
20 going to go over the Workforce System Project.

21 MS. ARBOUR: Good morning. Courtney Arbour
22 for the record. You've already heard comments on the Work
23 In Texas Replacement RFI -- excuse me, RFO and the UI and
24 RID Modernization RFI. Both of those were completed during
25 FY17 as planned. So the project that I'll report on today

1 that is underway is the Workforce and VR modernization RFI
2 that was posted to ESBD in January, so that is the case --
3 that is the RFI to see what is available in the marketplace
4 for the case management replacement. And those responses --
5 we had a number of responses and those were submitted to us
6 by the March 26th deadline.

7 We have staff in Workforce, DOI and IT,
8 reviewing those now. And with that, we will provide
9 information to you all that could inform any decisions that
10 you'd like to make on a case management replacement. And
11 I'm happy to answer any questions.

12 CHAIRMAN ALCANTAR: Any questions,
13 Commissioners?

14 COMM. ALVAREZ: No, Chairman.

15 CHAIRMAN ALCANTAR: Just looking forward to
16 getting further updates. I know other states across the
17 country are looking to see what -- what that's all about and
18 what we're looking to do, so very exciting.

19 MS. ARBOUR: And this will be the last time
20 we update on this plan for coming up with a long-term
21 solution since the RFI is -- the results are in. We'll be
22 briefing you, about this project is -- will be complete
23 after today.

24 CHAIRMAN ALCANTAR: Thank you.

25 MS. ARBOUR: Thank you.

1 MS. LATTA: Okay. And next up we have if
2 you'd turn to Tab 4 in your notebooks, we have our
3 Vocational Rehab Division updates and Carline is going to
4 join us. Oh, Cheryl's here. Ms. Cheryl Miller (sic) is
5 going to join us. The other --

6 MR. SERNA: Fuller.

7 MS. LATTA: Thank you.

8 MS. FULLER: Good morning again. Cheryl
9 Fuller for the record, Vocational Rehabilitation. I'm here
10 to update you this morning on two projects that we have in
11 process for VR. The first is the BET manager monthly
12 reporting and facility equipment systems replacement. I
13 briefed you about these for the first time last quarter
14 since -- this one and the CCRC project are just getting off
15 the ground.

16 Just as a quick refresher, the BET system is
17 going to allow the license managers in the programs to -- in
18 a program to submit their updates to their monthly profit
19 and loss statements and also will allow us as staff to
20 produce our physical inventory reports overall will improve
21 the accuracy of our federal reporting. So we are very --
22 we're very excited about this and it is on schedule and on
23 budget, still working in the design and development phases.

24 The team has worked and had multiple work
25 sessions to identify nine major business processes and

1 they're working on finalizing the documentation of those and
2 the exciting step on the program side is that the build has
3 actually started for the new system, so that means that
4 coding is underway and we're into development. So that is
5 moving along very well from a program perspective.

6 On the Criss Cole Consumer Tracking and
7 Scheduling and Attendance Systems replacement, this is
8 again, a project that's going to allow us to bring separate
9 systems that Criss Cole is using that are very outdated
10 together and also interface with rehab works that in the end
11 is really going to reduce the duplicative data entry and
12 moving back and forth between systems, so we'll do a much
13 better job, more efficient job, of managing our CCRC classes
14 and our customer progress.

15 This also on schedule and on budget in the
16 design phase, a business analyst came on board in February
17 and they are already moving quickly and have documented
18 about 12 of the current business processes. And so it's on
19 track.

20 CHAIRMAN ALCANTAR: Thank you.

21 Commissioners?

22 COMM. HUGHS: Thank you.

23 MS. LATTA: And if you turn now to Tab 5 in
24 your notebooks, we have our Regulatory Integrity Division
25 update with Chuck Ross.

1 MR. ROSS: Good morning, Commissioners, Mr.
2 Serna. For the record, Chuck Ross, Regulatory Integrity
3 Division.

4 Today I'm here to briefly update you on the
5 Treasury Offset Program Tax Component. The purpose of this
6 project is to collect certain delinquent employer
7 contributions owed to the State through the Federal IRS
8 Treasury Offset Program as required by Federal Law. As Lisa
9 noted, we restated this project on January 18th, 2018.
10 Current status is that we are finalizing the requirements --
11 business requirements and programming requirements. We're
12 conducting the design phase currently, but the bulk of the
13 work that we're currently doing is determining debt
14 calculation for the amount of delinquent contributions we
15 can recover through employer top and finalizing and drafting
16 the 60-day notice to employers as required by the statute.

17 We're currently on schedule for
18 implementation of -- at the end of the year at 12/31. And
19 I'm available to answer any questions you all may have.

20 CHAIRMAN ALCANTAR: Commissioners, any
21 questions?

22 COMM. HUGHS: No. Thank you for the update.

23 MR. ROSS: Thank you.

24 CHAIRMAN ALCANTAR: Thank you, Mr. Ross.

25 COMM. HUGHS: Thank you, Chuck.

1 MS. LATTA: And if you turn in your notebooks
2 to Tab 6, we have our Business Operations Division update by
3 Mr. Glenn Neal.

