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3	TRANSCRIPT OF PROCEEDINGS
4	BEFORE THE
5	TEXAS WORKFORCE COMMISSION
6	AUSTIN, TEXAS
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8	PUBLIC MEETING) FOR THE TEXAS)
9	WORKFORCE COMMISSION)
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14	COMMISSION MEETING
15	TUESDAY, AUGUST 27, 2019
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20	BE IT REMEMBERED THAT at 9:00 a.m. on
21	Tuesday, the 27th day of August 2019, the above-entitled
22	matter came on for hearing at the Texas Workforce
23	Commission, TWC Building, 101 East 15th Street, Room 244,
24	Austin, Texas, before BRYAN DANIEL, Chairman; JULIAN ALVAREZ
25	and AARON DEMERSON, Commissioners.
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1	<u>PROCEEDINGS</u>
2	TUESDAY, AUGUST 27, 2019
3	(9:00 a.m.)
4	AGENDA ITEM NO. 1
5	CHAIRMAN DANIEL: Good morning. This meeting
6	is called to order.
7	AGENDA ITEM NO. 2
8	CHAIRMAN DANIEL: Mr. Trobman, has anyone
9	signed up for public comment?
10	MR. TROBMAN: No, sir.
11	CHAIRMAN DANIEL: Before we dig into this, I
12	would just take a moment of personal privilege. Today is my
13	mother's birthday, so if she happens to be listening, Happy
14	Birthday, mom.
15	COMM. ALVAREZ: Happy birthday.
16	COMM. DEMERSON: Happy birthday.
17	AGENDA ITEM NO. 3
18	Discussion, Consideration and Possible Action
19	Regarding Whether to Assume Continuing Jurisdiction on
20	Unemployment Compensation Cases, Wage Claim Cases, and/or
21	Tax Liability Cases and Reconsideration of Unemployment
22	Compensation Cases, Wage Claim Cases, and/or Tax Liability
23	Cases, if Any.
24	No Discussion.
25	AGENDA ITEM NO. 4

1	Discussion, Consideration and Possible Action
2	Regarding Tax Liability Cases Listed on the Texas Workforce
3	Commission Docket 35.
4	Cases were heard for Docket 35.
5	AGENDA ITEM NO. 5
6	Discussion, Consideration and Possible Action
7	Regarding Fair Housing Cases listed on the Texas Workforce
8	Commission Docket 35.
9	No cases heard on Docket 35.
10	AGENDA ITEM NO. 6
11	Discussion, Consideration and Possible Action
12	Regarding Higher Level Appeals in Wage Claim Cases Listed on
13	the Texas Workforce Commission Docket 35.
14	The Commission considered and took action on
15	all wage claim cases listed on Docket 35.
16	AGENDA ITEM NO. 7
17	Discussion, Consideration and Possible Action
18	Regarding Higher Level Appeals in Unemployment Compensation
19	Cases Listed on the Texas Workforce Commission Docket 35.
20	The Commission considered and took action on
21	all unemployment compensation cases listed on Docket 35.
22	AGENDA ITEM NO. 8
23	CHAIRMAN DANIEL: And we're back, back in
24	session. Let's start with, let's see, we're on Item 8,
25	Discussion, Consideration and Possible Action Regarding
	Verbatim Reporting & Transcription, LLC 281.724.8600

