



**MEETING OF THE
TEXAS WORKFORCE COMMISSION**

DATE

JUNE 8, 2021

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TUESDAY, JUNE 8, 2021

CHAIRMAN DANIEL: Good morning, the meeting is called to order. Mr. Trobman, has anyone signed up for public comment?

MR. TROBMAN: [inaudible]

CHAIRMAN DANIEL: All right. Good morning, Ms. Miller.

MS. MILLER: Morning, sir.

CHAIRMAN DANIEL: Thank you. This brings us to the end of Agenda Items 3 through 7. Let's take a short break to reset for the rest of the meeting.

CHAIRMAN DANIEL: And we're back. Agenda Item 8 has been postponed to a future meeting. Agenda Item 9, discussion, consideration, and possible action regarding an order under sections 204.067 and 203.105 of the Texas Unemployment Compensation Act to adjust rate components of the 2021 unemployment insurance tax rate. All right, so we'll cross that bridge when we come to it. Take it away, sir.

MR. NELSON: Good morning, Chairman, commissioners, Mr. Serna. For the record, Chris Nelson, chief financial officer. As I proceed through my presentation, there's a couple things, technical edits and clarifications, that should have been brought to your attention in the briefings, and they weren't. I take responsibility for that, so I'll make a note in my comments about changes. It doesn't change the options that

1 will be laid out; it does change your understanding of the
2 options that are being presented, and to clarify so that you're
3 making the best possible decision with the best information and
4 accurate information that you have. So, I'll kind of point those
5 out as we get through them in the discussion paper. As you're
6 aware, on February 14, 2021, TWC delayed setting the 2021
7 unemployment insurance tax rates to allow more time for
8 legislative efforts that could impact employer rates. On May 13,
9 2021, Governor Abbott signed into law House Bill 7 of the 87th
10 Texas Legislature. In accordance with the passage of HB 7,
11 COVID-19 noneffective charges are removed from the replenishment
12 ratio of the unemployment insurance general tax. For tax year
13 2021, 5.2 billion in COVID-19 noneffective charges have been
14 identified, and half of those would have been used in the
15 replenishment ratio. The replenishment ratio under HB 7 is
16 calculated as 1.37. Without HB 7, the replenishment ratio would
17 have been 2.66. And for reference, the 2020 replenishment ratio
18 was 1.32. The replenishment ratio in conjunction with the
19 employer's benefit ratio determines the employer's general tax
20 rate. I note this as informational only, as the commission do
21 not have statutory authority to adjust the general tax rate.
22 There are several unemployment insurance taxes that the
23 commission do have the authority to adjust, and set before you
24 is a discussion paper that lays out those rates and options for
25 setting those rates. And again, as I go along, I'll make some

1 comments to correct the record on a few of them. The first rate
2 is a replenishment tax rate. This rate is designed to recoup the
3 other half of noneffective charges. As I stated--well, TWC
4 delayed setting rates, but on April 30, when the first quarter
5 taxes are normally due, 438,000 Texas employers paid their
6 estimated first quarter 2021 tax rates, and it seems virtually
7 all of them used the 2020 tax rates as the basis for paying
8 their the first quarter remittances. I would like to clarify at
9 this time on page two of your discussion paper, there's a
10 reference to over 300,000 that paid. That number should be
11 438,000, which is consistent with the number that was actually
12 on page one. Just for clarification.

13 CHAIRMAN DANIEL: Hey, Chris.

14 MR. NELSON: Yes?

15 CHAIRMAN DANIEL: Mr. Trobman, so, if
16 there's no objection from any commissioner, obviously Chris is
17 gonna finish, we're gonna do what we're gonna do here today. But
18 could I ask that the corrections be made to the paper and then
19 placed in the record as a corrected document? Just so that our
20 historical record is complete and correct here.

21 MR. TROBMAN: [Inaudible]

22 CHAIRMAN DANIEL: Thank you very much.

23 MR. NELSON: I would also like to clarify
24 something that was not clear in the discussion paper, and
25 probably the briefings in the three options. There's three

