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TRANSCRIPT OF PROCEEDINGS  
BEFORE THE  
TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS

PUBLIC MEETING )  
FOR THE TEXAS )  
WORKFORCE COMMISSION )

WORK SESSION  
TUESDAY, OCTOBER 16, 2018

BE IT REMEMBERED THAT at 9:24 a.m. on  
Tuesday, the 16th day of October, 2018, the above-entitled  
matter came on for hearing at the Texas Workforce  
Commission, TWC Building, 101 East 15<sup>th</sup> Street, Room 244,  
Austin, Texas, before ANDRES ALCANTAR, Chairman; JULIAN  
ALVAREZ and RUTH R. HUGHS, Commissioners.

P R O C E E D I N G S

TUESDAY, OCTOBER 16, 2018

(9:24 a.m.)

CHAIR HUGHS: All right. Good morning. I think we're ready to start our Performance Measures Briefing, and I know Mariana Vega is going to be presenting first.

MS. VEGA: Yes. Good morning, Chair, Commissioner Alvarez. Just for the record; my name is Mariana Vega. I'm with the Labor Market and Career Information Department. And I am going to go over some labor market highlights for you.

Total non-ag employment did increase for the 26th consecutive month, adding 32,000 jobs over the month and over 394,000 jobs annually. This -- for Texas they did add the most jobs over the year among all states.

Eight out of the eleven major industries grew over the month. Mining and logging did continue to show strong growth with a 15.2 percent annual growth rate. This was the 11th consecutive month of double-digit annual growth. We have seen a positive growth in this -- in this industry since November of 2016. Construction employment did continue to grow, adding 900 jobs over the month, with strong over-the-year growth of 7.9 percent. Professional and business services bounced back after a month of no

1 change in July, with 10,300 jobs added in August.  
2 Information was the only industry to decline over the month,  
3 losing 900 jobs, and 5600 positions since August 2017.

4 Texas did follow a similar trend to the  
5 nation with growth in professional and business services,  
6 trade, transportation, and utilities and healthcare.  
7 Contrary, though, to the nation; Texas did add some  
8 manufacturing jobs, while the nation dropped 3,000 jobs in  
9 manufacturing. I also did want to add that the nation added  
10 6000 jobs over the month, and Texas accounted for 2700 of  
11 those jobs, so we're looking good.

12 The next slide we can see Texas and U.S.  
13 employment growth. Texas did regain the lead in March 2017.  
14 The annual growth rate bottomed out in June 2016 at nine-  
15 tenths of a percentage point. It has been trending upward  
16 ever since, though.

17 In August, Texas employment growth rose to  
18 3.2 percent, which is twice the rate of the U.S. The U.S.  
19 rate has mostly been flat.

20 The next slide, if you take a look at the  
21 metro areas; this chart does show over-the-month, and over-  
22 the-year growth, and the corresponding unemployment rates.  
23 So the Midland MSA did post the lowest unemployment rate at  
24 2.2 percent, followed by the Amarillo MSA at 2.8 percent.

25 The highest unemployment rates were along the

1 border; Brownsville, Harlingen, McAllen, Edinburg, Mission.  
2 I did want to note that, though, they -- those two areas did  
3 show the most improvement over the month. They did  
4 decrease. Brownsville and Harlingen dropped three-tenths of  
5 a percentage point, to 6.2 percent, and the McAllen,  
6 Edinburg, Mission dropped four-tenths of a percentage point  
7 to 6.6 percent.

8                   For the 15th consecutive month in August,  
9 Midland was the fastest growing MSA, and this was doing oil  
10 and gas. The MSA tied for the 8th lowest unemployment rate  
11 in the nation.

12                   I did want to also note, because it's been in  
13 the news, that the Austin-Round Rock MSA have the largest  
14 10-year percent job gain at 35.3 percent among the metro  
15 areas with a population over a million across the nation.

16                   If we head over to Unemployment Rates the --  
17 the August unemployment rate was 3.9 percent. It was just  
18 recently, in October and November of last year actually,  
19 that the unemployment rate stood at 3.9 percent, which is  
20 the lowest unemployment rate in the history of the -- of the  
21 series. So we're continuing to see very low unemployment  
22 rates across the state.

23                   And just to summarize what happened to the  
24 unemployment rates in Texas and overall. Texas and the U.S.  
25 unemployment rates have converged at 3.9 percent. Statewide

1 28 counties saw an over-the-month increase in the  
2 unemployment rate, while 167 saw an over-the-month decrease.

3 They have varied quite a bit across the  
4 counties, ranging from a very low, 1.9 percent, in Dallam,  
5 McMullen and Hartley Counties, to a high of 10 percent in  
6 Zavala County.

7 No metro areas experienced an over-the-month  
8 increase in the unemployment rate in Texas. The only --  
9 however though, nine metro areas did experience no change.

10 The Texas unemployment rate -- and this is  
11 the -- the not adjusted, was one half of -- of a percentage  
12 point lower than the unemployment rate in August 2017.