1 Policy Concepts on Amendments to Unemployment Insurance 2 Rules, Employing Units: Common Paymaster (40 Texas Administrative Code (TAC) Chapter 815, Unemployment 3 Insurance, Subchapter C, Tax Provisions). Jason Stalinsky. 4 5 MR. STALINSKY: Good morning Chairman Daniel, 6 Commissioner Alvarez, Commissioner Demerson, and Mr. Serna. 7 For the record, I'm Jason Stalinsky, Unemployment Insurance 8 Policy. 9 Before you today is a policy concept to amend 10 Chapter 815 Unemployment Insurance Rules. At its December the 18th 2018 public meeting, the commission approved a 11 12 legislative initiative to amend the existing definition of employing unit to include a common paymaster arrangement as 13 provided for in the Federal Unemployment Tax Act, or FUTA, 14 15 at 26USC, section 33.06(p). That proposal became Senate Bill 2296 of the 86th Texas Legislature Regular Session. 16 17 On June 10, 2019, the Governor signed SB 18 2296, which amends the definition of employing unit in the 19 Texas Unemployment Compensation Act section 201.011, 20 subsection 11, to include a common paymaster as defined in 21 26USC section 3306(p) of FUTA. 22 SB 2296, which takes effect on January 1, 23 2020, also requires the commission to adopt rules necessary 24 to implement the new TUCA provision. To effectuate the

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statutory requirements of SB 2296, staff proposes creating a

25

new section of the unemployment insurance rules, section 815.177, to provide clear guidelines for employers and the agency regarding the circumstances in which an employer may designate a common paymaster for state unemployment tax reporting purposes. The proposed rules would align closely with FUTA regulations as is practical.

Staff recommends the proposed rulemaking address definitions for a common paymaster, what constitute related corporations, and concurrent employment. Additional areas of rulemaking which may benefit the agency and its constituents would be a clear description and explanation of the application procedures for a common paymaster, TWC's method of allocation of taxes, and how the new tax arrangement will affect claims for unemployment benefits.

To alleviate potential confusion regarding a common paymaster relationship, staff also recommends providing examples in rule of a common paymaster, what constitutes related corporations and concurrent employment, as is done in the federal regulations. Today staff seeks approval to move forward with developing the proposed rules as outlined in this policy concept.

With that, I am available for any questions you may have.

CHAIRMAN DANIEL: Commissioner Alvarez.

COMM. ALVAREZ: No questions.

1	CHAIRMAN DANIEL: Commissioner Demerson.
2	COMM. DEMERSON: No questions here.
3	CHAIRMAN DANIEL: Is there a motion?
4	COMM. ALVAREZ: I move that we approve a
5	common paymaster policy concept as recommended by staff.
6	COMM. DEMERSON: Second.
7	CHAIRMAN DANIEL: It's unanimous.
8	AGENDA ITEM NO. 9
9	CHAIRMAN DANIEL: Okay, moving on to Item 9,
10	Discussion, Consideration and Possible Action Regarding
11	Approval of Proposed Rule Reviews Under Texas Government
12	Code Section 2001.039, Relating to Integrity of the Texas
13	Workforce System 40 TAC Chapter 802, 40 TAC Chapter 809, 40
14	TAC Chapter 823, and 40 TAC Chapter 845.
15	MR. VADEN: Good morning, commissioners. For
16	the record, Jason Vaden, Workforce Division.
17	State agencies are required to review their
18	rules every four years. During this rule review process an
19	assessment is made as to whether the reasons for adopting or
20	re-adopting rules continue to exist. Additionally, the
21	assessment includes the determination of whether rules are
22	obsolete, whether they reflect the current legal and policy
23	considerations, and whether they reflect the commission's
24	current procedures.
25	In accordance with the rule review

1	requirements, staff is seeking direction on publishing a
2	notice in the Texas Register, notifying the public of our
3	intent to review Chapters 802, 809, 823, and 845.
4	Upon your approval and after a 30-day public
5	comment period staff will bring forward the results of the
6	assessment.
7	Commissioners, this concludes my remarks, and
8	I'm happy to answer questions if you have any.
9	CHAIRMAN DANIEL: Commissioner Alvarez.
10	COMM. ALVAREZ: No questions, Chairman.
11	CHAIRMAN DANIEL: Commissioner Demerson.
12	COMM. DEMERSON: No questions.
13	CHAIRMAN DANIEL: Is there a motion?
14	COMM. ALVAREZ: Yes, sir. I move that we
15	file a Notice of Intent for rules with the Texas Register
16	for chapters 802, 809, 823, and 845, as recommended by
17	staff.
18	COMM. DEMERSON: Second.
19	CHAIRMAN DANIEL: I concur, we're unanimous.
20	AGENDA ITEM NO. 10
21	CHAIRMAN DANIEL: Let's see, this is Item 10,
22	Discussion, Consideration and Possible Action Regarding the
23	Annual 2019 Transition from Military Service to Employment
24	Report to the Governor, Lieutenant Governor, and Texas
25	Legislature, pursuant to Texas Labor Code Section 302.020.

