



**MEETING OF THE
TEXAS WORKFORCE COMMISSION**

DATE

NOVEMBER 3, 2020

1 TUESDAY, NOVEMBER 3, 2020

2 CHAIRMAN DANIEL: Thank you. Okay. As
3 soon as Commissioner Demerson reappears on his screen, there he
4 is. Let's call this work session to order. Mr. Serna, how do
5 you want to tackle what we have here?

6 MR. SERNA: Let's go ahead and start with
7 system performance first with Mariana Vega and LMCI update.

8 MARIANA VEGA: Hello everyone, good morning
9 Chair Daniel, Commissioners, Mr. Ed Serna. Just for the
10 records, my name is Mariana Vega, I'm the Director for the Labor
11 Market and Career Information Department. I will be providing
12 some labor market updates this morning. So, I am going to share
13 a power point with you if you give me just one second to get
14 that going. Is every, can everybody see that right now?

15 CHAIRMAN DANIEL: Yes.

16 MARIANA VEGA: Okay. So, we'll go ahead
17 and start with the local area unemployment statistics part,
18 which is the, mostly the unemployment rate. So, as everyone
19 knows, the Texas season only adjusted unemployment rate did
20 increase by 1.5 percentage points to 8.3 percent in September.
21 The US rate did fall 1/2 percentage point to 7.9 percent over
22 the month. Both the labor force participation rate and the
23 employment population ratio did decrease. The labor force
24 participation rate declined from 64.4 percent to 63.6 percent.
25 We also saw the number of employed decreased almost twice as

1 much as the unemployed increase which points to discouraged
2 workers. The labor force did shrink and the remaining
3 unemployed were a larger share of the workforce. The next
4 slide, we'll be taking a look at, a little closer look at
5 civilian and labor force. Although the civilian labor force did
6 decline over the month, it rose over the year by .6 percent over
7 the year. As far as for the U.S. civilian labor force, it
8 declined both over the month and over the year. As we take a
9 look at the data visualization to the right, here we're
10 analyzing unemployment among Texas MSA's, so we are looking at
11 not seasonally adjusted data and the blue references growth and
12 the orange references decline. So, over half of the MSA's did
13 experience increases to their labor forces. Three of the four
14 largest MSA's experienced 5-digit increases, this was Houston,
15 Dallas, and the Austin area MSA's. The Midland MSA was the area
16 that experienced the largest drop over the year in the civilian
17 labor force with a drop of 5,583. So, the last visualization to
18 the right is the distribution chart. And just in terms of
19 absolute values, most of the changes in the labor force were
20 between 5,500 and 8,000. And so, moving on to employment, so
21 after a revised over the month increase of 111,900 jobs gained
22 in August, employment did grow at a slower pace in September
23 with 40,700 jobs added. All 11 major industries sectors added
24 jobs over the month except for trade transportation and
25 utilities, financial activities, and other services. We did

1 have leisure and hospitality account for over half of the
2 employment gain. It added 23,600 jobs in September, and this is
3 mostly due to restaurants and bars reopening and expanding their
4 business hours. Over the year losses did occur in all
5 industries. Despite this, I can say that employment in Texas
6 has grown over 660,000 jobs since April of this year. Over the
7 year, since last September, Texas has lost 583,600 jobs and this
8 is mostly in the private sector. In this next slide, we graft
9 both government and private sector employment. So, as I
10 mentioned the government sector employment has slowed a bit. It
11 went from 2.2 percent over the month growth in July down to 0.3
12 percent in September. Private sector employment has been
13 positive for 4 of the last 5 months but it has also tapered off.
14 The private sector added 35,300 jobs in September, and this was
15 after a gain of 81,500 jobs in August. Government added 5,400
16 in September, state government added 17,100 jobs, but we did see
17 a decrease of 13,000 jobs in local government. So, there was a
18 decline in public education jobs at local schools and state
19 colleges. Most have adopted forms of online learning which has
20 caused some disruption in those types of jobs. Additionally,
21 census jobs have also tapered off. Here in this slide, we're
22 just taking a closer look at industries. So, trade
23 transportation and utilities and leisure and hospitality
24 employment; trade transportation and utilities lost 1,100 jobs
25 over the month of September. In April, the industry has had 3

