



**MEETING OF THE
TEXAS WORKFORCE COMMISSION**

DATE

JUNE 15, 2021

1 TUESDAY, JUNE 15, 2021

2 CHAIRMAN DANIEL: All right, good morning,
3 everyone. The meeting is called to order. Mr. Trobman--has
4 anyone signed up for public comment?

5 MR. TROBMAN: Good morning, Commissioners.
6 Les Trobman, general counsel. We do have two individuals who
7 have registered for public comment this morning. The first one
8 is Haseeb Abdullah. Mr. Abdullah, if you could go ahead and
9 introduce your name for the record, and then proceed with your
10 comments.

11 MR. ABDULLAH: Thank you. Can you guys all
12 hear me?

13 CHAIRMAN DANIEL: Mm-hmm.

14 MR. TROBMAN: Yes, sir.

15 MR. ABDULLAH: Oh, great. Chair,
16 commissioners, my name's Haseeb Abdullah, and I live here in
17 Central Texas, and I just wanna thank staff for making this
18 possible at TWC. I'm not gonna take too much time, and I'm not
19 gonna say anything new that you don't already know about. I just
20 wanted to state my opinion about--as a citizen of Texas, and
21 give my opinion about obviously what happened--what's happening,
22 I guess, during the COVID times and unemployment benefit fraud,
23 that the numbers are truly unbelievable doing fraud. Even though
24 the amount given out was much, much larger, and the amount--the
25 fraud that was detected during COVID was extremely largely--your

1 agency has done a great job in that, in preventing and detecting
2 it ahead of time. Whether the \$900 million is a true number or
3 not, or if it's much higher, it's much lower, somewhat higher,
4 somewhat lower, that's still a very, very big number as well, in
5 terms of our taxpayer dollars, Texas and federal, I guess
6 matching, that has been defrauded by people who took advantage
7 of all of us during uncertain times. And while I think canceling
8 debit cards given out is a good start--I think that's one thing
9 that's happening right now--I think that Texas, I'm sure, in
10 some respects may have already been doing this, but should
11 definitely work with the 49 other state who've had some issues,
12 sometimes much worse than Texas, in trying to find solutions to
13 canceling the fraud before it's used, or getting the money back
14 in some way or some fashion. Obviously, if the numbers are
15 accurate there's tens of billions of dollars across 49--excuse
16 me, across 50 states, and so there's a huge financial incentive
17 by everyone. Probably I've never seen a heist--these numbers are
18 truly, I think--there's never been a larger financial incentive
19 to try to get that money back. And obviously, secondarily, if
20 possible, punish the perpetrators. Even thought that would be a
21 little bit tough, because even though some experts are saying
22 some of this might have been done by international actors who
23 deal in fraud and other, you know, criminal enterprises. But I
24 will also say I think that time is of the essence. The longer,
25 you know, this isn't directly headed on, less chance any of that

1 money will be get back or canceled in some fashion. So, I
2 definitely working with the other 49 states, see what they're
3 doing, who's successful, who's not, and moving as quickly as
4 possible in this would be something that we all, Texas citizens,
5 would really appreciate, and all American citizens in general,
6 for the unbelievable amount that's been [inaudible] not to take
7 away from what you guys did do, give out much, much larger
8 amounts, and also detected and prevented a huge--much, much--
9 large, large amounts of fraud that would have gone [sounds like]
10 bad. In some cases, maybe some other states did not have the
11 resources and the talent that your agency has. So, great job on
12 that. The last--the next thing and the last thing I wanna talk
13 about briefly is specifically federal disability benefits.
14 Again, nothing new, you've heard this all before, I'm sure. But
15 like, for example supplemental security income and others are
16 particularly federal only, so the benefits, unlike--the state
17 does not have a direct financial incentive, I would say any
18 state, to help its fellow citizens, including Texas, get back to
19 work--at least not, you know, in terms of who's paying and
20 putting up the money, like it does with, for example, the
21 current unemployment scheme where obviously there's a federal
22 enhancement and there's obviously state--there's always a state
23 component to it. So, getting back to work, or in some cases even
24 canceling the federal enhancement that's happening in a couple
25 short weeks, is one example of that incentive. No doubt that TWC

1 has great back-to-work training programs for people who
2 [inaudible] disability. But what--I think--and obviously, those
3 are helpful and stuff. But I think in some rare, rare cases,
4 federal disability benefits can lead to a cycle of dependence in
5 poverty in some aspects, and one possible seemingly against our
6 own interests solution would be, I think to ask federal
7 legislatures--our federal legislatures [sic], or senators and
8 our--and dozens congressmen and women--to help pass bipartisan
9 legislation to where states are also on the financial hook of
10 what is now federal disability benefits. This would incentivize
11 all states, including Texas, like they do not currently have, on
12 an ongoing basis to look for solutions to get people back to
13 work on an ongoing basis. That's the thing. Like, it's one thing
14 to have a grant program or a program if you have skin in the
15 game. Obviously, just like these federal unemployment benefits,
16 I think you have an incentive that--not just Texas but the 49
17 other states would have. And I think it would help society in
18 tremendous fashion. Thank you this morning for letting me talk.
19 Thank you for all your time, Chair, commissioners, and thank you
20 for your service.

