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TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS WORKFORCE COMMISSION
AUSTIN, TEXAS

PUBLIC MEETING)
FOR THE TEXAS)
WORKFORCE COMMISSION)

WORK SESSION
TUESDAY, JULY 30, 2019

BE IT REMEMBERED THAT at 9:30 a.m. on
Tuesday, the 30th day of July, 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, Chair; and JULIAN
ALVAREZ, and BRIAN DANIEL, Commissioners.

P R O C E E D I N G S

TUESDAY, JULY 30, 2019

(9:30 a.m.)

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4 CHAIRMAN HUGHS: All right, well good
5 morning. The quarterly work session is now called to order,
6 and we're going to start with a performance briefing.
7 Randy, who do we have first? And, of course, I would be
8 remiss if I don't point out the obvious, which is that
9 Commissioner Daniel is joining us on his first day of the
10 job. Way to jump in with both feet. So, he'll be here for
11 the work sessions, thank you.

12 MR. TOWNSEND: Good morning Chair Hughs,
13 Commissioner Alvarez, Commissioner Daniel, welcome.

14 COMM. DANIEL: Thank you.

15 MR. TOWNSEND: This morning we're going to go
16 over the performance briefing materials, and we'll move
17 after that into the IT project update. But let's begin with
18 the Texas National Economic Situation Report. It'll be in
19 tab one of your notebook. Mariana. If you just want to
20 join us for this part of the presentation.

21 MS. VEGA: Thank you very much. Good morning
22 Chair Hughs, Commissioner Alvarez, Commissioner Daniels,
23 welcome. Just for the record, my name is Mariana Vega. I'm
24 the Director for the Labor Market and Career Information
25 Department.

1 And I will go over a few highlights of the
2 Texas Labor Market. So, you should have a packet in front
3 of you. The first chart does depict annual growth for
4 Texas. Total non-agricultural wage and salary employment in
5 Texas did show positive monthly growth for the 23rd
6 consecutive period. In June a total of 45,000 jobs were
7 added, of those jobs 44,100 are attributed to the private
8 sector.

9 Since June 2018 Texas did add 315,600 jobs
10 marking 110 consecutive months of annual growth. For the
11 U.S. total non-farm payroll employment increased by 224,000
12 jobs in June. Employment growth has averaged 172,000 per
13 month thus far this year compared with an average monthly
14 gain of 220,000 in 2018. So, there were notable gains in
15 professional and business services, healthcare, and
16 transportation and warehousing.

17 So, if we go over to the next page, we can
18 see the Industry Sector Table. And here we can see that 10
19 of the 11 major industries did expand over the month, and
20 they also achieved positive annual growth as well. So, the
21 private sector annual growth rate did rise to 2.9 percent in
22 June, and it has been at 2.5 percent and it -- or above
23 since June 2018.

24 Mining and logging did continue to lead all
25 major industries in annual growth for the 26th consecutive

1 month at 6.3 percent in June., it did slow a bit from 10.3
2 percent in January 2019. The industry has added 5900 jobs
3 in the second quarter of this year.

4 Construction grew for the 5th consecutive
5 month with 6100 jobs added in June. Since January 2019 the
6 industry has added 26,300 jobs. And this does mark the
7 largest year to date gain for the series in this industry.

8 Other Services did achieve its largest
9 monthly job gain in the series history as well, with 6600
10 jobs added in June. This increase did contribute to a new
11 series high total annual increase of 21,100 jobs.

12 Leisure and Hospitality added 10,000 jobs in
13 June after a revised gain of 800 jobs in May. This was
14 mostly driven by Accommodation and Food Services, which
15 added 8,800 jobs. Leisure and Hospitality also added 50,900
16 jobs over the year, and this was the largest increase,
17 annual increase, since May 2016. So, we are seeing a lot of
18 record breaking, which is really great.

19 The next chart is a bubble chart, and it's
20 something a little bit different. But it does depict the
21 relative size of employment for each of the metro areas, and
22 it gauges annual growth against the three-month annualized
23 growth for -- just for comparison purposes. So strong
24 growth is represented in the farthest upper-right quadrant.
25 And, additionally, the metro areas that lie above that

1 linear market, that dotted line, do depict growth at a
2 faster rate currently than compared to those at a -- over
3 the past year.

4 So, if we can see the chart, all six largest
5 metro areas are experience a lot of growth. The Dallas-
6 Plano-Irving area does continue to show strong growth adding
7 48,800 jobs since January and gaining an average of over
8 9,000 jobs each month. The annual growth rate was 3.7
9 percent in June, and it has added 28,800 jobs over the past
10 three months.

11 The Austin-Round Rock MSA does show the
12 biggest contrast as far as annual growth, which is at 2.2
13 percent. The three-month annualized growth is up 4.1
14 percent, so we are seeing a lot of current growth in the
15 Austin area.

16 Only two areas experienced slower growth
17 compared to the last three months, and that's El Paso and
18 San Antonio.

19 If we move on to the next chart, it's a
20 similar chart. So, this one depicts the relative slice of
21 employment for each of 11 major industries. And, again, it
22 gauges annual growth versus the three-month annualized
23 growth. So, 9 out of the 11 major industries were above
24 that growth line. So, it's showing that they're growing
25 faster recently, in the last three months, compared to over

1 the year.

2 So, information was the only industry in the
3 upper-left quadrant, but it does show that it's improving.
4 The industry posted a 0.9 percent annual growth compared to
5 a 1.2 percent three-month annualized growth. So, it is --
6 it does show some improvement.

7 Three industries outperform the others in
8 terms of growth rates, and that's mining and logging,
9 construction, and other services.

10 COMM. ALVAREZ: Mariana, may I ask you what
11 is the reasoning for manufacturing?

12 MS. VEGA: Yeah, sorry. So, it does have a
13 good strong annual growth rate, but just compared to the
14 last three months there could have been not as strong
15 monthly growth. So, it just compares a three-month
16 annualized growth rate to the year. So, it's still doing
17 very well.

18 COMM. ALVAREZ: Good.

19 MS. VEGA: Definitely. Next chart is also a
20 bubble chart, but this one graphs each of the 10 largest
21 states. So, by employment size and also by annualized
22 growth.

23 So, in June Texas did rank second among all
24 states in terms of total non-farm employment change over the
25 month. Texas ranked first for private sector jobs added

1 over the month, with 44,100 jobs. Texas' total non-farm
2 three-month annualized growth of 3.5 percent outperformed
3 the over the year growth at 2.5 percent.

4 And so, finally, on the next two pages we are
5 going to see non-farm employment for each of the Texas MSAs,
6 along with the unemployment rates as well. So total non-ag
7 employment increased 63,700 jobs were made in June. So,
8 this was the fifth consecutive month of growth in 2019.
9 This is the largest June increase reported in this series'
10 history, which started in 1990.

11 Non-farm employment increased in 13 out of
12 the 25 metro areas over the month in June, and this
13 accounted for an increase of 56,500 jobs. Since January of
14 2019, the Austin-Round Rock MSA has added 31,800 jobs.
15 Brownsville-Harlingen MSA did experience the largest over
16 the year unemployment rate change, it dropped 1.4 percentage
17 points, which is really great. The Houston-The Woodlands-
18 Sugar Land MSA achieved the third highest annual growth rate
19 among the metro areas at 2.7 percent. Killeen-Temple MSA
20 also shared that third-highest ranking.

21 McAllen-Edinburg-Mission did achieve the
22 second highest annual growth rate in the state at 3.1
23 percent. The MSA has added over 8300 jobs over the year.

24 25 metro areas did show positive annual
25 growth for June 2019. The Longview MSA was the only area to

1 post an annual decline. So, over the year, all the 25 Texas
2 metro areas did see a decrease in the -- in the unemployment
3 rate.

4 And so, the next chart is the unemployment
5 rates for Texas and the U.S. So, in June we did set another
6 record for an all-time unemployment rate of 3.4 percent, and
7 so this just breaks the previous record held just in May,
8 the previous month, of 2019, which it was at 3.5 percent.
9 So, the series history does go back to 1976, so that's the
10 lowest since then.

11 And so, next, we just have a summary of what
12 happened to the Texas unemployment rates for not seasonally
13 adjusted. It did increase to 3.6 percent in June for Texas.
14 This was 6/10 of a percentage point lower than the
15 unemployment rate in June 2018. So, we did see the
16 unemployment rate increase in most of the counties, although
17 I do have to say that 76 of the counties had an unemployment
18 rate of 3.0 percent or less. So, over the year the 25 MSAs
19 did see a decrease in their unemployment rate. However,
20 over the month, there wasn't a MSA that experienced a
21 decrease in the unemployment rate.

22 Next we're going to look at Texas
23 Unemployment Insurance, initial and continued claims. We
24 are looking at a rolling average and, overall, we are seeing
25 a lower than average continued claims, and this has been

1 since 2009. We're looking -- they have been lower than
2 120,000, so that's good.