1 positive months of employment gains for a total addition of
2 84,000 jobs during this time. The gain in employment was mostly
3 due to retail trade which has added 85,600 jobs since April.
4 Trade transportation and utilities has added over 10,000 jobs
5 but we are seeing some job loss in wholesale trade. It has lost
6 12,500 jobs since April. To the right, leisure and hospitality
7 has rebounded significantly. In May and June, this industry
8 added 331,400 jobs. Growth has slowed since then. In the 3
9 months since June, this particular industry has added 3,100
10 jobs. Much of the growth in the industry is due to
11 accommodation and food services, but it's also the area that
12 felt most of the brunt of the job losses caused by the pandemic.
13 Here we see Texas and U.S. employment index to pre-COVID-19
14 peaks. So, the employment is indexed to February 2020. It was
15 during this time we did see employment peaks both in the U.S.
16 and Texas. Texas, during this time, had over 13 million jobs.
17 So, both Texas and the U.S. saw steep employment declines
18 through April when Texas fell to 89.2 percent of its February
19 peak and the U.S. fell to 85.5 percent. We are seeing some
20 recovery. Since April, both have risen each month in total
21 employment. Texas has reached 94.2 percent of the pre-COVID
22 peak and the U.S. has reached 93 percent and we're looking at
23 September which is what we released last month. Taking a look
24 at West Texas Intermediate Crude Oil and rig counts, the monthly
25 average rig counts have reached the slowest point in August of

1 this year. There was a slight increase in September. The
2 September average was 108 rigs, the monthly average for October,
3 we're looking at 122 active rigs. That's not shown since we are
4 keeping everything or trying to keep everything showing
5 September numbers. As far as the price, it did reach a low
6 average monthly price. Over the last 10 years in April 2020 of
7 \$16.55. The West Texas Intermediate Monthly Stock Price did
8 reach \$38.31 in June and it has held around this price through
9 September and what we're seeing as far as the weekly and daily
10 price posting, this is also holding true for October. Here we
11 see Texas layoffs and what this chart is showing is the
12 occupations in Texas that have experience the most layoffs.
13 This data is collected through the current population survey
14 conducted by census. So, the number of layoffs occurring during
15 September 2020 is down 22.5 percent from the previous month.
16 There were 311,944 layoffs in September which was the least
17 number of layoffs over the month since peaking in April in 2020
18 when there were over a million layoffs. Waiters and waitresses
19 do continue to have the most cumulative layoffs of all jobs and
20 they have been among top 10 layoff by occupation each month
21 since April 2020. So even though they are among the top 10
22 cumulative layoffs beginning in March, school bus drivers,
23 retail salespeople, they did not report any unemployment due to
24 layoffs in September. So that's a good sign as far as those
25 occupations, and here we're taking a look at job postings just

1 because this does show us what is currently in demand. The H-
2 wall index did increase 4.9 percentage points over the month and
3 what this index does is follow online job ads over time. In
4 September, there were 195,385 new job postings and this is
5 seasonally adjusted. What we've seen is that weekly new job
6 postings have been at or above around 47,000 for the last 2
7 weeks compared to last year, it's up 2,000. Last year, we were
8 seeing an average of 45,000 postings a week. These are your top
9 occupations by job postings. So, we see registered nurses up
10 there. It does continue to be a top advertised job listing.
11 The overall 3 categories that show the most listings are sales
12 and related type occupations, also some administrative support
13 occupations and management occupations. Here we see your top
14 detailed industries. Health care and Social assistance does
15 hold 21.9 percent of all postings or it did over the last month.
16 Your top 3 industries for job postings are Health Care and
17 Social Assistance, Retail Trade and Accommodation and Food
18 Services. And just to summarize a few points that were made
19 throughout this power point presentation, total non-farm
20 employment did rise for the 5th consecutive month after a loss
21 of 1.3 million jobs in April. We did have 2 historic increases
22 averaging 240,000 jobs in April and May. We are seeing that job
23 growth has slowed. In September, we added 40,700 jobs. That's
24 down from the 111,900 jobs that we added in August. All major
25 industries did lose jobs over the year, but in percentage terms,