13 Taking a look at the initial claims. Both  
14 initial and continued claims are down over the month, and as  
15 we can see, overall, they have showed a downward trend since  
16 the peak of September 2017, and that's when Hurricane Harvey  
17 hit. These are really good signs, but it's not really  
18 surprising given the unemployment rates are so low, and  
19 we're also seeing really healthy annual growth rate overall  
20 in Texas.

21 If we go to other indicators; average hourly  
22 earnings up are over-the-year for both the U.S. and Texas,  
23 so this wage group is very indicative of a tight labor  
24 market. The Consumer Price Index also increased, and these  
25 increases were mostly in retail apparel and food. Energy

1 costs, though, however, were down. Mostly in electricity  
2 and natural gas costs.

3           The number of active rigs in August was  
4 stable over the month at 525. Over the year, though they --  
5 they were up 65 rigs. The price per barrel came down to  
6 \$68.06. The prices haven't been very predictable. They  
7 have been kind of swinging back and forth over the last few  
8 months. This is -- could be for various reasons. Some of  
9 it is the production of shale oil. So here in Texas we are  
10 producing a lot of oil despite really low oil prices, and  
11 that's really due to efficiencies in oil extract --  
12 extraction.

13           OPEC also reduced the output to try to  
14 control pricing a little bit, and we have seen that the  
15 global demand isn't what -- or is growing slower than  
16 expected.

17           Labor force participation rates; the actual  
18 rate declined to 64 percent, while the adjusted increased a  
19 bit to 63.9 percent. This is, again, something we're seeing  
20 nation-wide, and due to -- due to the fact that job exits  
21 are outpacing job growth.

22           Again, for various reason, technological  
23 advances, does increase productivity and requires fewer --  
24 fewer workers. Workers are retiring. Those 55 and up  
25 actually make up about 23 percent of the workforce, while

1 those entering the workforce at 16 to 24 make up about 13  
2 percent, which is the lowest point that we've seen. And  
3 also, we can't ignore the fact that maybe discouraged  
4 workers are leaving the workforce, as well.

5           So just to summarize; Texas did add jobs for  
6 the 26th straight month, with 32,000 jobs added in August,  
7 so this did put Texas second over the month among all  
8 states. However, Texas did rank number one among all states  
9 in annual growth. So over the year Texas added the most  
10 jobs of any state, adding 394,500 jobs.

11           In August Texas posted the -- an annual  
12 growth rate of 3.2 percent and this -- we did fare better  
13 than last year, when the annual growth rate stood at 1.7  
14 percent.

15           All of the areas in Texas grew over -- over  
16 the month, with the exception of Victoria, which showed very  
17 slight losses in leisure and hospitality and manufacturing.

18           I did -- I did want to note that for the  
19 third consecutive month Dallas -- the Dallas-Fort Worth area  
20 added the most jobs over the year of any metro area in the  
21 -- in the U.S. And following was the Houston-Woodlands-  
22 Sugar Land, so they're seeing a lot of growth.

23           That's all I have. If you have any questions  
24 I'd be more than happy to answer them.

25           CHAIR HUGHS: Commissioner Alvarez?

1                   COMM. ALVAREZ: No questions, Madam Chair.

2                   CHAIR HUGHS: I do want to -- reflects what  
3 we're seeing across the state, so thank you for that.

4                   MS. VEGA: Thank you.

5                   CHAIR HUGHS: All right. Next, I believe, is  
6 Adam Leonard?

7                   MR. LEONARD: I think it should really be  
8 finance.

9                   CHAIR HUGHS: Okay. Or Randy Townsend.

10                   (Laughter)

11                   MR. TOWNSEND: Good morning Chair Hughs and  
12 Commissioner Alvarez. For the record; Randy Townsend, Chief  
13 Financial Officer.

14                   In your notebook under Tab 2 we'll go over  
15 the fiscal year of 2018 budget status and we'll give you a  
16 quick report on this.

17                   In this Monthly Legislative Report we  
18 organize the financial information by our strategies, and  
19 then we'll show you two budget numbers there. I wanted to  
20 explain a couple items around that. There's the  
21 Appropriation Year budget, and then there's the Fiscal Year  
22 Budget.

23                   And the difference is, on the Appropriation  
24 Year Budget, or -- the best one is -- the best example would  
25 be our 1.1.2, the WIOA Youth Program. So I have a budget

1 there of -- Appropriation budget of 64-and-a-half-million,  
2 which reflects the most -- the increase to the funding that  
3 just happened in this past July. However, the -- the boards  
4 -- and this is primarily a youth program, formal allocated  
5 funds, are spending off of the lap -- the prior July's  
6 outpatient total, which was lower, of course.

7           And so we're comparing an appropriation year  
8 and a fiscal year and -- and so on the -- on the fiscal year  
9 basis the expenditures look reasonable as far as 97 percent  
10 expended, so you'll see that in a couple cases WIOA, the  
11 Workforce Innovation Opportunity Act is a -- the first --  
12 first two strategies are -- are pretty good examples of  
13 that, where you'll see those difference. So I thought it  
14 was important just to kind of point that out to you.

15           Overall the spending for the year was about  
16 1.5-billion. Unfortunately, you can't see the prior year's  
17 total there. It was 1.46-billion, so we did have a little  
18 higher expenditure total for the '18 as compared to the  
19 prior year.