4 MR. NEAL: Good morning, Commissioners. For
5 the record, Glenn Neal, business operations. The enterprise
6 contracting and procurement system we're currently in Phase
7 2. You'll recall Phase 1, moved the Vocational
8 Rehabilitation Program off of the HHSC HCAT (ph) system to a
9 new PeopleSoft based enterprise contracting and procurement
10 system.

11 Phase 2 moves the rest of the Agency. There
12 are a number of Divisions that use CATS and you can see that
13 the budget is green, the scope is green, the timeline is
14 yellow, and that has to do with the complexity of the
15 requirements gathering and the design phases. And so the
16 steering committee recommended a change to the project
17 timeline with a new deployment date of November 2018.
18 That's off from Janu -- from July of '18.

19 There's no change in the scope of the
20 project, there's no change in -- in the budget. System
21 requirements, development's already underway, has been
22 underway, and will go through May, and then we'll do the
23 systems testing and user testing in the fall and deploy in
24 November. So that's where we're at.

25 Are there any questions?

1 COMM. HUGHS: I know it's a monumental task
2 and we appreciate the work that's being done. Thank you.

3 MR. NEAL: Thank you.

4 COMM. ALVAREZ: Good job, Glenn.

5 CHAIRMAN ALCANTAR: Thank you.

6 MS. LATTA: Thank you, Glenn. And next, if
7 you turn to Tab 7 in your notebooks, we have Operational
8 Insight Division update with Adam Leonard.

9 MR. LEONARD: Good morning. The last quarter
10 we've been leaning heavily into the first iteration for the
11 enterprise data warehouse, focusing on the child care data
12 and figuring out basically how staff would want to work with
13 that data, and also talking to some boards and getting a
14 feel for how they're using it, the types of things that
15 they're ad hocing and their interest in being able to get
16 data out of the system. And we've also been looking at some
17 of the -- I guess you'd kind of describe it as underlying
18 infrastructure issues around the warehouse, so looking at
19 data visualization and report products to figure out like
20 what software will make part of the system to use for our
21 customers.

22 So happy to answer any questions you may have
23 about it.

24 CHAIRMAN ALCANTAR: Commissioners, any
25 questions?

1 COMM. HUGHS: No. Thank you for the update.

2 MR. LEONARD: Thank you.

3 MS. LATTA: And lastly, if you'd turn to Tab
4 8 in your notebooks, we have our External Relations update
5 with Mr. McCarty.

6 MR. MCCARTY: Good morning, Commissioners.
7 Tom McCarty, External Relations. Here to give you a quick
8 update on the TRACER 2 Rewrite and which we also call the
9 Texas Labor Market Information. I gave y'all a brief update
10 at the last IT work session.

11 For this one, I believe we've all demoed to
12 your office maybe kind of a sneak peek of what the framework
13 looks like, everything for the last portion of the -- of the
14 application. We're about to conclude our eighth sprint
15 which puts us at about 29 percent completed. We'll conclude
16 that at the end of this week, so we are on track and on
17 schedule with the -- with the product.

18 With the completion of the sprints, this will
19 conclude -- this will add in the CES and QCEW phases into
20 the application. If we look ahead to the next IT Work
21 Session, we'll be working on sprints 9 through 14. This
22 will cover wages, projections, as well as staffing patterns,
23 and that'll put us at about 50 percent completion by that
24 point.

25 That concludes my remarks and I'm available

1 for any questions.

2 CHAIRMAN ALCANTAR: Any questions,
3 Commissioners?

4 COMM. ALVAREZ: No, Chairman.

5 CHAIRMAN ALCANTAR: Thank you, Tom.

6 MR. MCCARTY: Thank you.

7 CHAIRMAN ALCANTAR: And I believe we have no
8 questions.

9 MS. LATTA: And that's all we have today for
10 you, sir.

11 CHAIRMAN ALCANTAR: Lisa, really appreciate
12 all the good work that's ongoing and appreciate your
13 leadership. Commissioners, any final comments?

14 COMM. ALVAREZ: Great reports, updates.
15 Thank you, Lisa.

16 MS. LATTA: Thank you.

17 CHAIRMAN ALCANTAR: Ed, anything else for us?

18 MR. SERNA: No, sir. Nothing else.

19 ADJOURNMENT

20 CHAIRMAN ALCANTAR: Do we have a motion to
21 adjourn this Work Session?

22 COMM. HUGHS: I move that we adjourn the Work
23 Session.

24 COMM. ALVAREZ: I'll second that.

25 CHAIRMAN ALCANTAR: We're adjourned. Thank

1 you. Everybody have a good day. Appreciate all the good
2 work.

3 (Proceedings concluded at 11:13:57 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 26th day of April, 2018.

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

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