3 As we look at other indicators on the next
4 page, we are seeing that average hourly earnings are up over
5 the year for both Texas and the U.S. For the U.S. over the
6 year the Consumer Price Index did slow to a 1.6 percent
7 increase compared to 1.8 percent in May. For Houston over
8 the year the Consumer Price Index also slowed as well. We
9 did see an increase in price in all items except food and
10 energy, so we did see a 2.7 percent decline in energy, and
11 this does include motor fuel, natural gas, and electricity.
12 We saw a minor, 0.1 percent dip in food prices.

13 As we look at average hourly earnings for all
14 Texas private workers, it did rise 54 cents an hour over the
15 year, and \$4.86 cents since June of 2009. For U.S. private
16 workers that increase was \$1.08 an hour over the year, and
17 the same worker earned \$5.91 more than June 2009. Just for
18 comparison purposes.

19 The number of active Texas rigs did decrease
20 3.2 percent in the last month to 467, and we have seen some
21 consistent monthly decreases that began in November 2018.
22 The remaining U.S. count in June was 503 rigs. The U.S. has
23 been experiencing decreases since January 2019.

24 The West Texas Intermediate did decrease
25 \$6.17 per barrel from May to June, so right now it's \$54.06

1 cents per barrel.

2 And as we go over to labor force
3 participation rates, we do see that the actual labor force
4 participation rate increased 2/10 of a percentage point from
5 the previous month. The actual labor force participation
6 rate did peak in July 1992 at 70.2 percent. The adjusted
7 labor force participation rate decreased 1/10 of a
8 percentage point from the previous month, so that was a very
9 minor adjustment.

10 And just to summarize the June jobs report,
11 from January 2015 to where we are currently on June 2019,
12 total non-farm employment has increased over a million jobs.
13 So, we have reached that goal. Texas has added the most
14 jobs over the year among all states, adding 315,600 non-farm
15 jobs. So, among the U.S. 10 largest states, Texas and
16 Florida do have the lowest unemployment rate of 3.4 percent
17 currently.

18 And I did want to add as just something very
19 interesting, the Dallas-Fort Worth-Arlington area did add
20 116,800 jobs over the year, and that's more than any U.S.
21 MSA area. So previously New York-Newark-Jersey City MSA led
22 that annual growth. So that's notable.

23 So that is the end of my remarks. If you
24 have any questions, I'll be more than happy to answer them.

25 CHAIR HUGHS: Commissioner Alvarez?

1 COMM. ALVAREZ: No, thank you. Great report.

2 MS. VEGA: Thank you.

3 COMM. ALVAREZ: Very good information.

4 CHAIR HUGHS: Commissioner Daniel do you want
5 add?

6 COMM. DANIEL: No. No questions.

7 CHAIR HUGHS: Thank you. It doesn't look
8 like we have any particular outliers and seems pretty
9 consistent with what we've been seeing in terms of the
10 growth in industries. Is that your assessment, generally?

11 MS. VEGA: Yes. We're seeing good growth
12 overall, in all industries. I know it varies a little bit
13 more month to month. Month to month it's a little bit more
14 volatile, but annual growth looks healthy.

15 CHAIR HUGHS: Great. And thank you and
16 thanks for continuing to keep us updated.

17 MS. VEGA: Thank you.

18 MR. TOWNSEND: Thank you, Mariana. Now we'll
19 move to tab two, and let me just -- Randy Townsend, Chief
20 Financial Officer. I will be presenting the information
21 under our monthly legislative report. This will be our
22 Financial Status Update for the third quarter of the fiscal
23 year, so through May.

24 Just what I thought I'd do is provide you a
25 brief overview of the status, and then just highlight about

1 three of the strategies that we have that I want to give you
2 a little bit more information about this morning. In your
3 materials there's also some explanations of variants for
4 those areas that fall outside the normal range or the
5 typical range you would expect at this point in the year.

6 As I've mentioned, typically in these
7 briefings, they usually are due to a couple of things pretty
8 -- as far as just kind of normal variances, and those are
9 going to be the timing of when our grantees actually expend
10 their grant funds that they receive, or it's going to be
11 related to, typically, our capital budget projects. If it's
12 not one of those items, then I'll mention it a little bit
13 more information about it this morning.

14 So just by way of overview, the overall
15 budget for the Workforce Commission, of course, is about
16 1.94-billion. And that, as of the third quarter, we had
17 expended just over 1.2-billion, so about 63 percent of the
18 budget. Again, some of that is going to be due to the
19 timing, it's why you're not going to see us at 75 percent as
20 a lot of the grant pass through funds that we -- that we
21 have out there with our grantees.

22 However, that expenditure level of 1.2-
23 billion compares to a year ago total at the same point in
24 time of 1.1-billion. So, we have increased expenditure
25 levels by 100-million, but that's to be expected primarily

1 because of the childcare program increase that we -- that we
2 saw for this last year. And so, we've seen our boards and
3 the grantees actually ramp up expenditure levels as we
4 would've expected at this point in time. So, that is a --
5 would be an expected increase in expenditure levels.

6 By way of staffing levels, our fulltime
7 equivalents, FTEs, just as of the third quarter we were
8 averaging just under 4500 fulltime equivalent staff. That's
9 about 10 percent under our FTE limit of 4,868. Primarily
10 that variance is in a couple of different strategies.

11 One is going to be in our Unemployment
12 Insurance strategies. We have three of those strategies.
13 We're probably about 140 or so FTEs under that level. But
14 that is dependent on the workload, and so we're adding staff
15 only as we're taking more claims. And so that's kind of a
16 good news sort of thing, where if we're not needing the
17 staff up to that level, that means we generally have a
18 better, you know, a good economy and we're not having as
19 many claims and that sort of thing as far as work load. So
20 that's actually a good thing to see.

21 The other area that we're, on the staffing
22 levels, I think I've brought this up before. I know Cheryl
23 Fuller, our Director over Voc Rehab has been working on
24 filling those positions, but we're about 110 FTEs bellow our
25 authorized level for the Voc Rehab strategy. Our

1 counselors, our Voc Rehab counselors and their support
2 staff. I know we've got postings up and we're busily
3 filling those positions and, of course, we're kind of
4 meeting with some turnover and attrition along the way. And
5 so, we're trying to keep up with that and get ahead of the
6 curve.

7 And so that part is, I think, is progressing
8 as far as the staffing levels. And then the rest of the
9 variance is kind of spread among our many -- a couple of the
10 dozen strategies.

11 The three areas I thought I would just
12 mention, just have a little bit more information about, and
13 I think I've talked about these in previous performance
14 briefings. The first one's going to be our strategy number
15 1.16. That's our trade affected workers. That has a budget
16 of about 19-million. We've spent, year to date, about just
17 under 6-million, 2-million less than we had expended last
18 year at this time. That is pretty much dependent on the
19 number of trade petitions that have been approved at the --
20 at the federal level, Department of Labor. And then, it's
21 also dependent on those individuals agreeing that the
22 additional training would be helpful as -- to get re-engaged
23 into the workforce.

24 With the strong economy we're seeing now,
25 many of those folks either don't need the training, or find

1 other, you know, find work or otherwise are employed, and so
2 we're not seeing a need for the -- of the demand for the
3 trade is not as high as it has been in previous years.

4 I know Courtney Arbour, our Workforce
5 Director will be visiting with some of the boards about
6 their trade-level expenditures. You do see this focused in
7 probably a handful of the local workforce areas in the state
8 as far as the typical expenditure levels. And so, just to
9 see if there's anything else that we can be doing definitely
10 to take advantage of the funding. Because we -- certainly
11 the funding is available to the state, but I think this is
12 kind of a national thing as well. So -- but I did want to
13 point that out to you, because the expenditure levels do
14 appear very low when you -- when you look at historical and
15 you look at the budget that was set up for that.

16 CHAIR HUGHS: So, this time last year it was
17 2-million?

18 MR. TOWNSEND: It was about 8-million last
19 year this time. It's 6, about 6-million this year. And
20 most of those -- most of those expenditures occur in --
21 their past due as grants to our workforce boards, and
22 they're typically training-related expenses for individuals
23 that they're approved for training. But it has to be a
24 trade. The employer had to have jobs that moved out of the
25 country, and then it has to be an event that was actually

1 approved by Department of Labor, so there's a series of
2 steps that are involved in that whole process before you can
3 get to the point.

4 And we -- and we did have a staff meeting
5 just a couple of weeks ago to go over to see if there's
6 anything else that we could be doing definitely or better or
7 what have you in this regard. So, we certainly are keeping
8 a close eye on kind of the status of this one, but I did
9 want to bring that to your attention this morning.

10 COMM. ALVAREZ: Madam Chair, I have a
11 question for Randy. Randy, you said 110 FTEs below our
12 number. Can you tell me what -- or maybe Cheryl can best
13 answer this. Can you tell me how long we've been at this
14 deficiency, this number? And, also, what occupations are in
15 demand in that specific VR?

16 MR. TOWNSEND: Yes, sir. Let -- Commissioner
17 Alvarez, let me first just make sure I'm clarifying. The
18 110 is compared -- there's -- for that strategy, for Voc
19 Rehab strategy, which is 1.2.1, which I was going to also
20 address for a different reason, we had about 1790 FTEs
21 authorized in the budget for that strategy. We're at about
22 1680 or so, that's the 110 different there.