20           We ended up spending just under 90 percent of  
21 the budget for the fiscal year. The full-time equivalents,  
22 FTE, the staffing levels were 4,469, which was within our  
23 FTE limit for the -- for the year.

24           Also just wanted to point out a few  
25 observations on -- and I -- and including explanation of

1 variance that we'll go through some of this as well.

2           For the -- the first strategy there we owe  
3 adult and dislocated, the expenditures for the year were  
4 127-million, compared to 114-million the year before. The  
5 boards were spending -- and some of our state-wide  
6 commissioners were spending there in that strategy a higher  
7 level from prior available funds. We, again, will see an  
8 increase this upcoming year.

9           Under the trade; 1.16 trade-affected workers.  
10 We had a total expenditure of about 9.6-million compared to  
11 14-million year before. That's going to be dependent on the  
12 number of trade petitions that are authorized for training,  
13 and so it -- those expenditures will just align with how the  
14 Department of Labor approves the folks who are training and  
15 whether those individuals actually want to take advantage of  
16 the training that's -- that is available.

17           And generally speaking we see an economic  
18 situation where the unemployment growth -- or unemployment  
19 is low. We -- this is pretty typical of what we'll see.  
20 Folks will go ahead and just find work and -- and will --  
21 will not need to take -- take advantage of the training  
22 opportunities that might be out there. And so that's not  
23 particularly surprising to see that particular trend  
24 occurring.

25           Adult Education and Literacy, which is 1.19,

1 had expend -- increased expenditures of 83-million compared  
2 to 75, 76-million a year before. That was, again, some  
3 prior balances that were available that the service  
4 providers and probably some of our adult state leadership  
5 fund -- programs were actually spending at a higher --  
6 higher level. This -- this most recent fiscal year compared  
7 to -- to prior year.

8 Did want to spend a minute about -- talking  
9 about vocational rehabilitation, 1.2.1. We had a drop-off  
10 in expenditures, 246-million, 247-million almost, as  
11 compared to 270 the year before. The primary portion of --  
12 of the difference is related to client services, and I think  
13 I maybe have mentioned this when we visited a few months ago  
14 on this. We were seeing that trend line changing on the  
15 client services.

16 Some of that I think Cheryl pointed out last  
17 time -- Cheryl Fuller pointed out, had to do with the number  
18 of counselors we have in place. I think that we're still --  
19 you know, had some attrition and we're training the -- the  
20 staffing. Some policy changes that had been made as far as  
21 whose -- type of services that would provided, along those  
22 lines as well.

23 But when comparing -- and -- and then -- and  
24 also, then, looking at the pre-employment training services;  
25 we did see a little bit of an increase in that category of

1 -- of spending. I think the year we ended pre -- pre-  
2 employment training at about 30-million for the -- and that  
3 would include both the appropriated funds here and the  
4 employee benefits.

5           If you will recall the total funding for the  
6 pre-employment training is about 37-million. That's kind of  
7 our target on an annual basis. So we're still ramping up to  
8 that level, and there's some initiatives underway to address  
9 the spending levels as it relates to the pre-employment  
10 training services, so it's still some work to -- to do in  
11 that area.

12           We talk -- let me talk a little bit a about  
13 our skills development 1.3.1. The expenditure for this most  
14 recent year 30.8-million. That would have put us over the  
15 Fiscal Year Budget by about 15 percent. That compared to  
16 about 29-million a year ago. What we're seeing there is --  
17 this is actually good news. Is we are finally starting to  
18 see the expenditures catch up with the contracts that we  
19 have in place. We're getting those contracts in earlier,  
20 and we're not waiting as long in the year to -- to commit  
21 our funds, and then starting to see the training occur  
22 earlier. So I think eventually this will start leveling out  
23 again, but we had -- if you go back a couple of years ago  
24 you would actually see the reversal; that you would see low  
25 expenditures compared to what we had available, so this is

1 actually a good trend to be seeing for the moment on the --  
2 on the skills program.

3           The childcare, 1.41 and 1.42; this is our  
4 Choices Childcare and -- Choices Mandatory Childcare and our  
5 At-Risk Transitional Childcare. If you look at the  
6 expenditures for the Choices and Mandatory, 120-million  
7 compared to 95-million the year before. And recall this  
8 includes both the Choices and then the -- what we refer to  
9 as the Former DFPS, and we're seeing that Former DFPS  
10 childcare continue to increase. This is -- and also you're  
11 seeing the -- the DFPS Childcare increase, which you'll see  
12 that in just a second. And that's not -- you know, I think  
13 we expected this to be the case. This is the trend line we  
14 were anticipating to be on.

15           The -- of course there is additional funds  
16 available for the -- that was made by this most recent  
17 summer for the -- the Childcare Program and those  
18 expenditures are starting to -- to increase as we expect it  
19 to and that will continue to Fiscal '19, the year where it  
20 is currently.