1 options laid out in the paper. If the commission were to choose
2 option one and set the rate to .18 percent and the obligation
3 assessment to .03 percent, then all employers that paid the
4 minimum tax rate would attorney receive a credit, because the
5 obligation assessment is experience-rated. So, if you pay the
6 minimum rate, you don't have basically a benefit ratio, and so
7 you would not pay the .03. So, I don't think that was clear in
8 the briefings, and so I wanted to clarify that. And that's my
9 responsibility, I'm sorry for not clarifying that during the
10 briefings. If the commission were to set option two, setting the
11 replenishment ratio to .21, then all employers that paid the
12 minimum tax rate would have the same rate as 2020, because they
13 wouldn't pay the .03 obligation assessment, since they do not
14 have a benefit ratio in the 2021 rates. Effectively, the only
15 employers that would be affected by the .18 would be those at
16 the maximum rate, if you choose that option. And again, my
17 apologies for the lack of clarity on that. And for reference,
18 355,000 employers in 2020 paid the minimum tax rate. Staff are
19 projecting that number to be slightly higher in 2021, but we
20 won't have the official numbers until the actual jobs run. So,
21 355,000 employers, roughly, would have the same tax rate as 2020
22 if you set--if you chose option two, for your clarification. The
23 next rate is a deficit tax rate. This rate is designed to bring
24 the unemployment insurance trust fund to the statutory floor of
25 1 percent of taxable wages. Although the commission can adjust

1 this rate to any percent up to the maximum 2 percent, staff are
2 only presenting an option to set this rate to 0 percent for tax
3 year 2021. And I'd like to point out any adjustments to the
4 replenishment and deficit tax rate from their calculated levels
5 could very likely set into play a future decision for the
6 commission to take up on the issuance of bonds. As there are
7 other legislative decisions that could impact the need and
8 amount of a future bond issuance, and the fact that the trigger
9 for Texas employers to being losing their [inaudible] tax
10 credit, which is currently 90 percent, isn't until of November
11 of 2022, I am not bringing forward a decision on the issuance of
12 bonds at this time, and will probably not do so until the early
13 fall of 2021. The last tax rate previously mentioned is the
14 obligation assessment necessary to collect the funds sufficient
15 to pay the interest on title 12 loans. That could be due on
16 September 30, 2021 if there is no extension on the current
17 interest-free period. In accordance with TWC rules, the rate
18 necessary would be .03 percent. That concludes my remarks. I'd
19 be happy to answer any questions and clarify anything.

20 CHAIRMAN DANIEL: Are there any questions or
21 comments?

22 COMMISSIONER ALVAREZ: None here at this
23 point.

24 COMMISSIONER DEMERSON: I do. So, Chris in
25 regards to option one, at 0.18 percent, and option two, 0.21, if

1 we are to go with option one, then you're saying there's a
2 number of employers out there that would be in a refund
3 position.

4 MR. NELSON: Correct, because they--what it
5 seems like is most employers that paid that first quarter, they
6 sent us the cash even though they didn't have a rate officially
7 given to them. It looks like they paid using their 2020 rates.

8 COMMISSIONER DEMERSON: Right.

9 MR. NELSON: So, all those employers that
10 sent cash based off their 2020, say they had the minimum rates,
11 355,000 of them had the minimum rate of .21, if you assigned a
12 replenishment tax of .18, that would be their tax, because they
13 would not pay the obligation assessment--

14 COMMISSIONER DEMERSON: Obligation
15 [inaudible].

16 MR. NELSON: --of .03.

17 COMMISSIONER DEMERSON: Okay.

18 MR. NELSON: So, they would do a credit of
19 .03.

20 COMMISSIONER DEMERSON: Got it.

21 MR. NELSON: So, that is--and that was not
22 clarified in the briefings, and that's my failure. My apologies,
23 so--

24 COMMISSIONER DEMERSON: That's okay, it's
25 good to see that employers were paying in advance as well.

1 MR. NELSON: Right, yes.

2 COMMISSIONER DEMERSON: It's good to see
3 that. All right. [Inaudible]

4 MR. NELSON: So, it's--if you chose option
5 two, those 355-plus-thousand employers would have the same
6 effective tax rate as 2020.

7 COMMISSIONER DEMERSON: Mm-hmm. So, the
8 refund position, would that put our staff in any peculiar
9 situations in terms of operations?

10 MR. NELSON: I don't know if it would put
11 them in any particular situation. I know there's probably an
12 administrative issue, burden, but I don't know how--I don't--not
13 to my knowledge, it wouldn't be that difficult to deal with.

14 COMMISSIONER DEMERSON: Okay. Okay. All
15 right [inaudible].

16 MR. NELSON: But it's just one more
17 administrative thing to work out.

18 COMMISSIONER DEMERSON: [Inaudible] thank
19 you. Thank you, Mr. Chairman.

20 CHAIRMAN DANIEL: Just to clarify, so if the
21 replenishment tax rate were to be set at .21 percent, that would
22 be the same replenishment tax rate as we saw in tax year 2020.