21 MR. TROBMAN: Thank you. Our next commenter
22 is Clint Williamson. If you could just go ahead and introduce
23 yourself for the record, and proceed with your comments. Mr.
24 Williamson, are you there? You may be on mute, Mr. Williamson.

25

1 Okay, we may be having some technical difficulty, so with that,
2 those are our commenters this morning.

3 CHAIRMAN DANIEL: Thank you. Good morning,
4 Ms. Miller.

5 MS. MILLER: Good morning, sir.

6 CHAIRMAN DANIEL: Thank you. Just gonna take
7 a quick break while we get ready for the rest of the meeting.
8 [pause 00:34:36-00:37:46]

9 All right, we're back. Let's go to Agenda
10 Item 8, COVID childcare state waiver.

11 MS. MILLER: Good morning, Chairman,
12 commissioners, Mr. Townsend. Reagan Miller with the Childcare
13 And Early Learning Division. This morning for your consideration
14 is a state waiver to modify TWC rule 809.41 to allow for initial
15 job search for individuals applying for childcare subsidies.
16 During COVID, we've seen many parents who have lost employment
17 and who are expressing a need for childcare in order to look for
18 work. We've also heard this is a concern from unemployment
19 insurance claimants. With this proposed rule waiver, parents who
20 are unemployed can be determined eligible for childcare and
21 would be provided up to three months to find employment.
22 Following three months, if they are not meeting the childcare
23 work activity requirement, then their childcare would be
24 terminated. One of the issues that we needed to carefully
25 consider was how to handle the parent copay. Under the federal

1 regulations, we are not allowed to increase the parent copay
2 during their 12-month eligibility period, and because could be
3 entering with no income, their initial copay could be set at
4 zero, and once they secured employment we would not able to
5 adjust this amount upward. Based on guidance that we received
6 from the Federal Office of Childcare, we will be able to address
7 this. We will direct the boards to set the parent copay at the
8 maximum possible amount for that family size, and then
9 immediately waive it during their job search period. Then, at
10 the time the parent becomes employed, we will reinstate the
11 copay and we'll review their actual income and adjust the copay
12 downward as needed. Based on this, we're requesting your
13 approval to waive TWC's childcare rules 809.41(a)(3)(b), as
14 described in the discussion paper, to allow unemployed parents
15 to be determined eligible for subsidized childcare for up to
16 three months. And I'm happy to answer any questions.

17 CHAIRMAN DANIEL: Comments or questions?

18 COMMISSIONER ALVAREZ: None here, Chairman.

19 COMMISSIONER DEMERSON: None.

20 CHAIRMAN DANIEL: Do we have a motion?

21 COMMISSIONER ALVAREZ: Chairman, I move we
22 suspend 40 TAC 809.41(a)(3)(b) through BCY 2022, as recommended
23 by staff.

24 COMMISSIONER DEMERSON: Second.

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1 CHAIRMAN DANIEL: It's been moved and
2 seconded. We're unanimous.

3 MS. MILLER: Thank you.

4 CHAIRMAN DANIEL: Thank you. Let's move to
5 Agenda Item 9, 2021 unemployment insurance tax rates.

6 MR. NELSON: Good morning, Chairman,
7 commissioners, Mr. Townsend. For the record, Chris Nelson, chief
8 financial officer. On June 8, 2021 I presented to you a
9 discussion paper regarding options for setting the 2021
10 unemployment insurance tax rates. While the options laid out in
11 the discussion paper were correct, I did provide incorrect
12 information from the dais. This morning I would like to correct
13 that information and see if the commission would like to change
14 their action regarding this corrected information. Last week I
15 stated the obligation assessment is experience-rated, meaning it
16 only applies to employers with effective charges in the last 36
17 months. That interpretation is incorrect. The obligation
18 assessment applies to all employers eligible for an experience
19 rating, meaning even those employers with an experience rating
20 of zero would be assessed the obligation assessment if approved
21 by the commission. The impact of this corrected definition
22 applies to the action the commission took regarding the
23 replenishment tax. In the discussion paper you have this
24 morning, if you were to choose option one of setting the
25 replenishment tax to 0.18 percent, the deficit tax to 0 percent,

1 and assess the obligation assessment of .03 percent, then all
2 employers eligible for an experience rating would have a minimum
3 tax rate of .31 percent when adding the ETI tax of .10.
4 Employers that pay the maximum rate would have the maximum rate
5 of 6.31 percent. These would be the same minimum and maximum
6 rates under the 2020 tax rates, and approximately 71 percent of
7 all taxable employers paid either the minimum or maximum rates
8 in 2020. And as previously stated, most employers already
9 submitted their 2021 first quarter taxes without official rates,
10 and analysis shows many paid using the 2020 tax rates as a
11 basis. There is no change to the presented deficit tax
12 information that was provided. If the commission does wish to
13 take action regarding this information, I would recommend that a
14 vote to withdraw any action on June 8, 2021 unemployment
15 insurance tax rates and revote each decision from the discussion
16 paper again, so the entirety of the commission's intent is clear
17 and documented in one commission meeting. That concludes my
18 comments, and I'd be happy to answer any questions.