MS. BALLAST: Good morning, commissioners and 1 2 Kerry Ballast, Workforce Development Division. House Bill 257, which was passed in the 85th 3 Texas Legislature, requires TWC no later than September 1 of 4 5 each year to submit to the Governor, the Lieutenant Governor, the Speaker of the House, and the chairs of 6 7 legislative committees with appropriate jurisdiction, a report that identifies the five most common military 8 9 occupational specialties, which we often refer to as MOSs, 10 of transitioning services members. The five occupations for which the most 11 12 comment MOS is best offer transferable skills and any 13 industry-based certifications that align with military occupational specialties identified. 14 15 The report also includes information 16 regarding programs administered by TWC to support the 17 transition of service members and veterans into the 18 occupations identified. 19 Today I submit the report to you for final 20 approval and for posting by our September 1 deadline. 21 happy to answer any questions you have. 2.2 CHAIRMAN DANIEL: Commissioner Alvarez. 23 COMM. ALVAREZ: No questions, Chairman. 24 CHAIRMAN DANIEL: Commissioner Demerson. 25 COMM. DEMERSON: Just one real quick here.

1	You mentioned that first will it define the most common
2	military occupation specialties, better known as what? What
3	did you say?
4	MS. BALLAST: MOSs.
5	COMM. DEMERSON: MOSs, okay. Thank you.
6	MS. BALLAST: Yeah.
7	COMM. DEMERSON: No questions, further
8	questions.
9	CHAIRMAN DANIEL: Is there a motion?
10	COMM. ALVAREZ: Yes, Chairman. I move that
11	we approve the 2019 Report on the Transition for Military
12	Service to Employment as recommended by staff.
13	COMM. DEMERSON: Second.
14	CHAIRMAN DANIEL: I concur. We're unanimous.
15	AGENDA ITEM NO. 11
16	CHAIRMAN DANIEL: All right. Adam, it's your
17	turn to present Item 11, Discussion, Consideration and
18	Possible Action Regarding Program Year 2019 AEL Grantee
19	Performance Measures and Targets.
20	MR. LEONARD: Good morning, commissioners.
21	For the record, Adam Leonard, Operational Insight.
22	Today I am here to present staff
23	recommendations for performance measures, targets, and in
24	particular the target methodologies for the PY '19 Adult Ed
25	grantees. The measures in question are the same ones as

last year. There are three sets. One, that focus on the participants to be served and the different types of programs in which they would be served. Another that focuses on the measurable skills game, which is the way that we primarily know whether or not people are making acceptable progress towards improving their literacy and numeracy and other skills. And then, lastly, a set of outcome measures that focuses on what happens in the year following exit, so whether or not these people are becoming employed or enrolled in post-secondary education and whether or not they're achieving recognized credentials.

I'm happy to answer any questions you have.

The only thing I wanted to kind of mention here that's a little different from what we've done in the past, is that within the targets for participants served we have the base targets, if you will, based on this year's allocations, but we also have some carryforward targets.

So these are targets where a board, I'm sorry, grantee may not have quite met their performance last year in terms of the number to be served, and so we're carrying some of that forward and saying, Okay, this year you need to make up that gap.