23 A lot of the, I mean, there's a very --
24 there's various classifications of individuals in that
25 strategy. But, by far, the largest number is our

1 counselors, and then the support staff to -- for those
2 counselors to -- a lot of they're providing case management
3 services to our -- to our customers there, the Voc Rehab
4 customers, and then also if -- to the extent there's needed
5 assistance, or client services, then they're authorize --
6 the counselors are authorizing those services out there.
7 But if Cheryl has anything else she'd like to add to that,
8 she's certainly welcome to do that.

9 COMM. ALVAREZ: Thank you, Ms. Fuller.

10 MS. FULLER: Good morning Chair Hughs,
11 Commissioner Alvarez, Chair -- or Commissioner Daniel. It's
12 very nice to have you here this morning. Cheryl Fuller,
13 Director of Vocational Rehabilitation Division.

14 Commissioner Alvarez, the -- as Mr. Townsend
15 said, by far the largest number of vacancies are in our
16 Vocational Rehabilitation counselor, rehabilitation
17 assistant positions. We have seen this level of vacancy for
18 about the last three years now. The economy, while being a
19 very strong thing in many respects, also gives our
20 counselors many opportunities for other positions, and there
21 are other agencies and organizations that tend to recruit
22 them, particularly after we've spent about a year training
23 them.

24 And so, we have seen a higher level of
25 vacancy over the last few years for that reason. Also, as

1 we've continued to go through significant change in our
2 system, that by itself brings a degree of turnover. So
3 that's what I would say are the primary drivers in that
4 regard.

5 COMM. ALVAREZ: Thank you.

6 MR. TOWNSEND: Why don't you just stay for a
7 second. Just in case there's further questions.

8 I did want to move to 1.2.1, the strategy for
9 Voc Rehab, from another vantage point. The budget for this
10 strategy is about 300-million. Roughly half of that is,
11 what we just talked about, is staff-driven cost and
12 operational support for those staff. The other half, about
13 60 percent actually, is related to our client services. So,
14 we might pay for a, you know, say a vehicle modification for
15 someone who's approved, or a training or, in some cases,
16 tuition. There's a variety. Medical assessments and
17 medical procedures. They have to be approved, of course.
18 And so, there's a fairly long list of those kinds of client
19 services.

20 Historically, up through even the first year
21 of our transition of the Voc Rehab Program to two of the
22 Workforce Commission, that expenditure level was in the 150
23 or -- million or so range. In the last couple years that
24 has -- and I think I've mentioned this again in previous
25 updates here, that -- we've been seeing that trend down.

1 Some of it by policy changes that have been implemented by
2 design. Some due to what Cheryl just mentioned as far as
3 the economy. Some the transition. There's a variety of
4 reasons. And so, the trend appears to, right now, to be
5 trending to the client services in the 100- to 110-million
6 range, thereabouts, so it's about 35-, 40-million lower than
7 what we've seen it if you compare just to the 2017 year, the
8 first year of the transition. So that's for '18, and then
9 also for '19.

10 We've had a couple of staff meetings up to
11 this point, we have more scheduled, to put together
12 additional plans as far as if this is the -- if this is the
13 trend we expect to see, then what is the -- is the next
14 steps that we should be taking to move forward on that. If
15 it's not the expected trend to continue them, what do we
16 need to be ready for? What -- we'd hate to suggest staffing
17 up, if that would be the necessary thing, and then only to
18 see client service expenditures go back to the previous
19 levels.

20 There's a variety of options. I think that
21 certainly is something we want to come and brief the
22 commissioners on as far as the what we're looking at on that
23 from the staff perspective. But I know Cheryl has her staff
24 actually working the last couple or three weeks pretty
25 diligently on trying to figure out what would be the most

1 appropriate options to consider and the best way forward on
2 this.

3 The trend line -- we seem to have enough data
4 points at this stage that we know something needs to - we
5 need to course correct in a different direction one way or
6 the other. So, I definitely had wanted to bring that up and
7 pass that information along to you. I don't know, Cheryl,
8 if you had any additional insights you wanted to share along
9 those lines.

10 MS. FULLER: All I would offer is that one of
11 the other things we're looking at is that this is consistent
12 with trends in VR nationally. And so nationally in the VR
13 program we've seen about a 25 percent decline in applicants
14 since federal fiscal year 2010. Seen about a 30 percent
15 decline in the number of individuals being determined
16 eligible. While some of this can be attributed to the
17 economy, certainly not that length of time necessarily,
18 although it does look like the economy is a significant
19 driver. In Texas we're mirroring those trends. Although
20 our declines have been a little bit more recent.

21 But, as Mr. Townsend said, we are looking at
22 a number of strategies that we can employ to ensure, first
23 and foremost, that people know where we are, so outreach and
24 awareness. After a season of change it would not be
25 uncommon for us to need to go back out and make sure that

1 our customers and our stakeholders and our community
2 partners know where to find the services and what services
3 are available. But also, to develop specific strategies for
4 where we may need to focus the resources to address the
5 changes that have occurred in the program in Texas and
6 nationally.

7 CHAIR HUGHS: We certainly look forward to
8 future briefings. We know the value of VR counselors from
9 the stakeholder meetings we attended and hearing firsthand
10 from individuals who have taken advantage of those services.
11 So, whatever we can do to support having qualified
12 counselors and keeping them, you certainly have more than
13 one vote up here in that regard.

14 And then the aging population, we've
15 certainly seen that impact in our business conference where
16 VR had a table, it was amazing the number of employers
17 coming by to get more information about job retention. And
18 so, I think we're going to see an increased need in that
19 area. We certainly look forward to some briefings on
20 staying ahead of it and figuring out how we can have more
21 outreach so that people can stay employed longer when they
22 want to and they're able to work, but just need assistance.

23 Sounds like we are lucky enough and live long
24 enough we will all get to benefit from some VR services.
25 So, we certainly appreciate the work that is done, and

1 continues to be ongoing. And you have our support. So,
2 thank you for that update.

3 MS. FULLER: Thank you.

4 COMM. ALVAREZ: Yeah. I just want to tell
5 you, I mean, this was surprising to me considering I'm --
6 this is really good, Cheryl, I mean, you've done really good
7 work considering that we're so -- that we have this
8 deficiency in the FTEs, your team has done a great job of
9 servicing those individuals with the disabilities, so I
10 applaud you for that.

11 And I just want to take this opportunity to
12 let you know, if there's anything you need from us,
13 certainly let us know.

14 MS. FULLER: Thank you.

15 COMM. ALVAREZ: Seriously.

16 MR. TOWNSEND: The final item I wanted to
17 just briefly mention this morning, is under one of our
18 childcare strategies, 1.4.2. That's our at-risk
19 transitional childcare. And I know, commissioner -- or
20 Chair Hughs, Commissioner Alvarez, I know you're quite
21 familiar with our childcare program. And Commissioner
22 Daniels, you'll get familiar with that, I realize, as well.
23 Of course, this was the challenge we had. We had a fairly
24 significant -- good challenge to have. We had a fairly
25 significant increase in funding, and to accomplish that ramp

1 up in a responsible way so that you don't get so many
2 children enrolled that you can't support that number of
3 children without having to potentially remove children from
4 care, is quite a balancing act for our board. So, this is a
5 -- has been no easy matter to, you know, take on the ramp up
6 efforts and to -- and we still have some work to do, there's
7 no doubt about it.

8 And so, when you look at this particular
9 strategy, you're only seeing about 57 percent expended year-
10 to-date. However, that's 417-million out of 720-plus-
11 million budget. However, that's about 90-million increase
12 from a year ago. So, when you look at the same point in
13 time. So, you have -- and I've looked at a little bit more
14 detailed on -- collect -- for all boards combined, and then
15 collect individually for a few of the boards. And so,
16 there's a couple different stories out there that are --
17 that are ongoing at this point in terms of how to ramp up
18 responsibly and to know that you can maintain that level of
19 expenditure.

20 And I think I maybe had mentioned previously,
21 commissioners, to you about the fact during the operational
22 -- Operations Budget portion of it here later in August, we
23 need to make some -- bring some information for your
24 consideration as far as what the funding level should be for
25 the continued childcare level for children in care versus

1 the balance with the required quality portion of that. And
2 so, we'll have some additional information to share. But I
3 did want to let you know we recognize that we're not where
4 we would like to be at this point in time, but we are headed
5 in the right direction, and I know there's additional
6 discussions that are happening probably at this -- right
7 here recent weeks even, with the boards as far as how to set
8 targets and what they're -- what is affordable level of care
9 for the -- for this program. So, I do want to give you some
10 assurance that that is being looked into very carefully and
11 we'll continue to keep you updated on that as well.

12 CHAIR HUGHS: Anticipate we'll get some
13 briefings in August. Right? By the end of August?

14 MR. TOWNSEND: Absolutely. Yes.

15 CHAIR HUGHS: Okay. Thank you for that.

16 MR. TOWNSEND: So --

17 CHAIR HUGHS: I did have one --

18 MR. TOWNSEND: Sure. No, I -- that was it
19 for me.

20 CHAIR HUGHS: On B 21, on civil rights, I'm
21 just kind of wondering if we know what the optimum number of
22 FTEs is for that division given that we're talking about the
23 explanation of the variance being due to the FTE vacancies
24 and low operating expenditures. Low operating expenditures,
25 I'm not sure if that's a positive or a negative.