19 CHAIRMAN DANIEL: Any comments or questions?

20 COMMISSIONER ALVAREZ: None here, Chairman.

21 COMMISSIONER DEMERSON: None.

22 CHAIRMAN DANIEL: Did we have a motion?

23 COMMISSIONER DEMERSON: Thank you, Mr. Chair
24 and Chris. With the clarifying information provided, I move that
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1 we withdraw the actions on this item taken by the commission on
2 June 8.

3 COMMISSIONER ALVAREZ: I second that motion.

4 CHAIRMAN DANIEL: It's been moved and
5 seconded. We're unanimous.

6 COMMISSIONER DEMERSON: Mr. Chairman, I
7 further, in accordance with the authority granted by the Texas
8 Labor Code section 204.067, I move that the Texas Workforce
9 Commission adjust the replenishment tax rate for 2021 to 0.18
10 percent.

11 CHAIRMAN DANIEL: I second the motion.

12 COMMISSIONER ALVAREZ: I agree.

13 CHAIRMAN DANIEL: We're unanimous.

14 COMMISSIONER DEMERSON: Mr. Chairman, in
15 accordance with the authority granted by the Texas Labor Code
16 section 204.067, I move that the Texas Workforce Commission
17 adjust the deficit tax rate for 2021 to zero.

18 CHAIRMAN DANIEL: I second the motion.

19 COMMISSIONER ALVAREZ: Chairman, I agree.

20 CHAIRMAN DANIEL: All right, we're unanimous
21 on that one.

22 COMMISSIONER DEMERSON: Good. And lastly, in
23 accordance with the requirements of the Texas Labor Code section
24 203.105 and TWC rule 815.132, I move that the Texas Workforce
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1 Commission set the unemployment obligation assessment rate for
2 2021 to 0.03 percent.

3 CHAIRMAN DANIEL: I second the motion.

4 COMMISSIONER ALVAREZ: I'll agree with that
5 as well, Chairman.

6 CHAIRMAN DANIEL: Yeah, we're unanimous.

7 MR. NELSON: Thank you.

8 CHAIRMAN DANIEL: When is the first payment
9 due?

10 MR. NELSON: I believe the first payment is
11 due August 2.

12 CHAIRMAN DANIEL: Okay. Thank you. All
13 right, thanks so much. I don't think we have anything under
14 Agenda Item 10, it's my understanding. Do we have anything under
15 Agenda Item 11, our standing code report? No? Anything under
16 Agenda Item 12, legislative proposals? No? Is there a
17 legislative report today? No?

18 MR. TOWNSEND: No.

19 CHAIRMAN DANIEL: Yeah, he already said no,
20 but I was gonna let you overrule him, if you wanted to. It's up
21 to you. Do you wanna do an executive director's report?

22 MR. TOWNSEND: There's no director's--

23 CHAIRMAN DANIEL: No executive director--
24 this is your chance to get some things off your chest.

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1 COMMISSIONER ALVAREZ: Do it, Randy. Do it,
2 Randy. Do it, Randy.

3 MR. TOWNSEND: No, sir, nothing [inaudible]-

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5 CHAIRMAN DANIEL: He seems content, we'll
6 leave him alone. Is there any other order of business that needs
7 to come before the commission?

8 COMMISSIONER DEMERSON: I had a question for
9 Randy.

10 CHAIRMAN DANIEL: Oh, you go right ahead.

11 COMMISSIONER DEMERSON: I withdraw.

12 CHAIRMAN DANIEL: You withdraw your
13 question?

14 COMMISSIONER DEMERSON: [Inaudible]

15 CHAIRMAN DANIEL: I mean, we could vote to
16 reinstate your question [inaudible]. [laughter] But I don't
17 think we're going to. Any other order of business to come before
18 the commission?

19 COMMISSIONER ALVAREZ: None here, Mr.
20 Chairman.

21 COMMISSIONER DEMERSON: None, thank you.

22 CHAIRMAN DANIEL: Do we have a motion to
23 adjourn?

24 COMMISSIONER ALVAREZ: Chairman, I move that
25 we adjourn.

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COMMISSIONER DEMERSON: Second the motion.

CHAIRMAN DANIEL: It's been moved and seconded to adjourn, and we are adjourned. Give us a few minutes, and we're gonna do a work session here and talk about some interesting and exciting things.