In doing so, we kind of -- rather than just say, Well, if you were 20 short in this category we're going to put you down for another 20 in that category. We actually

looked at the negotiation with the grantees. So we looked to see how they wanted their new year case mix to look, and then distributed the amounts that were owed across those in a consistent manner.

And part of this process had us really thinking about the negotiations and the idea that, you know, there's a certain element of planning here that the grantees go through, but there's also an instance where plans can change during the course of the year, and so we wanted the authority to go ahead and kind of renegotiate later in the year if it turns out that some of those best laid plans don't quite work out.

For instance, you might have -- they might have been planning on doing a special intensive program in the spring and then employer they were partnering with is unable to do so. Or, perhaps, the reverse could happen. You could have a new employer come in and say, I'd really like to develop something with you guys. And that wasn't known when we negotiated.

So that's what we're looking today, is approval on measures, methodology, and targets going forward.

CHAIRMAN DANIEL: All right. Commissioner Alvarez, comments or questions?

COMM. ALVAREZ: No questions.

1	CHAIRMAN DANIEL: Commissioner Demerson.
2	COMM. DEMERSON: I think the flexibility for
3	reality is a good thing.
4	CHAIRMAN DANIEL: Is there a motion?
5	COMM. ALVAREZ: Yes, sir. I move that we
6	approve staff recommendations for Program Year 2019 AEL
7	Grantee Performance Measures, and the outlying target
8	methodologies, and allow staff re renegotiate participant-
9	served targets as appropriated to account for shifts in
10	demand and program development.
11	COMM. DEMERSON: Second.
12	CHAIRMAN DANIEL: I concur. Motion passes.
13	AGENDA ITEM NO. 13
14	CHAIRMAN DANIEL: Let's see. I'm not showing
15	anything for Item 12, is that correct?
16	MR. SERNA: Yes, sir.
17	CHAIRMAN DANIEL: That's correct. Moving on
18	to Item 13, Ms. Troke, Discussion, Consideration and
19	Possible Action Regarding Guidance on Resource Utilization
20	and Implementation of Services and Strategies, Including
21	Those Funded with the Department of Labor's Disaster
22	Dislocated Worker Grant, in Response to Hurricane Harvey-
23	Hurricane Harvey New Period of Performance, Funding Request,
24	and Waiver.
25	MS. TROKE: Good morning, commissioners. For

the record, Jen Troke, Workforce Grants and Contracts.

To date, the Texas Workforce Commission has awarded grants totaling approximately \$31 million to local boards, and TWC continues to work closely with these workforce areas on Hurricane Harvey rebuilding efforts. TWC and boards have been in frequent contact throughout the grant period to determine when additional funds might be needed to continue providing services. Deep East, Southeast, Golden Crescent, and Coastal Bend have identified a need for additional DWG funding. The current grant has approximately \$1,024,683 in unobligated funds, and we're seeking approval to award those funds as our first decision point today.

In addition, we are seeking approval to move a Grant Modification Request forward to DOL that includes \$1 million in additional funding, and extension of the grant awards for an additional year through December 2020, and a waiver to allow participants to extend temporary employment for an additional 12 months to continue the important work of recovery.

Staff seeks approval on both of these items today. Any questions?

CHAIRMAN DANIEL: Commissioner Alvarez.

COMM. ALVAREZ: I do have a comment, chairman. I would like detailed updates, Jen, about the Verbatim Reporting & Transcription, LLC 281.724.8600

ongoing Workforce Counseling and Assistance provided to these temporary disaster relief workers from the boards and the employers that receive grant funds. The boards and employers should be helping these temporary relief workers transition from temporary work to genuine positions of permanent employment.

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MS. TROKE: Yes, sir. And I -- and I -- and I agree with that. And that is definitely our goal. We will definitely talk to the boards about that, thank you.

COMM. ALVAREZ: Thank you.

CHAIRMAN DANIEL: Commissioner Demerson.

COMM. DEMERSON: No questions.