21           And then 1.44. is the Childcare -- that's  
22 the DF -- the Department of Family Protective Services, the  
23 foster care families. 85-million expended this last year,  
24 '18, compared to 72 the year before. And again, that  
25 reflects that continuing increase in the trend line for the

1 -- for the Department -- DFPS Childcare.

2           And I believe, unless you have questions -- I  
3 -- It kind of highlights the -- the differences that -- I've  
4 said the explanation of variances, I think, go into some of  
5 the -- the items I've just -- I mentioned. There was a few  
6 other differences related to some of the strategies, because  
7 the staffing levels were less than what we'd anticipated and  
8 -- and so those were -- are noted in the explanation --  
9 explanation of variance where the percentages is greater  
10 than 5 percent difference than our budget number.

11           So all in all I think, though, we're on track  
12 of what we expected to see in the budget, and unless you  
13 have questions I -- that concludes my remarks this morning.

14           CHAIR HUGHS: Commissioner Alvarez?

15           COMM. ALVAREZ: No questions.

16           CHAIR HUGHS: Thank you, Randy. Thank you  
17 for the continuous briefings. It's great to be always  
18 updated on these things as we go along and then to have  
19 these overviews, I really appreciate it. And now, Adam  
20 Leonard.

21           MR. LEONARD: Thank you. When reviewing the  
22 data and prepping for this briefing one of the things we did  
23 was really look at kind of where we are this year versus  
24 where we were last year. And, you know, the more we looked  
25 at this the more pleased we were with what we were seeing,

1 because in terms of the percent of measures that were  
2 meeting, or exceeding, expectations they went up across the  
3 board. So we saw improvement in the OBD Measure, we saw  
4 improvement in the OL measures. We maintained a strong  
5 performance in the measures that we create and set for  
6 ourselves.

7           When you break it out by division workforce  
8 has a sharp increase, from about 77 percent to almost 85  
9 percent. VR; they had one measure last year that they'd  
10 missed. They -- they met them all this year. UI continues  
11 to be strong, with the only area of variance being in the UI  
12 hold time. RID met all four of it's measures. And CRD went  
13 up as well -- so 200 percent as well. So here, when we look  
14 at this, you know, this is some pretty good news, I think,  
15 for what we're seeing in the system.

16           There are obviously a few areas where we  
17 didn't meet and some of those have to do, kind of perhaps  
18 counter-intuitively, with the very strong economy. So when  
19 we look at, like, the participants served in a variety of  
20 programs; when you've got a really hot economy, and you've  
21 got a lot of different options, I mean, I'm sure you've all  
22 heard of some of the job search boards that are now  
23 advertising on radio and television excessively. There are  
24 a lot of places people could go, and so what that means that  
25 -- is that perhaps some of them who might otherwise have an

1 easier time finding work; they're tending to start there  
2 before they come to us. And in fact, what we're seeing here  
3 is that our total number of person's served is down almost  
4 15 percent from last year.

5                   The -- The WIO Adult Dislocated Worker  
6 Numbers missed their targets as well, but we do see improved  
7 performance here, and some of that has to do with the fact  
8 that we got to a place where funding was a little less  
9 uncertain. So you may remember in prior years there was  
10 less certainty with regard to what was going to happen to  
11 these programs. We think that they were -- that boards were  
12 trying to hedge a little bit and ensure that they wouldn't  
13 get into a -- into a cliff situation if that funding didn't  
14 increase.

15                   When we look within TANF and NCP; those  
16 numbers are down from last year as well. Our TANF case  
17 loads in the state is down more than 15 percent below the  
18 levels forecast by HHSC, and it continues to drop, so the  
19 actual state case load's gotten, I think, a half percent  
20 over the last year. And since we base our targets on those  
21 estimates if -- if their estimates turn out to be high, thus  
22 our targets would also tend to be high, and that's what's  
23 happened in here.

24                   We've also, with the NCP area, seen a  
25 reduction in referrals from judges, which is impacting the

1 number of in -- individuals we'd serve in that population.  
2 We don't get the referral we're not in a position that we go  
3 in and serve those folks.

4           SNAP E&T has missed the target about 91  
5 percent, but we think that this may have -- be funding  
6 related, given that expenditures are also down about 70  
7 percent for the year.

8           For skills itself, the only one that -- you  
9 know, we were really concerned about was just that self-  
10 sufficiency continues to be a bit of a challenge in that the  
11 program is -- I guess it kind of has a little more variance  
12 from year to year, given the way that it's designed and the  
13 population it's serving. Again, we get into a stronger  
14 economy where employers are starting to look past what we'll  
15 call kind of the conditional populations of people to hire.  
16 Maybe they're starting to reach out to people who might have  
17 less stable work experience and less education and feel that  
18 they can bring them up to speed on their own, and don't  
19 necessarily need a program like Self Sufficiency to help  
20 them do that.

21           In Adult Education we're looking good there.  
22 There was a measure that missed and 92 percent of the target  
23 for credential rate, but this, again, is up considerably  
24 over the last year. We've reached nearly 30 percent,  
25 compared to 21 percent a year earlier, so solid progress in

1 that regard.