23 MR. NELSON: That is correct, sir.

24 CHAIRMAN DANIEL: All right.

25

1 MR. NELSON: Yes. Effectively, if you chose
2 option two, you would have the most employers with the same tax
3 rate as 2020, since 355,000-plus of the Texas employers pay the
4 minimum tax rate.

5 CHAIRMAN DANIEL: Well, I mean, so if I
6 remember our earlier discussion, which was what,
7 January/February timeframe, at least my intent was and has been,
8 and actually continues to remain, a desire not to see just a
9 huge spike up in rates. So, it strikes me that even selection
10 option two, deficit tax rate at zero, as you've recommended, and
11 then this recommendation for a .3 percent obligation assessment
12 rate, the rates for tax year '21 would be substantially similar
13 with a different--one difference being the addition of the .03
14 percent obligation assessment. But we didn't have a need for
15 that, so that kinda sits outside--

16 MR. NELSON: Correct.

17 CHAIRMAN DANIEL: --of where we were in
18 2020. It's something that we didn't even have to contemplate in
19 2020.

20 MR. NELSON: Correct. There was no need to
21 borrow in 2020, so there was no obligation assessment. And so
22 the .03 is something new--

23 CHAIRMAN DANIEL: Mm-hmm.

24 MR. NELSON: --and it's totally subject to
25 congressional approval. Congress could extend that interest-free

1 period, which ends September 6. They could extend it further. We
2 won't know that until probably right before we have to pay. So,
3 you have kind of one option now to kind of set aside funds to
4 pay that interest, if it's possibly due.

5 CHAIRMAN DANIEL: But there's repercussions
6 if the interest charges aren't addressed, if indeed we do incur
7 some interest charges.

8 MR. NELSON: Correct, we would have to
9 probably work with the financing authority to figure out some
10 short-term financing options to pay that interest.

11 CHAIRMAN DANIEL: Just for point of
12 clarification, so the--not the replenishment tax rate, but the
13 replenishment ratio from the general tax, even with the
14 adjustments that were made with the passage of House Bill 7,
15 we're gonna see a slight increase to that ratio for some--what
16 appears to be some non-COVID-related, perhaps early 2020,
17 calendar year 2020, layoffs.

18 MR. NELSON: That is correct. It does not
19 bring it back to the 1.32 you saw in 2020, but it brings it to
20 1.37, which is what's in the normal range of where we see the
21 replenishment ratio. It usually fluctuates between 1.2-something
22 and, you know, right below 1.4-something is a normal range for
23 the replenishment ratio.

24
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1 CHAIRMAN DANIEL: So, just for transparency
2 purposes, does that mean, then, that experience-rated employers
3 will see a slight increase in their tax rate?

4 MR. NELSON: That is correct. The
5 replenishment ratio acts as a multiplier. It takes your benefit
6 ratio, which is your experience-rated portion, and it says what
7 do I need to multiply that by to collect enough revenue to cover
8 these noneffective charges that we can't assign to a specific
9 employer. And so, with going from 1.32 to 1.37, even if you had
10 the same benefit ratio as last year, you will see a slight
11 increase to your taxes if you do have a chargeback within the
12 last 36 months.

13 CHAIRMAN DANIEL: And House Bill 7 provided
14 a great deal of relief to employers for the \$5-plus billion that
15 were noneffective charges resulting from COVID-19. But in fact,
16 there are still noneffective charges that were not related to
17 COVID.

18 MR. NELSON: There are still noneffective
19 charges, and it virtually is every year. But the fact that it
20 brought it down from 2.66, which is an astronomical--I mean,
21 we've never even remotely seen anything close to that. The fact
22 that it brought it down from 2.66 to 1.37 is a good indication
23 that HB 7, it seems like, did what it was intended to do, which
24 was remove the impact of COVID on the replenishment ratio.

25

1 CHAIRMAN DANIEL: So, it's my opinion that
2 commissioners here have a dual responsibility. We have a
3 responsibility to protect the financial integrity of the fund,
4 to make sure that we have funds available to pay unemployment
5 benefits. That's an important responsibility that we have, and I
6 think we adopted, at least each perhaps in our own way, in
7 February a desire to mitigate the short-term COVID effects on
8 employers. I mean, that's my opinion, and I think we've
9 succeeded at that. Your report would suggest to me that you
10 believe that this puts the fund on as sound a financial footing
11 as we can, while sort of protecting the short-term effects of
12 potential tax increases. The open question now remaining, you
13 know, what we do to finance the charges for the noneffective
14 charges and some other things that are--and I guess in essence
15 are still pending.