1 financial activities, government, and professional business
2 services were the industries that were least affected by the
3 downturn. This could be due to the fact that, we have low
4 interest rates, so we have a really strong housing demand.
5 Those industries have been more flexible and have allowed for
6 more telecommuting options for their staff. As far as jobs over
7 the year, Texas did do better than a lot of other states. Texas
8 posted a 4.5 percent decrease in employment over the year. It
9 ranked 16th among all the states percentage wise. After 4
10 consecutive months of decline, the unemployment rate did
11 increase to 8.3 percent in September. We were at a series high
12 of 13.5 percent in April 2020. We did see the civilian labor
13 force decrease by 171,800 people over the month. The employed
14 fell by 375,500 while the unemployed did rise 203,700. Lastly,
15 we do follow the number of COVID cases reported daily and
16 weekly, according to the Texas Health and Human Services, you
17 know they are on the rise. There was an average of about 1,300
18 cases daily cases in September 27th, we saw that number increase
19 to 6,400 cases in October 29th. As far as what happens going
20 forward is largely dependent on what happens with COVID so we're
21 just going to keep an eye on that as well. Our next release is
22 November 20th, that's when we're going to release October data.
23 That concludes my presentation. If you have any questions, I'll
24 be more than happy to answer those.

25

1 CHAIRMAN DANIEL: Any comments or
2 questions?

3 COMMISSIONER DEMERSON: Chairman, Mariana,
4 down the line, I would like to look at how we compare with other
5 states. I think you talked about that a little bit and so I may
6 get with you on Texas' unemployment rate and how that looks with
7 other states as well and some of the things we talk about just
8 to see what our other states are doing and if they're doing
9 better in some cases we can ask the question, "what are they
10 doing" if there's anything that we can glean from them we'll
11 look at that. One other thing, this may not be in your
12 wheelhouse but it's kind of interested in future plans type
13 survey. If we're looking at companies and employers out there
14 in Texas, what are the sentiments of the CEO's, the companies,
15 are they going to have folks back in the buildings, back
16 downtown, those kinds of things? I don't know where we get that
17 type of information, but that's something of interest. It may
18 be one of those situations where, if the pandemic gets better or
19 worse or whatever, what are some of the plans. I know there's
20 some forward thinking that some executives have already taken in
21 regards to their staff either coming back or not coming back
22 along those lines. I don't know if there's anything out there
23 where we're kind of gauging the interest of those employers from
24 the standpoint of their next moves as it relates to the real
25 estate that each of them has. Any thoughts on that, not this

1 meeting but that kind of if you know any organizations that
2 might have that kind of data and if not, it's something that I'm
3 interested in and I haven't figured out where I would get that
4 from just yet but that's something of interest, because that
5 tells the story indicative ways even here in Austin with the
6 folks that are coming back. It allows us to figure out their
7 game plans one way or the other and if they're not, it also
8 allows them to figure out their game plan one way or the other.

9 MARIANA VEGA: Definitely and I know
10 there's a lot of interest in that topic right now. I know of
11 one particular survey that's being conducted by the Bureau of
12 Labor Statistics. It's a business survey where they're reaching
13 out to employers to see how they are being affected by the
14 pandemic, what's going on, what the plans are. I will need to
15 follow up with my BLS contacts to give you an update on that. I
16 know we we're contacted by them earlier this year. As far as
17 working with them, as far as, you know, for contact information
18 for these employers. So, I know that's definitely in the works,
19 I'm not sure when the actual results are going to be released.
20 Obviously, they would be really helpful to have earlier than
21 later. I will provide an update on that.

22 COMMISSIONER DEMERSON: Thank you, Mariana,
23 appreciate it.

24 MARIANA VEGA: Definitely.

25

1 CHAIRMAN DANIEL: Any other questions or
2 comments? All right, thank you, Mariana.

3 MARIANA VEGA: Thank you.

4 MR. SERNA: I think we have Adam Leonard
5 next with a performance update and that'll be the last update
6 that we have, sir.

7 CHAIRMAN DANIEL: Thank you.

8 ADAM LEONARD: Good morning, Commissioners.
9 Today I'm here to present information regarding our fiscal year
10 20-year end performance. As you know, we typically go through
11 this almost measure by measure talking about the different
12 factors that may be influencing some of the results that we're
13 seeing. However, this year is really kind of one over driving
14 factor in terms of our numbers. I'm going to share kind of my
15 numbers. I'm going to share kind of my talking points to really
16 try to show you, well I'm not going to share, it's not going to
17 let me. I had sent out yesterday a page that talked about our
18 some of our primary service level-based measures. So, things
19 like the numbers of participants being served, in the various
20 programs, what was happening in UI, hold time, etc. So, if you
21 kind of think about the measures of demand if you will. What
22 you really see is that going from fiscal year 19 to the rolling
23 12 months through February which of course was kind of the last
24 normal month we had. The numbers are pretty similar. That is,
25 the way we ended fiscal 19 and the 12 months March of 19 through