2           When we look at our participation through  
3 employment, we have seen reportable performance drop  
4 slightly by a point, compared to the last year. But we're  
5 thinking that this is a result of a couple things; so one of  
6 which is the mandatory customers in a strong economy, if  
7 they're getting jobs more quickly, it means their kind of  
8 transitioning out of the program more quickly, so that the  
9 percent of people in the program in a given month that are  
10 new, and therefore less likely to be meeting within that  
11 month, and be meeting participation goes down. That -- so  
12 again, a good economy counter-intuitively kind of makes this  
13 measure a little bit tricky.

14           We're also continuing to see increases in the  
15 portion of the denominator that are exempted under state  
16 regulations, or -- or statutory rules, and you can see that  
17 in the chart here. The black line shows the percent of the  
18 cases picked in each month that are considered mandatory  
19 under federal standards but exempt under state standards.  
20 And so for the last six months, or so, it's been running  
21 about 6 percent higher than the same period one year  
22 earlier.

23           When we -- so, I'm sorry, I'm just trying to  
24 get through some notes. So there are a few other things to  
25 highlight in terms of measures that we're doing better than

1 expected. So these aren't measures where we missed. We  
2 made our targets, and we also saw a good increase. So when  
3 we look at claimant re-employment, it's at 60 percent  
4 compared to about 55 percent a year earlier. The percent of  
5 those who have -- or the wage replacement rate for them is  
6 up as well, so those -- the percent of those who are  
7 achieving higher post earnings compared to pre -- meaning a  
8 higher level, more comparable, is up from 81 percent to 85.

9 Our employers served number is up yearly 13  
10 percent also, and a half. It's still a nice -- a nice jump  
11 from where we were a year earlier in 96 percent -- 96,000  
12 now.

13 When we look at our adult and dislocated  
14 worker measures for employed within quarter 2 post-exit,  
15 these are two federal measures; those are up 2 percentage  
16 points. Again, reflective of a strong economy.

17 When we look at our earnings we're seeing big  
18 numbers there as well, so nearly \$1100 difference in the  
19 median earnings for the adult population and considerably  
20 more when we're looking -- I'm sorry. Not considerably  
21 more, but another big increase when we look at dislocated  
22 workers; 7200 last year, 8160 in this most recent year.

23 As I mentioned, VR met or exceeded all five  
24 of their measures. We also saw improvements of about one-  
25 and-a-half percentage points in the two main employment-

1 related measures. So it's good news there.

2 Our BET measures as well met or exceeded when  
3 -- and we saw a significant number of -- or substantial  
4 increase in the number of blind and disabled individuals who  
5 were employed by BET facility management, so that number  
6 went up by 40 over the prior year. Another strong increase.

7 I mentioned the UI hold time. That number  
8 continues to be a little bit of a challenge there, but we  
9 think that a lot of that this year was driven by Hurricane  
10 Harvey, which was a larger than normal storm, if you will,  
11 and so that -- early in the year really kind of put us in --  
12 in a bit of a hole with regard to hold time.

13 I also wanted to highlight out that Civil  
14 Rights Division not only did they meet all their measures  
15 this year, but we also saw a pretty substantial increase in  
16 the number of complaints that they resolved in the  
17 employment housing areas. So big number there, 1400  
18 compared to 1367 a year earlier.

19 When we look at the boards we again see this  
20 increase. That if you think about the -- the percent of  
21 measures that were met or exceeded we went from 83-and-a-  
22 half to almost 93 percent this year, and that's with an  
23 extra measure, so it -- last year, a year earlier, we did  
24 not target -- we only targeted 18 measures. This year we  
25 targeted 19 measures. And I'm going to be bringing to you

1 all some recommendations for target adjustments at the end  
2 of the month. I'll be briefing those this week and next  
3 week in preparation for the 30th, because WIOA requires us  
4 to consider changes in targets based on case mix and  
5 economic conditions, and so there may be some more  
6 improvement there before all is said and done.

7 Remember that for the boards year-end  
8 performance is typically more a September period than the  
9 August period, but still looking really strong there.

10 In terms of the areas that we're seeing the  
11 most misses; we've got Childcare, 11 boards that  
12 (indiscernible), but really a lot that has to do with just  
13 the challenge of ramping up of all that extra money coming  
14 into the system all at once.

15 The credential rate for youth had a number  
16 that were missing six boards, but we are working with IT on  
17 the denominator code for this, which may make a change in  
18 that. We know that it should have a positive impact on the  
19 measure, we're just not sure if it will close the gap for  
20 all six that are missing or not, but certainly that's  
21 something we'll come an eye on.

22 I did also want to highlight that we had a  
23 number of boards -- 5 boards met all of their measures and  
24 another 15 met all but 1, so a really strong -- you know,  
25 close out for boards coming up here as we reach the end of

1 ECY '18 I'm happy to answer the questions you may have about  
2 this table.

3 CHAIR HUGHS: Any questions?

4 COMM. ALVAREZ: No questions. Thank you.

5 CHAIR HUGHS: Thank you, Adam. Mr. Serna?

6 MR. SERNA: Now Randy. Now Randy. He can  
7 come in for us.

8 CHAIR HUGHS: Randy Townsend.

9 MR. SERNA: No. Already did Randy, I'm  
10 sorry. You start off.

11 CHAIR HUGHS: Now you're just messing with  
12 me.

13 MR. SERNA: Now the -- the schedule, the list  
14 that we got --

15 Sitting in my capacity as your Interim CIO,  
16 since Lisa Richardson's retirement, we'll present the IT  
17 project update for this quarter. If you'll turn to Tab 1 in  
18 your notebooks. Those are just the highlights of the  
19 division's activities. And when I say just, I mean there's  
20 not as much detailed information projects. Not that they're  
21 minor.