1 MR. TOWNSEND: It will depend. In this case,
2 Civil Rights is the one strategy where we actually, mid-
3 year, had made -- had considered -- had made a decision to
4 add staffing to the budget for Lowell Keig, his area. And
5 so, we knew we needed to add some investigators to
6 investigate the housing and employment, equal employment
7 opportunity cases that he has outstanding. And we've had a
8 backlog there. And so, their staffing was approved.

9 But as you -- as you also know it takes a
10 little bit of time to add the staff, you know, through the
11 hiring process and that sort of thing. And then, again, the
12 retention part of that. And I know Lowell has been looking
13 at some other options about whether we -- since Austin's a
14 pretty challenging market to keep and retain staff, to see
15 if there's other options outside of Austin. And I know he's
16 been looking at that as a possible way to address the
17 staffing levels, among other things.

18 And so, I think the reason we're seeing this
19 is we've -- it was approved to increase it, however it's
20 just -- we have not been able to get to that level that
21 we've previously approved. So --

22 CHAIR HUGHS: Okay. I'll keep following
23 that, thank you.

24 MR. TOWNSEND: Yes, absolutely. And unless
25 you have other questions on the Monthly Legislative Report,

1 the Financial Status Update, that is all I have to present
2 on that topic this morning.

3 CHAIR HUGHS: Okay. I'm ready to move on to
4 tab three unless anyone speaks up.

5 MR. TOWNSEND: I'm going to move to have Adam
6 Leonard come up again, he'll walk us through some of the
7 performance measure updates for you.

8 MR. LEONARD: Good morning, commissioners.
9 For the record, Adam Leonard, Director of Operational
10 Insight for the agency. So, I'm going to be talking about
11 material in tabs three and four in the notebook, which have
12 to do with tab three focusing on statewide performance
13 levels and tab four looking at the levels for our individual
14 boards, the 28 boards who administer most of the programs.

15 I put in front of you earlier this morning my
16 normal briefing document that kind of talks about some of
17 the highlights. At the -- at the front of the top we're
18 showing where we are this year through quarter three versus
19 where we were last year. And, generally speaking, the
20 numbers are fairly similar, but they are down a couple -- in
21 a couple of instances, and some of those have, which we'll
22 talk about below, have to do with either issues in the
23 economy, or issues in the data that were used to project
24 some of the targets for the new year, specifically like HHSC
25 caseload projections. So, this is one of those good news

1 stories that, you know, there are fewer people who need
2 temporary assistance for the families. But, at the same
3 time, that means that our projection on the number we would
4 serve obviously can't quite keep up with it with where we
5 originally thought.

6 Speaking more broadly there, you can see the
7 total number of customers served is down quite a bit. These
8 are the number of participants in our career and training
9 programs. And we're running about 75 percent of target,
10 which is an over the year change of about 10 percent. And
11 this is mapped up against the unemployment rate in Texas.

12 You can really see how these two things have
13 moved together, that as the economy's gotten hotter a lot of
14 people are able to find work on their own. So even when
15 they're -- either they're voluntarily changing jobs, or
16 they've lost their jobs, they have more options available to
17 them, and they're taking advantage of those. And so, that's
18 kind of changing the numbers of people who are ultimately
19 coming to us. And when they come to us in thier
20 unemployment experience.

21 This has also impacted the -- some of the
22 other programs. So, as I mentioned, TANF is one of the ones
23 where we're running at about 82 percent of target. Our
24 adult dislocated worker numbers are about 88 percent of
25 target, but the good news is, is that that is up almost 10

1 percent over the year, so the boards have been ramping up
2 enrollment and utilization of funds in that area to serve
3 adults and dislocated workers.

4 Our skills development funds, trainings, you
5 know that the model doesn't really follow the -- the way the
6 program operates it doesn't typically follow kind of a 1/12,
7 1/12, 1/12, 1/12 all the way through the year. There tends
8 to be kind of at the end of the year -- let's just call it
9 an acceleration as it grows during the year. So, these are
10 not totally unexpected.

11 In addition, we do have some previously
12 approved targets, or, I'm sorry, grants that have not gone
13 into effect yet, which means they're not technically
14 reportable under the measure, but we do know that they're
15 coming and they will be reportable by the end of the year.
16 So, numbers there have been looking fairly good in terms of
17 what those trends are versus the past.

18 As we look into some of the other measures,
19 our adult education, our average cost technically is
20 reported as a minus P, but right now we're not worried about
21 that. Meaning that the costs seem a little bit high, but
22 that has something to do with the timing of expenditures and
23 the timing of the number of people being served. So, at the
24 moment, that's not a great area of concern.

25 I have one very positive piece of information

1 to report there. In the last couple briefings, we've talked
2 about the adult education credential rate, and that that
3 number had not been hitting. It is still, technically, in a
4 negative status right now, but in the interim between
5 running this data and this briefing, some automation changes
6 were tested to try to improve the data matching we get from
7 the TEA to help us identify better who's getting the
8 credentials, the highschool equivalencies.

9 And, based on a test run of that data, it
10 looks like we actually will meet. And so, that is going
11 into production in the next day or two. And when we report
12 this next month, I expect to see considerably better results
13 there.

14 Our choices, participation through
15 employment, remains stable. It's kind of in a lower range
16 there, but the numbers have been fairly stable relative to
17 what they had been. You can see there that the percent of
18 the denominator that is mandatory under federal standards,
19 but exempt under state continues to run high, but it has
20 stabilized over the last couple of months, so it's running
21 very similarly to the way that it did in May and June of
22 last year. So, this is at the bottom of page two.

23 Kind of looking at some of the other
24 programs, or some of the other things more broadly, I just
25 wanted to talk about in workforce, there are about 35

1 measures that met or exceeded performance, and we saw that
2 33 of those actually saw better performance of the same
3 period one year earlier. So, good percent meeting and
4 improvement in many of these measures.

5 So, for instance, we've had our claimant
6 reemployment within 10 weeks is up slightly, not quite a
7 percentage point, over the year. But perhaps a little bit
8 better is that the wage replacement rates focusing on the
9 people who are reemployed within 10 weeks. We looked at the
10 percentage of their earnings that were replaced at that
11 time, and it appears that that's up almost six points over
12 the prior year, so about 91 percent of their pre-claim wage
13 versus 85 percent a year earlier.

14 Our employer served numbers are up about 1
15 3/4 percent, and up nearly 12 percent over two years. So,
16 seeing greater engagement and working with employers there,
17 and we're certainly hoping that when the new Work in Texas
18 system goes online and we have a chance to educate people
19 about what it can do for them, that we'll see those numbers
20 grow even more.

21 Within our earnings measure, so we have two
22 primary measures that focus on adult and dislocated worker,
23 the median earnings in quarter two after exit we're seeing
24 the numbers are up a little bit for adult 5,515 over 5,450,
25 roughly. But in the dislocated worker numbers they're up

1 considerably, so we're about 8400 compared to, I'm sorry,
2 7750 last year. So, again, numbers moving in a nice
3 direction there.

4 Turning to Vocational Rehabilitation, they've
5 got two sets of measures. They've got those that are under
6 the VR program more broadly, and then those associated with
7 the Business Enterprises of Texas. In each of those areas
8 they're currently missing one measure. In BET it has to do
9 with the number of businesses operated by blind managers,
10 and so we're down -- we're about two businesses away from
11 kind of hitting the number. We're fairly close to meeting
12 on that one.

13 And on VR I wanted to report that this is one
14 of those instances where I have good news, bad news. So, in
15 adult education the credential data, we figured out ways to
16 improve matching, and it looks like it's going to be a
17 really positive result. We've been digging more deeply into
18 the historic credential data in VR, so the data that was
19 kind of in the system prior to Rehab Works being updated to
20 track this measure, and we're finding that it is not as
21 reliable for usage as we had hoped. There are
22 inconsistencies in the values in some of the fields that we
23 were using that make us uncomfortable with using that data.
24 So, this just came up in the last few days and we're now
25 going back and trying to look at that and seeing what

1 portions of the data we might be able to use to better
2 monitor this.

3 Now going forward the data looks better. So,
4 when the changes got put into the system there's now a
5 proper way to kind of track these things, both to figure out
6 who belongs in the numerator of the measure and the
7 denominator. And we're working with the VR division to help
8 ensure that they've got lists of cases to go back and kind
9 of look at and make sure that these are people in the
10 denominator who don't seem to be in the numerator. You
11 might want to do follow up and just confirm that there's not
12 additional information to report here associated with this
13 measure and some other federal things.

14 So, we're working on this with VR pretty
15 closely. In our UI division we're seeing solid numbers
16 there. They're meeting all six. They're also seeing
17 improvements as a result of, you know, fewer claims, so the
18 hold time is down 16 percent. And, obviously, you know,
19 even though we have fewer claims, those people who need
20 assistance, they want to get the phone answered as quickly
21 as they can to get that assistance. And so, we're able to
22 be more responsive right now given the reduced volume there.