16 MR. NELSON: Correct.

17 CHAIRMAN DANIEL: Okay.

18 MR. NELSON: Like I said, there will have
19 to--if you choose to set the rates at lower than what they're
20 calculated to be, you will have to take up a decision at some
21 point, barring any cash infusion that would make the trust fund
22 whole. But you would have to take up a decision at some point.
23 But knowing that there's other possible decisions that could
24 impact how much you need--we would need to go and issue bonds
25 for, at this point, I think it's kinda premature to kinda make

1 that decision, until you know where the--you know, where the
2 field is after everything, all the dust settles.

3 CHAIRMAN DANIEL: Got it. Other questions or
4 comments?

5 COMMISSIONER ALVAREZ: None here.

6 COMMISSIONER DEMERSON: Yeah, Chris, so
7 between options one and two, which would require the least
8 follow-up action by staff with employers?

9 MR. NELSON: Option two. Option two would
10 require the least follow-up action with employers.

11 COMMISSIONER DEMERSON: Okay.

12 MR. NELSON: They would basically--

13 COMMISSIONER DEMERSON: Those employers that
14 have already paid their taxes? So, option two--

15 MR. NELSON: Yes, those that have already
16 paid. Let's say there's 355,000, again, that paid the minimum
17 rate. Those that paid their first quarter taxes, even though
18 they didn't get a tax bill from us, they would require no future
19 follow-up.

20 COMMISSIONER DEMERSON: Okay.

21 MR. NELSON: They're whole. They paid .21,
22 and--

23 COMMISSIONER DEMERSON: They're [inaudible].

24 MR. NELSON: --and we'll assess .21.

25

1 COMMISSIONER DEMERSON: Sounds good. All
2 right, thank you.

3 CHAIRMAN DANIEL: And that's, like,
4 somewhere between 60 and 70 percent of employers, is that right?

5 MR. NELSON: Correct. I believe in 2020 it
6 was about 67 percent of employers that paid the minimum tax
7 rate. Our projections right now, it's about probably gonna be
8 closer to 70 percent of employers will pay the minimum tax rate
9 for 2021.

10 CHAIRMAN DANIEL: And what percentage of
11 employers made this--it's not really voluntary, because we were
12 gonna ultimately come to it--but what percentage of employers
13 made the payment on the old schedule? It's also between 60 and
14 70 percent, is it not?

15 MR. NELSON: Correct.

16 CHAIRMAN DANIEL: Is it fair--

17 MR. NELSON: About 82--

18 CHAIRMAN DANIEL: I'm editorializing here,
19 but is it fair to say--

20 MR. NELSON: I believe it's about 82 percent
21 that actually paid.

22 CHAIRMAN DANIEL: [Inaudible] even better.

23 COMMISSIONER DEMERSON: Good.
24
25

1 COMMISSIONER ALVAREZ: Chairman, I
2 appreciate the questions and the presentation you made. You've
3 certainly clarified a lot of stuff, Chris.

4 MR. NELSON: Yeah, my apologies for not
5 being more thorough in the briefings, and making sure we're
6 fully understanding what's being presented. So, my apologies
7 again. I hate to do it to you at the [inaudible]--

8 COMMISSIONER DEMERSON: [Inaudible] you
9 answered my questions--

10 MR. NELSON: --but I wanna make sure you had
11 all the information.

12 COMMISSIONER DEMERSON: --in regards to the
13 least amount is option two in terms of the [inaudible].

14 MR. NELSON: That is correct.

15 COMMISSIONER DEMERSON: Okay. All right,
16 thank you. [inaudible background conversation]

17 CHAIRMAN DANIEL: Yeah, okay. So, we have
18 three decision points, Chris, for you, right?

19 MR. NELSON: Yes.

20 CHAIRMAN DANIEL: We need to decide on the
21 replenishment tax rate, we need to decide on the deficit tax
22 rate, and then we need to decide on the obligation assessment
23 rate.

24 MR. NELSON: That is correct. I mean, I
25 think at least on the first two, I know these rates are already-

1 -are kind of precalculated, and it takes a commission decision
2 to set them something lower than what they're calculated to be.
3 So, we would need three separate decisions.

4 CHAIRMAN DANIEL: Okay. Is it agreeable,
5 gentlemen, to take them up one by one, just so that we
6 [inaudible]?

7 COMMISSIONER DEMERSON: Yeah [inaudible].
8 Yes, that's the proper [inaudible].

9 CHAIRMAN DANIEL: Okay. So, let's do it in
10 order that they were listed. So, the first is the replenishment
11 tax rate. Staff's presented us three options, and we would need
12 to decide on one of those options or an option of our own
13 choosing.