22 There are a few that I do want to highlight.  
23 Item 4 is we replaced a large capital -- a large scanner  
24 that we use -- we scan approximately 1.5-million documents  
25 annually supports all the agents -- agency's functions. And

1 you'll see in just a second that we're going to be using  
2 this to eliminate paper and save space in both our  
3 headquarters, as well as in the board's.

4           The second project I'd like to point out  
5 that's in this -- under this first tab is Item 5. It's the  
6 scanning of the VR Closed Customer Case Files. We created a  
7 new work flow working with Vocational Rehab Division using  
8 net -- using Filenet. And going forward when a case is  
9 closed we won't be maintaining paper files anymore. It will  
10 all be electronic.

11           Now we're not going to go back and try to  
12 scan some of the older files. We're going to leave those in  
13 paper and let them go through the retention cycle going  
14 forward, and that'll take advantage of these scanner -- the  
15 scanning equipment that I mentioned earlier.

16           Item 8, I'd like to point out is a -- is a  
17 design of new screens and web services for our External  
18 Agency and Law Enforcement Portal, something I refer to as  
19 Eagle. This is Phase 2 of that project. This project  
20 improves the access that law enforcement and other agencies  
21 -- again, primarily law enforcement, has to our unemployment  
22 insurance tax information.

23           Then I'd like to point out -- I'm sorry. One  
24 more item I'm losing track of here. There's another  
25 initiative under that tab. On the second page, Page 2 of 2.

1 Automated Public Information Request in Payment Processing.  
2 We're automating the processes that we use for open records  
3 requests. And when we're done with that process anyone  
4 requesting an open record -- open records information from  
5 the agency; we will be able to track their request kind of  
6 similar to how you track your Amazon, or FedEx shipments, or  
7 your Amazon procurements. They won't have to be calling and  
8 asking for the status; they'll be able to track it as it  
9 makes its way through the process.

10 That'll also make it easier for us to keep  
11 track of -- us as an agency to keep track of where we are  
12 with fulfilling that open records request, so that we can  
13 meet all the statutory requirements and our own  
14 requirements.

15 The next quarter -- in the next quarter we'll  
16 be adding a payment processing function to that automated  
17 system, and then they'll be able to pay online as well and  
18 will completely improve that process for someone asking for  
19 information from us. Information that's -- that's  
20 rightfully theirs with open records.

21 I did want to point out Item 6 on that second  
22 page. We're working with the State of Mississippi, similar  
23 to our work with the State of Louisiana that's already  
24 complete, where we will be providing work registration  
25 verification for the State of Mississippi.

1                   We're on track with that project. The only  
2 thing that may keep us from meeting our deadlines is whether  
3 Mississippi can get their portion of the testing done.  
4 That'll -- that'll help improve at a national level the  
5 state's ability to -- both us and Mississippi ability to  
6 keep track of people that are -- that have actually verified  
7 their work.

8                   And the final thing I want to point out is  
9 the National Suspicious Actor Repository, or SAR. We're  
10 participating in a national effort to identify suspicious  
11 actor activities. So far we've uploaded suspicious actor  
12 data and performed 23 look-ups since January of 2018, and  
13 that represents over 43,000 claims, and we prevented over  
14 half-a-million dollars, in payments to fraudulent ID's.

15                   RID's working with the IT to finalize the  
16 requirements for all the automation for that -- that  
17 project, so we're very pleased with that, both in it's --  
18 the success that we're having in -- in preventing things  
19 from going out. Just enhancing the tools that RID has.

20                   Those are the only things that I have to kind  
21 of highlight. I'd like to get into the -- the major project  
22 updates, if that's okay with you.

23                   We'll ask Karen Lotta to come up and talk to  
24 us about the WorkInTexas replacement. Between the two mics,  
25 speak up.

1 MS. LOTTA: Thank you, I know what you mean.

2 Good morning, Commissioners. My name's Karen  
3 Lotta, and I'm here to talk -- to give you an update about  
4 the WIT replacement -- WorkInTexas Replacement Project.

5 As you'll see on your Status Update; the  
6 budget and scope are showing a screen, and we're showing the  
7 timeline is yellow, and that is because we're working hard  
8 to meet an end of October milestone for the analysis and  
9 design, and that is because there are many Texas-specific  
10 requirements that we're working on to customize the base  
11 product that Geographic Solutions is providing to us.

12 And so there's a lot of work being done right  
13 now to meet that end of October deadline. We also have our  
14 independent Verification and Validation vendor, Grant  
15 Thornton, they're working closely with us to keep us on  
16 track and make sure that we meet that milestone, so that's  
17 why the timeline is yellow at this point.