23 Regulatory integrity is doing well as well.
24 There's one measure that's technically missing, but it has
25 to do with their schedule. Again, they don't do 1/12, 1/12,

1 1/12, so they're on schedule to meet the year-end. The
2 numbers look fairly similar to what they do almost every
3 year and they meet their numbers. So, we're not worried
4 about that.

5 And I wanted to point out that there was a
6 big increase in the number of quality control audits for the
7 BAM Program focusing on the accuracy of benefit payments.
8 That was missing last quarter at 91 percent. They're now
9 meeting at 101 percent of target, so little kudos out to the
10 group who's been working on that.

11 In Civil Rights, Again, we have one measure
12 that's not currently meeting. It has to do with the number
13 of personnel policy reviews that are done. But they are on
14 the same kind of schedule that we have in SRM, so we expect
15 that they're going to meet that number and come in meeting
16 all five of their measures. They're also -- their numbers
17 are up. Employment and Housing is up compared to last year.
18 So, we're seeing kind of some improved numbers there
19 despite, obviously, the difficulties that they've had with
20 regard to some turnover and vacancies.

21 So that concludes the portion in tab three
22 looking at statewide and I'm going to just turn and talk a
23 little bit about boards and what they're doing. Because, of
24 course, the boards operate many of these programs. Sure.

25 CHAIR HUGHS: Before we -- before we move on

1 from tab three, but briefly, I'm wondering on page 3 of 14.

2 MR. LEONARD: Yes.

3 CHAIR HUGHS: Under that customized training
4 for business.

5 MR. LEONARD: Yes.

6 CHAIR HUGHS: I know you touched on it, but
7 if you could just speak to -- I know Skills Development
8 Fund, it looks like, a year earlier we were at higher
9 performance. I don't anticipate there's a problem there. I
10 know I saw Dale (ph) walk in, but I just wanted to know from
11 your perspective if there were any issues there.

12 And then on Self Sufficiency, it looks like
13 there's no measure for quarter one, or there's a zero in
14 that column. And I wasn't sure what that speaks to. Okay.

15 MR. LEONARD: That is correct. So, the -- so
16 the way that this measure works is, these two sets of
17 measures, is that they're really kind of focusing on when
18 they've entered into a contract with a group of -- with a
19 training provider and some employers possibly. Possibly
20 one, possibly many. And when the contract goes into effect,
21 meaning that the grant has begun, at that point we book the
22 numbers. So, for the example of Self Sufficiency with zero
23 in the first quarter, it just meant that we didn't have any
24 contracts that went into effect that quarter associated with
25 Self Sufficiency, there was nothing to report there.

1 And for the Skills Development, you are
2 right, the number is down compared to this point last year.
3 But as I had talked a little bit about, they have closed the
4 books on a number of additional trainees, which will
5 increase the numbers for the year, so that they're looking
6 at, like, 9829 there for year to date if we were able to
7 count those now. But we just can't, because as the provider
8 in question may not have been ready to start, or maybe the
9 employer's not quite ready to start that training, and so
10 it's going to be booked and reportable in this last quarter
11 that you'll see in the briefing in three months.

12 CHAIR HUGHS: Okay. Thank you for that.

13 MR. LEONARD: Sure.

14 CHAIR HUGHS: Now we're moving on to tab
15 four, then?

16 MR. LEONARD: Yes. So, tab four, and this is
17 covering the material on the last page of the notebook.
18 Generally speaking, we're seeing really good performance on
19 the part of the boards. There -- if you look at the 28
20 boards times the number of measures they have, they are
21 meeting 94 percent, 0.33 percent. So, 449 out of 476
22 instances where we're holding them accountable for something
23 they're currently meeting. Well, if we kind of look at
24 what's going on there from a board perspective, we have 11
25 boards that are meeting all measures and 12 boards that are

1 missing only 1. So, again, you're looking at 23 out of 28
2 boards that have one or fewer missed measures.

3 If we think about it from a measure
4 perspective, we've got seven measures that were hit by all
5 28 boards, we had four that were hit by all but one, and one
6 measure that was missed -- that was made by 26 and 28.

7 The measure that has the most where they're
8 missing right now is the number of employers receiving
9 workforce assistance where we have eight missing, but the
10 overall performance for the year is up, and so we still may
11 end up seeing those boards pulling in many instances before
12 the end of the year.

13 And the last thing I just wanted to talk
14 about, was our childcare. So, you know that the boards have
15 had a real challenge to try to increase the number of kids
16 in care. Last year the number was more like 106,000 kids
17 per day, 109, 106 at the low point. And we've now reached
18 nearly 140,000 kids per day.

19 Some of that is sustainable due to the fact
20 that we've got some carryforward money as a result of the
21 slow ramp up in the early part of the year. If you haven't
22 enrolled them yet, then that's money that hasn't been spent.
23 And so, some of that can be used to kind of taper this off
24 over the next year or so. So, we're feeling fairly good in
25 terms of that.

1 Right now, we have 18 boards that have fully
2 ramped up, so we worked with them to tell us, like, how long
3 is it going to take you? What month do you think you're
4 going to reach that kind of sustainable level over the next
5 couple of years? Eighteen have fully gotten there, and of
6 the 10 that aren't there, they're not quite at their final.
7 They're close, they're between 95 and 100 percent, so
8 they're in a pretty solid spot there.

9 And then, the other 2 are less than 90
10 percent at the moment, but one of them seems to be doing
11 pretty well with regard to their plan, so they haven't
12 ramped up yet, but they're at 90 percent or so. They're
13 probably about where they should be. And so, we feel fairly
14 good about where they're going to end up the year.

15 And I just wanted to mention that we're
16 currently doing a lot of little -- a lot of hard looking at
17 these numbers, working with finance to understand some of
18 the things there, looking at what's going on with the
19 boards, having conversations with them. We're going to be
20 receiving a new market rate survey in about a week and a
21 half that's going to tell us a lot more about what's
22 happening with rates in Texas and what these small
23 businesses, in many instances, are charging for care in the
24 state, so that we can evaluate how well our rates and the
25 board's rates are kind of keeping up with that.

1 And this'll be the second survey under a
2 newer methodology that we developed last year with our
3 contractor to -- that we think probably provides a little
4 bit stronger look at what's going on in the state. And so,
5 it'll be very interesting for us to kind of compare these
6 two results to each other and see what that tells us about
7 what we should be recommending to you all in terms of action
8 going forward into next year.

9 And, other than that, I don't have any
10 additional material to share.

11 CHAIR HUGHS: Commissioners, any comments or
12 questions on that?

13 COMM. ALVAREZ: No, thank you.

14 COMM. DANIEL: No, Madam Chair.

15 CHAIR HUGHS: I will say that the number of
16 children in childcare is impressive, and that we're going to
17 continue to look at the quality aspect of it. So, anything
18 we can do to further support the quality, you know, we're
19 certainly open to. So very excited to get the results of
20 the market rate survey and figure out how we can best serve
21 our small businesses across the state. So, thank you.

22 MR. LEONARD: And we are seeing improvements,
23 or increased percentage, of, I'm sorry, for providers who
24 are in TRS and things like that. So, the boards are doing a
25 good job of trying to bring some more on board. And we're

1 seeing -- we're expecting the percent of kids in TRS care to
2 continue to grow over the next few years.

3 CHAIR HUGHS: Thank you. And thanks for the
4 work all the team does on that as well. All right, one
5 binder down and one to go.

6 MR. TOWNSEND: That's right. So that
7 concludes the Performance Briefing. And if you're ready
8 we're set.

9 CHAIR HUGHS: Do we need a few minutes?
10 Everyone okay?

11 COMM. DANIEL: I'm okay.

12 CHAIR HUGHS: All right. We'll go ahead and
13 proceed if staff wants to move on up. We'll get to the IT
14 work session.

15 MR. TOWNSEND: All right. We're going to get
16 staff up here. Be letting Heather Hall and Jeff Peden begin
17 this part of the presentation here. Heather, I assume
18 you're starting.

19 MS. HALL: Yes. Good morning Chair Hughs,
20 Commissioner Alvarez, Commissioner Daniel, and Mr. Townsend.
21 For the record, I'm Heather Hall, IT Division Director.

22 I am pleased to be here this morning along
23 with my program colleagues to provide you with updates on
24 the agency's IT projects and other enhancements. The
25 reports this quarter show project status through July 30th,

1 today, and budget updates through June 30th. If you turn to
2 the Table of Contents, you will see that this is a very busy
3 time and exciting time to be in IT. You will see that since
4 the last time we met we've completed four projects,
5 including one project for the UI Division, appeals
6 electronic hearing packet -- officer packets, two projects
7 for the Vocational Rehab Division, WET Project, and the CCRC
8 Projects. One project for the Regulatory Integrity
9 Division, the Treasury Offset Program tax. The executive
10 sponsors for these projects will come up shortly to provide
11 a closeout report on these four projects. I thank Clay,
12 Cheryl and Paul and their teams for the partnerships on
13 these successful projects.