CHAIRMAN DANIEL: Is there a motion?

COMM. ALVAREZ: Yes, Chairman. I move that we award the current un-obligated balance of Disaster

Dislocated Worker Grant Funds to the -- in the amount of 1million, 22-hundred -- \$1,024,683 for the Workforce

Development Boards to continue implementing Harvey Disaster

Grant Funded strategies as recommended by staff. I further

move that we submit a grant modification to DOL for a 12month period of performance modifications through December

2020 an additional \$1 million from DOL to support a third

year of grant implementation, and a waiver of maximum number

of hours worked in temporary disaster relief employment, as
recommended by staff.

1	COMM. DEMERSON: Good. I second.
2	CHAIRMAN DANIEL: I concur. Motion passes.
3	MS. TROKE: Thank you.
4	AGENDA ITEM NO. 14
5	CHAIRMAN DANIEL: Ms. Williams, you're up
6	next. Item 14, Discussion, Consideration and Possible
7	Action Regarding Approval of Local Workforce Development
8	Board Nominees.
9	MS. WILLIAMS: Yes. Good morning,
10	commissioners. Good morning, Mr. Serna. I'm Shunta
11	Williams with the Workforce Development Division.
12	And before you for consider for
13	consideration and approval are Workforce Development Board
14	Nominations for Workforce Solutions Cameron County, Golden
15	Crescent, Central Texas, and Southeast Texas. Also, we are
16	pulling number 7 for Workforce Solution Central Texas for
17	further review. Therefore, staff are recommending all
18	nominations for central or all other nominations for
19	Central Texas, Cameron County, Golden Crescent, and
20	Southeast Texas to be approved.
21	CHAIRMAN DANIEL: Commissioner Alvarez,
22	comments or questions.
23	COMM. ALVAREZ: No questions, sir.
24	CHAIRMAN DANIEL: Commissioner Demerson.
25	COMM. DEMERSON: None here.

1	CHAIRMAN DANIEL: Is there a motion?
2	COMM. ALVAREZ: I move that we approve the
3	board nominees for Cameron County, Golden Crescent, Central
4	Texas, and Southeast Texas, as recommended by staff.
5	COMM. DEMERSON: Second.
6	CHAIRMAN DANIEL: I concur. Motion passes.
7	AGENDA ITEM NO. 17
8	CHAIRMAN DANIEL: Okay, Items 15 and 16, Tom
9	is there anything on that? Mr. Serna?
10	MR. SERNA: No, sir.
11	CHAIRMAN DANIEL: All right. Let me look
12	here. The time is 10:40. The Texas Workforce Commission is
13	not going into executive session to discuss: The
14	Appointment, Employment, Evaluation, Reassignment, Duties,
15	Discipline, or Dismissal of the Executive Director, Internal
16	Auditor, Executive Staff, and other Personnel pursuant to
17	Texas Government code 551.074(a)(1).
18	CHAIRMAN DANIEL: All right, the Executive
19	Session is not concluded. The time is 10:59. I believe we
20	have a motion resulting from our discussion in Executive
21	Session.
22	COMM. ALVAREZ: Yes, Mr. Chairman. Mr.
23	Chairman, I move that we appoint Ed Serna our Executive
24	Director of the Texas Workforce Commission pursuant to
25	section 301.041 of the Texas Labor Code at his current

1 | compensation.

2.2

CHAIRMAN DANIEL: Is there a second?

COMM. DEMERSON: I second that motion.

CHAIRMAN DANIEL: All right, with that motion on the table, I do believe it'd be appropriate to discuss

6 | the motion. Commissioner Alvarez, any discussion?

COMM. ALVAREZ: I'd just like to say that during this past session we unfortunate in we lost Larry Temple, a great leader that led this agency for many years, but I was glad to see our backup quarterback, Ed Serna, perform the duties not just what he was asked to do, but beyond that. We came out with a great session.