18 A couple other activities I wanted to point  
19 out that are outside the technology team. We have -- our  
20 training team is working hard to plan for the training  
21 opportunities that they'll be providing in the spring and  
22 summer of next year, and one of the things that our Steering  
23 Committee has decided is we have a contract amendment to  
24 increase the number of Train the Trainer sessions that  
25 Geographic Solutions will provide to us. Originally we had

1 only asked for one Train the Trainer session, but with this  
2 contract amendment we will get up to nine Train the Trainer  
3 sessions, and that will allow all of the boards to send at  
4 least one of their trainers to a session with Geographic  
5 Solutions, so they can get trained and then take that  
6 training back to the board and train their staff, to make  
7 sure everybody is ready to go with -- when the system goes  
8 live next July.

9           Also, our Communications Team is doing a lot  
10 of planning to prepare for the communications efforts that  
11 will be needed to roll out the product next year. One thing  
12 in particular; we're preparing a session, a panel  
13 discussion, for the annual conference, where we'll provide a  
14 demonstration of the base product with geographic solutions  
15 and answer questions, and also talk about the training  
16 opportunities that will be available.

17           And then we'll also have a couple of booths  
18 at the conference to answer questions and provide more  
19 information about training as well. That's the conclusion  
20 of my presentation. If you have any questions I'd be happy  
21 to answer them.

22           COMM. ALVAREZ: No questions.

23           CHAIR HUGHS: Thank you for that update.

24 We're very much looking forward to the roll out and the Tran  
25 the Trainer sessions, so I'm glad that we're able to

1 increase those. And I know a lot of people are planning on  
2 attending live work sessions during the annual conference,  
3 so it's very anticipated and thanks for the work you've done  
4 on it and all your team. Thanks.

5 MS. LOTTA: Okay.

6 MR. COLE: Good morning Chair Hughs,  
7 Commissioner Alvarez, Mr. Serna. For the record; Clay Cole,  
8 Unemployment Insurance.

9 I'm here to give you an update on just the  
10 one UI major initiative we have under Tab 3. It's the  
11 Short-time Compensation Program Automation Improvement. The  
12 program which we refer to as the Shared Work Program. This  
13 will create a web-based application to allow employers to  
14 work with us for that program, Shared Work, and also the  
15 mass claims and some other services online and -- versus  
16 some manual processes that we have today. So we're very,  
17 very excited about this and the improved services it will  
18 provide for our customers.

19 Right now all green, about 28 percent  
20 complete. On time, on budget. And that's really where we  
21 stand. Any questions?

22 CHAIR HUGHS: Glad you're here. Thank you.

23 MR. COLE: Thank you, my pleasure.

24 CHAIR HUGHS: Thank you for the update.

25 COMM. ALVAREZ: Thank you.

1 MR. SERNA: Think Sheryl Fuller for the next  
2 two projects.

3 MS. FULLER: Good morning Madam Chair,  
4 Commissioner Alvarez. Sheryl Fuller, for the record, with  
5 the Vocational Rehabilitation Division. And I have an  
6 update for you on the two relatively small, but important  
7 projects, for programs within the Vocational Rehabilitation  
8 Division.

9 The first is the replacement of the systems  
10 that our Business Enterprises of Texas Program uses for the  
11 monthly reporting from our licensed managers, as well as  
12 with the programs fast ability to manage the inventory of  
13 equipment that goes into the facilities.

14 I'm pleased to report that this project is on  
15 track. We are in the green with regard to the budget,  
16 timeline and the scope. The project has completed the  
17 Analysis and Requirements Phase and is completing the Design  
18 Phase and moving into development. So we are -- we are  
19 really looking forward to having system in place about May,  
20 June of next year. So that is the update on that project.  
21 If you have any questions.

22 COMM. ALVAREZ: No questions.

23 MS. FULLER: Answer those. All right. Our  
24 other project is the system -- the replacement of the system  
25 that Criss Cole Rehabilitation Center uses to manage the

1 progress, so monitor the progress, of our students that are  
2 going through the training programs, and also handle all the  
3 class scheduling and attendance for those students.

4           This project is also on track with regard to  
5 budget, timeline and scope. The Analysis and the  
6 Requirements Phase is complete, the Design Phase is wrapping  
7 up, they're moving into the Development Phase. So these --  
8 these projects are almost on a parallel timeline and track,  
9 and both proceeding well and -- and staff continue to report  
10 to me that they're excited about having these systems in  
11 place. They -- they know it's going really improve their  
12 efficiency and the way that their able to work in the  
13 program for the customers.

14           CHAIR HUGHS: Thank you, Ms. Fuller.

15           MR. SERNA: We have Glenn for -- Skip one and  
16 do Glenn for Enterprise Contracting.

17           MR. NEAL: Morning. Madam Chair,  
18 Commissioner Alvarez, Mr. Serna. For the record; Glenn  
19 Neal, Business Operations. The Enterprise Contracting the  
20 current system as you know, is replacing our current CAT  
21 system, the Contract Administrative Tracking system. We've  
22 completed development and we're in testing now. The -- we  
23 completed user acceptance testing as of Friday, which is an  
24 update from the document you have in front of you. We are  
25 also at the beginning of end-user training.