14 We are also on track to complete and close
15 out the remaining three projects scheduled to complete this
16 fiscal year. Those include the Work in Texas Replacement
17 Project, the Short-time Compensation Project, or shared work
18 portal project, and the Enterprise Data Warehouse Phase II
19 project.

20 In addition, we've added five new projects
21 that officially start on September 1st, so those projects
22 will be underway the next time we meet. A couple of these
23 projects have procurements that are already underway. The
24 new projects include the UI Systems Replacement, Workforce
25 Case Management Replacement, Career Schools and Colleges,

1 Enterprise Data Warehouse Phase III, and the HR System
2 Replacement.

3 During the last session the legislature
4 updated the definition of a major information resources
5 project that falls under the Texas Quality Assurance Team,
6 the QAT oversight. The dollar threshold was raised from \$1-
7 milliion to \$5-million. Of our FY '20 and '21 projects,
8 only two projects meet that dollar threshold. Those are the
9 UI Systems Replacement Project and the Workforce Case
10 Management System Replacement Project.

11 If you'll navigate to section one of your
12 notebooks, you'll see status for several IT enterprise
13 support initiatives. These initiatives don't rise to the
14 level of having an individual status report, but it's worth
15 highlighting a few of those.

16 Item number three under enhancements
17 completed this quarter is the Rehab Works, or HHSC. TWC
18 inherited the Rehab Works application from DARS during the
19 transition in 2016. Because of the way the DARS programs
20 were split between TWC and HHSC, HHSC had an ongoing need to
21 continue to use the Rehab Works application after the
22 consolidation. So, we've worked with them to complete the
23 work in May to separate the application and give TWC and
24 HHSC separate instances of Rehab Works. We helped HHSC set
25 up their own instance using their own servers and network,

1 et cetera, and they have their own version from here
2 forward.

3 Item number five, career schools and
4 colleges. The CSC enhancements. In June we completed some
5 enhancements to the TWC CSC online searchable database to
6 enable users to view information -- or, sorry, enforcement
7 action information for the past three for each school.

8 And then, under key initiatives in progress,
9 there's a few I'd like to highlight here. Number one, the
10 Gartner Survey of IT Staff. With new IT leadership and many
11 major technology projects on the horizon, IT partnered with
12 Gartner to conduct a survey of our staff to assess areas
13 where we should focus on as we develop our IT roadmap for
14 the next three years. 73 percent of the IT staff responded
15 to the survey, which is huge for any survey. So, this
16 reinforces for me that we have engaged staff that want to
17 contribute to the success of IT. The major areas that we'll
18 be focusing on first include communication, strategy and
19 change management.

20 Item number three, four-day school week,
21 updates for the childcare system. The legislature has
22 allowed school districts to move to a four-day school week
23 if they -- if they choose to. Changes to the childcare
24 functionality in TWIST is needed to accommodate two
25 authorizations for an individual, one rate for the four

1 school days and one rate for the non-school day, the fifth
2 day of the week.

3 Item number five, childcare automation
4 attendance, the CCAA RFO. IT is supporting the Workforce
5 Division with the re-procurement of the CCAA contract, which
6 expires February of 2020. CCAA provides tracking and
7 independent verification that a child attended the declared
8 provider's facility. The RFO was released July 9, 2019 and
9 is still in active procurement. The planned award date for
10 that is November 2019.

11 Item number six, the Civil Rights Housing
12 Complaint system --

13 CHAIR HUGHS: Sorry that's the award date, or
14 the completion date?

15 MS. HALL: The award date.

16 CHAIR HUGHS: Okay.

17 MS. HALL: November 2019. Yes, ma'am.

18 Item number six, Civil Rights Housing
19 Complaint System. We will be developing a new housing
20 complaint system, submission system, for Civil Rights to
21 replace the current Survey Monkey system that is in use, and
22 we plan to do that by November of 2019.

23 Item number eight, Enterprise Printer Re-
24 procurement. We are finalizing the RFO for lease management
25 and support of over 500 multi-function printers and toner

1 for 500 desktop printers. The planned release date for that
2 RFO is August 2019, the planned award date is January 2020.
3 And then, we anticipate the replacement of the printers will
4 be in the spring of 2020.

5 Item number 10, childcare requests for
6 information, RFI. So, I know that the legislative session
7 just ended, but we are already thinking ahead to the next
8 session. In preparation for the LAR for FY '22, '23 and the
9 need to either update or procure a new childcare system we
10 plan to release an RFI to see what childcare systems are
11 available in the industry that provide provider payment
12 functionality, childcare case management, including
13 referrals and eligibility, and reporting functionality. As
14 part of our research we will also survey other states to see
15 what's in use in other states. This process is similar to
16 what we did with the UI Systems Replacement Project and the
17 Workforce Case Management Project before we released the
18 RFOs for those.

19 That concludes my remarks. Do you have any
20 questions for me?

21 CHAIR HUGHES: Commissioner Alvarez? Yeah?

22 COMM. ALVAREZ: No. Great report.

23 CHAIR HUGHES: Thank you. Not on -- not on
24 this item, thank you.

25 MS. HALL: All right. So, IT is also

1 committed to keeping our customer's personal information as
2 secure as possible using a variety of methods, tools, and
3 processes. I'll turn it over to Jeff Peden, our Deputy IT
4 Division Director, to cover the IT Security section.

5 MR. PEDEN: Good morning Chair Hughs,
6 Commissioner Alvarez, Commissioner Daniel, Mr. Townsend.
7 For the record, I am Jeff Peden, Deputy to IT Division
8 Director.

9 It's my pleasure to provide an update to you
10 on the continued efforts underway to improve the TWC
11 Cybersecurity Program. If you turn to the next page of your
12 notebook, you will see the section on IT cybersecurity. I'm
13 going to highlight a few of these items that were underway
14 and completed this last session, this last quarter.

15 Item number one, workstation patching. IT
16 has implemented the augmented patching process. Approved
17 patches are deployed automatically and installed within a
18 30-day window, making TWC's workstation's safer and -- for
19 our end users. We have tracked results and have seen a
20 significant improvement in that security.

21 In May of 2018 the average was 8.2
22 vulnerabilities per desktop. In May of 2019 we reduced that
23 to 3.5 vulnerabilities per device. That's about a 57
24 percent reduction.

25 COMM. ALVAREZ: Great.

1 MR. PEDEN: We've also done the same kind of
2 process with our server patching. The processes provided
3 considerable improvement to the security of our servers. In
4 May 2018 the average was 17.4 vulnerabilities per server.
5 In May of 2019 average was 7.4 vulnerabilities per server.
6 Also, a 57 percent reduction.

7 Another item that we like to highlight is the
8 way that we're trying to also improve the awareness within
9 our staff that we're doing for our quarterly cybersecurity
10 briefings. So, this past quarter we had a Staying Cyber
11 Safe this Summer briefing that was open to all staff. It
12 was hosted -- we hosted the clinic, and it -- we provided
13 simple ways for them to be more aware of their children and
14 grandchildren's online activity. Also, ways to be cybersafe
15 while on vacation, notifying the banks, et cetera, in
16 advance. This presentation was very well attended, and IT
17 is creating a video of this content to post and make
18 available to all TWC staff.

19 Under key initiatives in progress I'd like to
20 highlight item number one, the ongoing Cybersecurity Program
21 improvements. One of the things IT is trying to do, is to
22 take more advantage of additional security features included
23 in our Office 365 licensing, such as secure links and secure
24 attachments.

25 Secure links will open a link contained in

1 the email in the Microsoft cloud rather than on the staff
2 person's desktop, and then checks to ensure it's not
3 malicious, containing either a virus or a phishing attack of
4 some kind After it's considered safe, then the person can
5 click on the link and go to that item.

6 Secure attachments functions very similarly.
7 When an attachment is a part of an email you can click on
8 it, it's going to open in the Microsoft Cloud. They'll
9 determine that it's safe and then allow the person to open
10 it on their desktop. We intend to deploy safe links first,
11 and then we'll follow with safe attachments after that.

12 Item number two, white hat hacking efforts.
13 And I have to slow down on that one every time I say it.
14 So, the TWC Cybersecurity Team has certified staff that
15 continue to proactively test the TWC information resources
16 for weaknesses. So, we're attempting to penetrate from the
17 outside as if we're a true hacker to find weaknesses in our
18 internet sites or anything that's exposed to the public. As
19 a result, they've uncovered old webpages and some missed
20 configurations, which we have since either decommissioned or
21 fixed, to ensure that the TWC information resources and data
22 is protected and secure.

23 The other focus that we have is item number
24 four, focusing on phishing awareness and training. Our
25 internal phishing awareness campaign has increased staff

1 awareness and, as a result, TWC employees are doing better
2 than average. Gathered data shows that TWC employees only
3 opened 10.7 percent of all phishing emails compared to
4 similarly sized government agencies that, on average, open
5 20.9 percent.

6 Therefore, TWC staff are approximately 50
7 percent less likely to open phishing emails, and that's a
8 considerable improvement for our team.