1 February of 20 were really similar for the most part. Yeah,
2 there were some slight adjustments up or down but on the whole,
3 it looked really, really similar. Then you get to fiscal 20-
4 year end and suddenly everything changes pretty dramatically.
5 And so, we end up with quite a few measures running well below
6 target where high is good and low is not. We end up well above
7 target in areas where high is bad. So, for instance, high is
8 good is when you're talking about the number of participants
9 you're serving in different programs, number of kids in care,
10 that kind of thing. And then high is bad would be things like
11 wait time or the number of claims being filed which of course is
12 a more of broader economic indicator particularly now. So,
13 really though when you look at the numbers, I think that it
14 pretty starkly indicates what exactly happened from basically
15 March forward through the end of the year. These measures don't
16 have lag in them meaning that we're able to report them
17 essentially the month after they occur. But there are other
18 measures that we met for fiscal 20 that are likely going to be
19 impacted for fiscal 21 because there is lag so essentially for
20 many of our outcome measures, the fiscal 20 exiters are going to
21 be the people who are included in fiscal 21 performance. So, a
22 lot of the people who are kind of basically exiting in the midst
23 of the pandemic or whose measurement period maybe they exited
24 before the pandemic and their measurement period for the outcome
25 was in the pandemic. We're going to see some reduction in

1 performance there. We, of course, I believe talked about that
2 when we were briefing on our LAR approach that we looked at
3 trying to account for some reductions in outcomes in future
4 years. So, I do want to emphasize that while our numbers of
5 people served are lower, it's not entirely, it doesn't mean that
6 we haven't been serving people. We obviously moved to remote
7 operations both central office and most board areas. They were
8 offering services remotely, but they were certainly going to be
9 a transition period there as people kind of got used to doing
10 something on an exception basis and making it a primary part of
11 what they did. Also, there were a couple other factors in there
12 such as the in our snap and--choices program since serving those
13 folks. HHSC has waived their participation requirements, which
14 basically means that they're getting benefits and they're not
15 being told that they need to participate with the workforce
16 system on work activities. And so, without that, that kind of
17 drives down the number of people who might be served there. It
18 doesn't mean that can't outreach or serve some of these folks,
19 it just means that there's a little bit less pressure to do so
20 because there's not a messaging that says, "Okay, you've
21 qualified for benefits but now you need to go work with your
22 local workforce center to try to improve your employability and
23 get you a job". So, there's a certain amount of things that
24 were happening out there. In addition, I think that if you
25 think about when the pandemic occurred in the year, which is to

1 say a little over half-way through the year, this was an
2 unprecedented event. None of us alive have seen this before, at
3 least not as adults. The economic data and such that was
4 available back in 1918 is not really comparable. We can't go
5 back and look at that and kind of figure out what kind of impact
6 that's going to have on service delivery. So, this is not like
7 the great recession. This is being driven, you know, more by
8 what happened with the virus. Now obviously, the reason I'm
9 mentioning that is I think that we're going to probably see a
10 greater impact on performance in 20 than in 21 on some of these
11 service level measures. Some of that has to do with the fact
12 that a period of adjustment will be over for kind of our
13 operations will have been doing this for 6 plus months, we also
14 will be seeing with work search turned back on effective this
15 week, that now we're probably going to be seeing increased
16 demand from UI claimants and people looking for additional
17 assistance finding work. I would tend to think that our
18 participant served numbers will go up in those areas. In
19 addition, I think that one of the things that we saw during the
20 great recession was that early on economic activity in terms of
21 hiring and things like that really fell off even though the
22 unemployment rate was stable. It went from 4 1/2 to 8 percent
23 or whatnot and during that period, everybody was very uncertain
24 about what are the implications for my business, can I afford to
25 fill this vacancy I have, what should I do. They didn't know,