And with that, I'm very pleased with what you've done, Ed, in allowing your directors to direct. And so I have full confidence that you will lead this agency, along with the help of my two fellow commissioners, to the next level. So thank you.

MR. SERNA: Thank you, sir.

COMM. DEMERSON: And I'm just fortunate to work with Ed, directly for him, as the Interim Executive Director, and then with him in this capacity as Deputy Executive Director. Known him for a number of years, and I know he's going to do a fantastic job for us. And couldn't be more proud, and more honored, to work with you.

MR. SERNA: Thank you, sir.

CHAIRMAN DANIEL: Mr. Serna, Larry Temple was a personal friend. It was very hard for me personally and professionally to lose him. But I've got to say, from my perch in the Governor's Office where we were watching all agencies, to borrow Commissioner Alvarez's, metaphor, I wish Texas Tech had as good a backup quarterback as we had over here.

I will tell you, this agency, through your work and the work of your colleagues on the Executive Staff, made it through the session not just well, but thriving.

And I think that we find this agency thriving to this very day. There's no question that, moving forward, you know, certainly the reigns are yours, and we anticipate seeing, you know, enhancements to our executive team and otherwise in the agency as you fill some vacant positions and make some decisions with regard to how this agency leads.

I think it's fair to say, and I don't mind speaking on behalf of the other two commissioners, that you have our utmost confidence in this endeavor, and we're very much looking forward to working, with you with that interim title dropped off, with you as the Executive Director.

So, with that, I think we need to vote on the motion. Commissioner Alvarez.

COMM. ALVAREZ: So I move that we make Ed Executive Director as I referenced earlier.

COMM. DEMERSON: And it's been seconded, and 1 2 I'm in favor of it. 3 CHAIRMAN DANIEL: And that vote is unanimous. 4 Congratulations, Mr. Serna. 5 (Applause) 6 COMM. ALVAREZ: Is he allowed to say a few 7 words? 8 CHAIRMAN DANIEL: Unless the General Counsel 9 shakes his head at me, I think it would be appropriate for 10 you to say a few words, if you'd like. 11 MR. SERNA: I appreciate the opportunity to 12 continue to work with the staff. It has been a challenge, 13 but it's been a very rewarding challenge. 14 Having the interim drop off, gives a whole 15 lot more stability, and I do appreciate the confidence of 16 the commission. Look forward to continuing to work with you 17 all to advance TWC. We have a really great base, and we're 18 going to build on that base, with the executive staff and 19 with the board, continue to make TWC and the services we 20 provide fantastic for the State of Texas. So I appreciate 21 your support. 22 CHAIRMAN DANIEL: All right. Thank you very 23 Are there any other items that need to come before much. 24 us? Do we have a motion to adjourn? 25 //

1	AGENDA ITEM NO. 18
2	CHAIRMAN DANIEL: Do we have a motion to
3	adjourn?
4	COMM. ALVAREZ: I move that we adjourn,
5	Chairman.
6	COMM. DEMERSON: I second.
7	CHAIRMAN DANIEL: I concur. It's unanimous.
8	We're adjourned.
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10	(Proceedings concluded at 11:04:00 a.m.)
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	CERTIFICATE
2	STATE OF TEXAS)
3	COUNTY OF TRAVIS)
4	I, Kimberly C. McCright, Certified Vendor and
5	Notary in and for the State of Texas, do hereby certify that
6	the above-mentioned matter occurred as hereinbefore set out
7	I FURTHER CERTIFY THAT the proceedings of such
8	were reported by me or under my supervision, later reduced
9	to typewritten form under my supervision and control and
10	that the foregoing pages are a full, true and correct
11	transcription of the original notes.
12	IN WITNESS WHEREOF, I have hereunto set my hand
13	and seal this 1st day of September, 2018.
14	/s/ Kimberly C. McCright
15	Kimberly C. McCright Certified Vendor and Notary Public
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