9 CHAIR HUGHS: And for Commissioner Daniel's
10 benefit I should mention to him that we are not immune from
11 receiving these test phishing emails to see if we fall for
12 it or not.

13 MR. PEDEN: That's correct. We try to make
14 sure we spread the wealth. That's the end of my --

15 CHAIR HUGHS: Don't ask me how I know that.

16 MR. PEDEN: That's the end of my
17 presentation. Do you have any questions for me?

18 CHAIR HUGHS: None at this time, thank you.

19 MS. HALL: Thank you, Jeff. Next Courtney
20 Arbour will provide an update in the Work in Texas
21 Replacement Project under tab two.

22 MS. ARBOUR: Morning Chair Hughs,
23 Commissioner Alvarez -- good morning Chair Hughs,
24 Commissioner Alvarez, Commissioner Daniel. Welcome.
25 Courtney Arbour, Director of the Workforce Division.

1 We are about three weeks away, exactly three
2 weeks away, from the launch of the new workintexas.com
3 system. As you would guess, there's a lot of work underway
4 to continue preparing for that moment. We have a number of
5 staff involved. We're continuing our user acceptance
6 testing, and the end-to-end testing, just to make sure we
7 test everything we can before the 19th. We've got
8 implementation planning well underway. We have a checklist
9 of about 200 -- more than 250 go live tasks that were put
10 together my workforce and IT, communications, training and
11 development, and our vendor, GSI. We laugh that it feels a
12 little bit like a space launch. We're doing all of these go
13 live checks up to and on the date of launch.

14 We've messaged to the public that
15 workintexas.com, the current workintexas.com, will not be
16 available while we transition to the new website from August
17 9th at 6:00 p.m. to August 19th.

18 Communications is also working on or prepared
19 -- preparing to launch some coming soon messages that will
20 roll out this week. We're preparing communications for TWC
21 staff, legislative offices, and also state agencies. And
22 then we have this publicly noted on the Work in Texas
23 website. And I know there are other -- a number of other
24 agency sites as well.

25 Training has been a real priority for this

1 launch. As you know, we've had 160 board staff trained
2 through 9 train the trainer -- train the trainer sessions
3 hosted by GSI. In addition, our own training and
4 development team has been great to offer a two-day basic
5 navigation classes and through our -- those TND classes we
6 have trained a number of board trainers, some end users,
7 different staff within TWC, and TBC, and we made a lot of
8 information available to state agency users as well.

9 We are providing as much information to as
10 many people as we can. Our communications and the entire
11 team has really worked together on this. We have weekly Q&A
12 calls with the workforce boards and their PIOs. We have an
13 FAQ document that's been published. We have developed a WIT
14 resources page, a workintexas.com resources page. Gov
15 delivery messages via email, and a comprehensive program
16 guidance document that is going out to the workforce boards
17 on how to manage the programs while the cutover is
18 happening, since they won't have access for a few days WIT
19 or TWIST.

20 We are on track to implement this and close
21 out the project by August 31, 2019.

22 CHAIR HUGHS: Great news. Long time in the
23 making. Are we seeing that the boards are all represented
24 on the call? I know it's voluntary, but every -- do we have
25 any concerns that they're not all getting the message?

1 MS. ARBOUR: They're -- a number of steps
2 have been taken to make sure that not only their PIOs but
3 their -- the EDs and their direct reports and even
4 contractor staff are getting all of the information. We've
5 sent out a number of emails on the boards. We ask them to
6 invite those other staff on the calls, and then we're having
7 some programs-specific calls with the board's contractors to
8 make sure, because they have so many sites throughout the
9 state that the contractors have an opportunity to hear from
10 us directly, especially as it relates to managing the
11 programs during the cutover.

12 CHAIR HUGHS: Okay. And that -- and our VR
13 team is also involved in these calls and getting the same
14 type of training and any special training that they may need
15 in addition to the regular training on that? What's that
16 looking like? Yeah.

17 MS. ARBOUR: That's correct. I'm not sure if
18 Cheryl wants to speak to that, but all of the trainings have
19 been made available to all of the staff users at TWC and in
20 local offices. And those train the trainers sessions that
21 GSI hosted will be probably most valuable, because those
22 trainers can then go on to their local offices and train
23 those that are throughout the state.

24 CHAIR HUGHS: Okay. I know we have a lot of
25 outreach about WIT. I wasn't sure what we were doing about

1 the five days that everything's offline, so I'm glad to hear
2 we're addressing that as well and putting some resources
3 into getting the word out and making sure everyone can
4 manage those five days. So, thank you for that.

5 MS. ARBOUR: YES.

6 CHAIR HUGHS: Anything else?

7 COMM. ALVAREZ: Nope, thank you, ma'am.

8 CHAIR HUGHS: Okay.

9 MS. ARBOUR: Thank you.

10 MS. HALL: Thank you, Courtney. Next Eric
11 Cullen will provide an update on the three UI projects under
12 tab three.

13 COMM. ALVAREZ: Good question. That was
14 good, a good question.

15 CHAIR HUGHS: Oh, just make sure we get the
16 outreach. Anyway, want to know we have TOD meetings
17 tomorrow, so we'll be able to continue to spread the word
18 about WIT and upcoming exciting dates.

19 MR. CULLEN: Good morning Chair Hughs,
20 Commissioner Alvarez, Commissioner Daniel, Mr. Serna, Ms.
21 Hall. For the record, I'm Eric Cullen, Director of
22 Unemployment Insurance Operations and Customer Support.

23 As Heather already mentioned, I'll be
24 briefing on three UI projects behind tab three in your
25 workbook. The first project is a short-time compensation

1 also known as Shared Work. The project provides
2 enhancements to our internet employer benefit services
3 portal for shared work, mass claims, and other services. In
4 July we met with employers down in San Antonio to provide a
5 demo of -- and walkthrough of our test system, and the
6 responses were favorable. The project is on schedule and
7 budget, and is scheduled to move into production on August
8 21st.

9 The second project is the Appeals Electronic
10 Hearing Officer Packets. The project moved to the pilot
11 phase on June 21st, the team completed the pilot and post-
12 implementation support on July 16th. Project is complete
13 and will be closed out.

14 The third project which we'll be talking
15 about for at least the next year or two, is our UI systems
16 replacement. The project seeks to acquire technology to
17 replace our existing UI legacy systems, including the
18 benefits, tax, and appeals applications. The project and
19 procurement are underway with a request for offer released
20 on July 11th. We're currently working through questions
21 received from perspective vendors, and we have a tentative
22 award date in February 2020.

23 That concludes my prepared remarks, and I can
24 answer any questions.

25 CHAIR HUGHES: Any questions?

1 COMM. ALVAREZ: No, ma'am.

2 CHAIR HUGHS: All right. On the UI what are
3 we anticipating as the timeline for completion if it's
4 awarded in February of 2020?

5 MR. CULLEN: The project's slated for two
6 years, starting with tax, depending on vender input, and
7 then moving on to benefits and appeals.

8 CHAIR HUGHS: Okay, thank you, Eric.

9 MR. CULLEN: Thank you.

10 MS. HALL: Thank you, Eric. Next Courtney
11 will rejoin us to provide an update on two of the workforce
12 projects under tab four. I will note the first one is co-
13 sponsored by Courtney and Cheryl Fuller.

14 MS. ARBOUR: Good Morning. Courtney Arbour,
15 Workforce Director.

16 I'll provide you an update this morning on
17 two of the projects that involve multiple divisions, but
18 workforce is a -- one of the key players. As Heather
19 mentioned, Cheryl and a number of other individuals are also
20 pulling together to get these off the ground. Both are
21 legislatively approved projects for 2021 and both start
22 September 1.

23 The first is the Workforce Case Management
24 Project. Through the years as the legislature has entrusted
25 us with additional programs, VR and Adult Education and

1 Literacy, our technology needs have grown, and the need to
2 be able to share data and information among those various
3 programs has grown. We're a highly integrated state, but as
4 we've taken on these new programs, we have even greater
5 needs to integrate our systems.

6 The systems that are used currently are of
7 different ages, but they are aged, and they're relatively
8 siloed in many ways. And developing and maintaining these
9 systems has become more and more difficult over time. IT
10 resources of have limited capacity to implement some of the
11 new changes that come from the feds or legislatively, and
12 with as many systems as we have and the age of them, we just
13 are really excited to be able to find something that's a
14 more modern platform.

15 So, we have an RFO release date planned for
16 September of 2019. We intend to award this contract in
17 March of 2020. Prior to releasing the RFO, our IV&V vendor,
18 Ms. Grant Thornton is reviewing the RFO and giving us some
19 valuable feedback on how to accomplish what it is we're
20 trying to do. Because we're hoping to have as much of this
21 information on a shared platform as possible.