1                   We're about 76 percent complete, and we  
2 expect to go live with implementation of the system on  
3 November 19th. We're green across the board on budget,  
4 timeline and scope. And I'm happy to answer any questions  
5 you have.

6                   CHAIR HUGHS: No questions. Thank you for  
7 the update.

8                   COMM. ALVAREZ: No questions. Thank you.

9                   MR. SERNA: Can we go -- we'll go back to  
10 Item 5, and the Treasury Offset Program and Paul Carmona to  
11 give us a quick update.

12                  CHAIR HUGHS: Good morning, Mr. Carmona.

13                  MR. CARMONA: Good Morning Chair Hughs,  
14 Commissioner Alvarez. Paul Carmona -- Good Morning, Mr.  
15 Serna.

16                  MR. SERNA: Good morning.

17                  MR. CARMONA: Regulatory Integrity Division.  
18 Brief update on the Treasury Offset Program Tax Project,  
19 which is at Tab 5 of your -- your notebooks. The project,  
20 as you know, is going to create an interface with the Texas  
21 Workforce Commission and the Federal Treasury Offset Program  
22 Database to collect debts from employers the way we're doing  
23 now from individuals who are delinquent -- employers  
24 delinquent in paying their employment insurance taxes or  
25 reimbursements, penalties and interests. On the -- the

1 report you see under Status the completed -- we've completed  
2 the design for Phase 1, which is actually debt calculation  
3 itself, and Phase 2, which is the IRS transmission.

4 The -- the Phase 1 implementation is going to  
5 be -- is scheduled for the end of this month, October 31st,  
6 2018, and 60-day letters, which are required under federal  
7 law -- currently scheduled to go out the second week of  
8 November.

9 The test plan for all the phases is 90  
10 percent complete. Phase 2 and Phase 3 implementation is  
11 scheduled with the -- ready to go December 31, 2018, so  
12 we're -- we're good to go January 1, 2019.

13 We currently have no open risks or issues,  
14 and the project is on time and on budget. Any questions  
15 that I can answer?

16 CHAIR HUGHS: Look forward to getting the  
17 update later next year to see where we are with the  
18 recoveries, thank you.

19 MR. CARMONA: Yes ma'am. Thank you.

20 MR. SERNA: And then Adam Leonard again. Up  
21 again, but this time for an update on our Enterprise Data  
22 Warehouse.

23 MR. LEONARD: Good morning. Over the last  
24 quarter we got data infrastructure set up so that we have a  
25 working environment. The Childcare data is now loading into

1 that environment, so it processes in place to load that  
2 data, make it available for use. We've created several  
3 draft reports that we're kind of in the Validation Phase of  
4 in determining whether they're going to work.

5 And we've also just recently started looking  
6 at the Adult Education, Literacy Data, so that we can make  
7 that kind of our second major set of data that we'll feed  
8 into here. And we are also planning to be setting up the  
9 mechanism by which our partners will have access to data  
10 through the system, so they'll have secure access to go in  
11 and use their data, really, if you think about it.

12 So these are exciting times for the project.

13 CHAIR HUGHS: Okay, thank you.

14 MR. SERNA: And then, finally, the Tracer 2  
15 Rewrite.

16 MR. McCARTY: Good morning, Chair Hughs,  
17 commissioner Alvarez. Tom McCarty with External Relation.  
18 I'm here to brief you on -- quickly on the Tracer 2 Rewrite.  
19 We are currently on schedule and on budget and we -- we plan  
20 to complete this in January of 2019.

21 We've completed 8 of the 10 features. Since  
22 my last briefing with you all we've completed staffing  
23 patterns, workforce development area profiles, and  
24 metropolitan statistical area profiles. We're currently on  
25 sprint 20 and 28. We'll complete this sprint at the end of

1 the week, and when we do that we will have completed the  
2 industry profiles feature.

3 We are shuffling the deck a little bit on our  
4 springs. We're going to end up doing spring 22 next. The  
5 reason we're -- the reason we're doing this is that we've  
6 had one programmer resign, and should we have additional  
7 resignations occur as we get to -- working this project  
8 we'll have the most important features done first before  
9 that occurs. So we're just kind of hedging our bets a  
10 little bit. So that will actually move up the production  
11 database as the next task that we'll do, and then after that  
12 we'll move into the popular reports.

13 That concludes my remarks, and I'm available  
14 if you have any questions.

15 COMM. ALVAREZ: No questions, thank you.

16 MR. McCARTY: Thank you.

17 MR. SERNA: Chair, that's all we have for the  
18 IT Work Session.

19 CHAIR HUGHS: Thank you. If there are no  
20 other matters, do we have a motion to adjourn?

21 COMM. ALVAREZ: I move that we adjourn.

22 CHAIR HUGHS: I second the motion. Thank you  
23 all. Have a good day. Stay dry.

24 (Proceedings concluded at 9:58 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 21st day of October, 2018.

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

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