1 then after a little while, they knew. The unemployment rate
2 stayed at close to 8 percent for several years, but hiring
3 picked up, return to work improved and the reason is because
4 employers got a sense of what their operations would look like
5 during that type of an economy. I would guess that we'll see
6 similar things going forward here. Yes, there may be more
7 unpredictability, more volatility as we see increases and
8 decreases in COVID related diagnosis, but on the whole, people
9 tend to loosen up a little bit once they start to understand the
10 environment that they're working in. Once they have some
11 information to make decisions on. On page two of the material
12 that I shared, I wanted to talk about the again, that you can
13 really kind of see the falloff of the number of people being
14 served so this table in the middle of page two talks about the
15 number of Wagner Paiser participants being served and the number
16 of employers being served by month from July of 19 through
17 September of 20 in the case of employers. I don't have
18 September of 20 for Wagner Paiser yet. On the whole, we had a
19 little bit of a period of adjustment in terms of serving people
20 with the new work in Texas system that went online in August.
21 There was a learning curve for staff to understand how to record
22 things. So, the first few months they were depressed but as you
23 can see when you get to January, February, March we were back--
24 or January and February in particular we were back at around
25 50,000 people being served per month on average and then that

1 started to fall off as we got to March where it went to 43,000,
2 April when it went to 36,000. And then, more recently though,
3 June, July, we started seeing those numbers started coming back
4 up again closer to 50,000 although August was about 45,000. One
5 of the things that we realized when we were looking at this data
6 is that most of our measures are tied to federal constructs. By
7 which I mean the concept of who a participant is is based on
8 federal definitions and WIOA and we realize that that's not
9 telling the full story of service in our system, because of
10 course, the reason that we spent money on a new work in Texas
11 system was to provide job seekers with better tools for self-
12 service, right? So if we look at towards the bottom of page
13 two, I've laid out the number of participants service verse
14 reportable individuals from July of 18 through June of 19 and
15 then July of 19 through June of 20. As you can see here, the
16 number of participants dropped from 573,000 and change in the
17 period ending June 19 to about 411 and 1/2 thousand people in
18 the period ending June of 20, but the number of reportable
19 individuals went up considerably. It went up from 383,000 to
20 1.1 million and so the total number of job seekers who were
21 interacting with the system and being served either through
22 self-service or through staff assistance, which does include
23 remote services increased from 957,000 to 1.5 million. Again, I
24 would tend to think that those numbers could very well go up
25 here as we see the claimants who hadn't been subject to work

1 search now being subject to work search engaging with the system
2 using the tools that are available. So, that's kind of the big
3 picture of what we saw in terms of, you know, our impact on
4 performance measures when it comes to our federal reporting,
5 because most of those are exit based and outcome based, we do
6 fairly well on those. For our measures that we report to the
7 legislature and the governor's office, we typically refer to as
8 the LBD measures, because it's their IT system that we use, we
9 did considerably worse than we've done in the past and this is
10 largely driven by the fact that we have so many measures that
11 are numbers served and average cost per person served and that
12 kind of thing. So, I'm happy to answer any questions you may
13 have about either the material I've covered or the material that
14 was provided in the notebook which was the normal monthly
15 reports.

16 CHAIRMAN DANIEL: Any questions or
17 comments?

18 COMMISSIONER ALVAREZ: [unintelligible]
19 want to say great work, Adam, this is very helpful, thank you
20 for that and explaining it in a way where I can understand it.

21 ADAM LEONARD: Well, it's incumbent on the
22 speaker to ensure communication is effective right so we always
23 try to make sure that what we're putting together is better than
24 what we put together last time.

25 COMMISSIONER DEMERSON: No questions here.

1 ADAM LEONARD: All right then thank you and
2 I'll see you at a future meeting on various target related
3 issues.

4 CHAIRMAN DANIEL: Again, thank you. Mr.
5 Serna.

6 MR. SERNA: There it is, sorry, I couldn't
7 find my unmute button, sir. That is the last performance
8 presentation that we had.

9 CHAIRMAN DANIEL: All right, any other
10 items of business come before this commission meeting?

11 MALE: No, sir.

12 CHAIRMAN DANIEL: Motion to adjourn.
13 Commissioner Alvarez?

14 MR. SERNA: I think he's got sound
15 problems. Perhaps Commissioner Demerson.

16 COMMISSIONER DEMERSON: I move that we
17 adjourn.

18 MR. SERNA: Commissioner Alvarez, are you
19 going to second that motion?

20 COMMISSIONER ALVAREZ: Yes, can you hear
21 me?

22 CHAIRMAN DANIEL: We can, your audio is
23 distorted on our end. We can't understand what you're saying.

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CHAIRMAN DANIEL: I believe he said he
would second, I am in agreement and we are adjourned. Thank
you.