22 If there's any -- not any questions I'll move
23 on.

24 CHAIR HUGHS: No questions, thank you.

25 MS. ARBOUR: Okay. Second project involves

1 some of our training programs. The Eligible Training
2 Provider System that the boards use, Learner Outcomes
3 Tracking System that our staff use for tracking Skills
4 Development cases, career schools and colleges and Pecos,
5 two of the career schools tracking systems. All contain
6 similar information about oversight and activity with our
7 various training partners throughout the state. They are
8 all relatively siloed, they are also aged as well, and
9 because they all have similar functionality, we've taken a
10 look over the last year or so to recognize some of the
11 efficiencies that can be gained on a modernized shared
12 platform for all of those different programs.

13 So this system will build a -- this will be a
14 single modernized web application that will be built
15 inhouse because of the types of programs we operate and the
16 way we'd like for them to all work together, we don't
17 believe there will be an off-the-shelf solution that would
18 meet our needs. So, we have the project kicking off in
19 September of this year. And, again, this was legislatively
20 approved.

21 CHAIR HUGHES: Thank you.

22 MS. ARBOUR: Any questions for me? Thank
23 you.

24 MS HALL: Thanks again, Courtney. Cheryl
25 Fuller will join us next to provide an update on two of the

1 Vocational Rehab projects under tab five.

2 MS. FULLER: Good morning again. Cheryl

3 Fuller, Vocational Rehabilitation Division, for the record.

4 I am pleased to report the completion of two
5 projects that you heard Ms. Hall mention earlier. First, is
6 our Business Enterprises of Texas manager monthly reporting,
7 and facility equipment systems replacement. This project,
8 as you may recall, started at the very end of 2017,
9 completed on time and on budget, and the purpose of this was
10 several-fold. First of all, to take two very outdated
11 systems that needed improved security and improved
12 accessibility, as well as increased functionality and create
13 newer solutions for those systems.

14 So, we are very pleased that the system was
15 deployed successfully on May 25th. Staff are using that.
16 They're particularly excited about the ability to have
17 better reporting capability, particularly when we prepare
18 the data that we submit to our federal oversight agency.
19 But, in addition, the license managers in the BET program
20 that upload this monthly profit and loss statements can now
21 do so in a system that is accessible. And so, we're really
22 thrilled that this system has been deployed, and this
23 project is completed and closed.

24 The second project is the Criss Cole
25 Rehabilitation Center. Commissioner Daniel, that's our

1 residential training center for individuals who are blind.
2 And that center has had two legacy systems that I think were
3 built on Access databases. Really, really old. And they
4 tracked our customers, and they were entering into the
5 system and becoming students in the center, and then also
6 the whole scheduling and attendance process and the progress
7 they were making in their classes while they were in
8 training in the facility.

9 So, this project took those very outdated
10 systems and created new system and now they're folded within
11 our Rehab Works case management system, which is great.
12 Because that consolidates the solutions that we're using, it
13 improves federal reporting. This also improved
14 accessibility and security of the system. And staff report
15 that they are already seeing some benefits in terms of it
16 taking less time for them to get someone ready to enter
17 Criss Cole and progressing through the data entry, because
18 they're going to one place to get that done.

19 So, this also finished on May 25th and is
20 completed and closed on time and on budget with thanks to
21 the IT team for all of their help with this.

22 CHAIR HUGHS: That's great. And very
23 impressed it's accessible and very grateful for that and for
24 the attention y'all put into advancing these systems and
25 getting them where they need to be. So, thank you for that.

1 Any questions?

2 COMM. ALVAREZ: No, ma'am.

3 CHAIR HUGHS: Okay. All right, thank you.

4 MS. HALL: Thank you, Cheryl. Next Paul
5 Carmona will provide an update on the TOP Tax Project under
6 tab six.

7 MR. CARMONA: Good morning chair,
8 commissioners. My name is Paul Carmona, Director of
9 Regulatory Integrity Division, and I'm here to report to you
10 on the good news on the Treasury Offset Program, Tax
11 Portion.

12 Like Ms. Fuller just reported with her
13 projects, this one was completed on time and it was in the
14 budget April of this year. Myers and Stauffer, recently a
15 vendor, has completed it's follow-up security assessment,
16 and staff are now working on addressing the issues that were
17 discovered, or identified, in that security assessment.

18 As of June -- as of June the 28th of this
19 year the TWC has already received \$573,000 in tax payments,
20 voluntary tax payments, and the IRS collections from the TOP
21 Tax Program. And so now the project is completed and
22 closed, and this will probably be the last time I'll talk to
23 you about TOP Tax. Any questions I can answer those.

24 COMM. ALVAREZ: No questions, ma'am.

25 CHAIR HUGHS: No, we're good, thank you.

1 MR. CARMONA: Thank you.

2 MS. HALL: Thank you, Paul. Next Adam
3 Leonard will provide an update on the Enterprise Data
4 Warehouse Projects under tab seven. We have two of those, a
5 phase two and a phase three.

6 MR. LEONARD: For the record, Adam Leonard.
7 Good morning commissioners again.

8 The Enterprise Data Warehouse Project is now
9 closing out its first full biennium of operation. And in
10 that -- in this year number of the noted milestones have to
11 do with selecting platforms, getting connectivity working
12 and beginning to deploy data into there so that we can start
13 to operationalize and build tools out of it. So, we're
14 pretty excited about the work that's been going on there and
15 learning a lot from it, which is awesome.

16 As we're moving into the new year, phase
17 three, we're doing our planning right now to kind of
18 prioritize which sets of data we'll be -- we will be working
19 on for next year. And so, you'll be seeing that in future -
20 - excuse me. You'll be seeing that in future updates.

21 Another thing you're going to be seeing in
22 future updates has to do with some funding that the agency
23 was able to secure above and beyond what we put in the
24 appropriation act. In the spring, late spring, the
25 Department of Labor put out an opportunity for states to

1 apply for grant money to -- for what they call their
2 Workforce Data Quality Improvement Grants. And the agency
3 was successful in obtaining about -- just under \$2.2-million
4 to accelerate development of the data warehouse for about
5 three quarters of the money, and then the other quarter of
6 the money is going to be going into redeveloping the Cruise
7 (ph) System that LMCI spearheads development of with their
8 contractors, and trying to make it a more modern useful
9 platform for students and families who are looking to make
10 educated decisions about educational options available to
11 them.

12 And so, these will be joining -- the grant
13 began July 1st, which means in your fourth quarter you'll
14 start seeing more information about this in the packets.
15 I'm happy to answer any questions from you.

16 CHAIR HUGHS: No, very helpful and
17 congratulations. Yeah.

18 MR. LEONARD: All right, thank you.

19 MS. HALL: Thank you, Adam. And last, we
20 have Lowell Keig to introduce the HR Systems Replacement
21 Project under tab eight.

22 MR. KEIG: Good morning. Lowell Keig. I'm
23 the Business Operations Director starting on August 1st.
24 Between now and August 1st Mr. Serna delegated authority to
25 me to act on Glenn Neal's behalf while he's absent.

1 So, this is the HR system upgrade, HB3106,
2 back in the 80th regular session required that state
3 agencies utilize a human resources system that is compatible
4 with the comptrollers uniform statewide accounting project,
5 including enterprise resources planning systems now called
6 Centralized Accounting and Payroll and Personnel System, or
7 as we know it, CAPPS.

8 TWC will be become a CAPPs hub agency for the
9 HR system, which allows us to become compliant with the use
10 of the comptroller's baseline requirements, but also affords
11 us the flexibility to add any TWC enhancements to that
12 baseline as needed. This is part of the FY '20, '21
13 legislatively approved projects. The project will begin
14 September 1, 2019 and it's slated for completion in the
15 spring of 2021. Are there any questions?

16 CHAIR HUGHS: No, thank you.

17 MR. KEIG: Thank you.

18 MS. HALL: Thank you, Lowell. Commissioners,
19 this concludes our IT updates for this quarter. Are there
20 any questions that I could help answer?

21 COMM. ALVAREZ: I just want to say what a
22 great report. Thank you, Dr. Hall, for you and your team's
23 great work and for keeping us posted with all of this
24 information, so congratulations to you and your team.

25 MS. HALL: Thank you, sir.

1 COMM. ALVAREZ: Great work.

2 MS. HALL: Thank you.

3 CHAIR HUGHS: Thank you for the updates,
4 really appreciate it.

5 MS. HALL: Thank you, chair.

6 CHAIR HUGHS: Will you all at this time more
7 formally help me in welcoming Commissioner Daniel?

8 (Applause)

9 COMM. DANIEL: Well, thank you all. It's a -
10 - it is a pleasure to be here and quite an honor. I look
11 forward to working with everyone, you know, in reviewing the
12 sort of the scope and mission for this agency. There's just
13 so many ways that we can help so many Texans. And I think
14 it's probably what all got us here in the first place, and
15 if we keep that front of mind, I think we can just do great
16 work. And so, looking forward to it. Looking forward to a
17 lot of great initiatives and appreciate everything that
18 everybody's doing to make lives better for everyday Texans.
19 Thank you.

20 CHAIR HUGHS: Thank you. As your first order
21 of business, I need a motion to adjourn.

22 COMM. DANIEL: I move to adjourn.

23 COMM. ALVAREZ: I'll second that.

24 CHAIR HUGHS: We are unanimous, thank you.

25 (Proceedings concluded at 10:48 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 6th day of August, 2019.

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

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