14 MR. NELSON: Right, that's correct.

15 CHAIRMAN DANIEL: But I'm hoping we can
16 select from one of these three options.

17 COMMISSIONER DEMERSON: Mr. Chairman, with
18 that, I'd like to move, if it's proper.

19 CHAIRMAN DANIEL: Yes.

20 COMMISSIONER DEMERSON: Proper to do so. So,
21 in regards to the motion for the replenishment tax rate, in
22 accordance with the authority granted by the Texas labor code
23 section 204.067, I move that the Texas Workforce Commission
24 adjust the replenishment tax rate for 2021 to 0.21 percent. That
25 would be option two, as presented by staff.

1 CHAIRMAN DANIEL: I would second that
2 motion.

3 COMMISSIONER ALVAREZ: I'll agree to that.

4 CHAIRMAN DANIEL: All right, we'll show that
5 as unanimous. On the deficit tax rate.

6 COMMISSIONER DEMERSON: So, Mr. Chairman, on
7 this deficit tax rate, deficit assessment rate, in accordance
8 with the authority granted by the Texas labor code section
9 204.067, I move that the Texas Workforce Commission adjust the
10 deficit tax rate for 2021 to zero.

11 COMMISSIONER ALVAREZ: Chairman, I would
12 agree to that.

13 CHAIRMAN DANIEL: Okay. Also agreed. We're
14 unanimous. Now, the obligation assessment rate.

15 COMMISSIONER DEMERSON: And so lastly, a
16 motion to set the unemployment obligation assessment rate in
17 accordance with the requirements of the Texas labor code section
18 203.105 and TWC rule 815.132, I move that the Texas Workforce
19 Commission set the unemployment obligation assessment rate for
20 2021 to 0.03 percent.

21 COMMISSIONER ALVAREZ: I'll agree to that.

22 CHAIRMAN DANIEL: Also agreed. That's
23 unanimous as well.

24 MR. NELSON: Thank you.

25

1 CHAIRMAN DANIEL: Do you need anything else
2 on the--

3 MR. NELSON: I need nothing else at this
4 time, thank you.

5 CHAIRMAN DANIEL: Thank you very much.

6 COMMISSIONER DEMERSON: Mr. Chairman, before
7 Chris ends, I'd like to just thank you for your work on this
8 particular issue, and Commissioner Alvarez as well. A lot of
9 hard work, Senator Nelson and Chair Angie Chen Button and the
10 governor eventually signing House Bill 7. A lot of that really
11 played in and I think or overall goal--I represent the
12 employers, and the goal was to keep the tax rates as low as
13 possible and I know we've achieved that through the action that
14 we're taking today. But getting to this point was a lot of work,
15 and I appreciate what you did early on in the process to get
16 this going. So, thank you for your work in that [inaudible].

17 COMMISSIONER ALVAREZ: I would agree with
18 Commissioner Demerson, Chairman. Great work on this, and
19 everything you did to get us to this point. And working closely
20 with Chris, Chris can go back to a normal life, I think,
21 hopefully after this, right?

22 MR. NELSON: Maybe.

23 COMMISSIONER ALVAREZ: We'll talk about some
24 of those minor things that you messed up on prior to the--

25 MR. NELSON: Okay.

1 COMMISSIONER ALVAREZ: But I will tell you,
2 great discussion and great questions, Chairman, that were
3 brought up. You certainly brought to light some of the things. I
4 was thinking of the other option, but after listening to Chris
5 on the clarification points that were brought up by the
6 commission, it certainly has brought light to the decision that
7 I came up with, and I'm glad that we were unanimous on this. So,
8 thank both of you for the great work that you've done,
9 specifically on this Agenda Item.

10 MR. NELSON: Thank you.

11 CHAIRMAN DANIEL: Well, thank you very much,
12 commissioners. I do wanna double down on something Commissioner
13 Demerson said about the legislative and gubernatorial action on
14 House Bill 7, which provided a great deal of workability for
15 employers. And I think the net result of that, and honestly,
16 there's probably not an empirical way to measure this, but I
17 think you'll find it preserves the ability for employers to
18 continue to create jobs. This is very premature for me to say
19 this, but I think the evidence will bear out. I think you're
20 going to even see that there are new employers that have been
21 added to our tax rolls during the pandemic period, which means
22 people created businesses and they hired somebody, because
23 they're paying wages here that we're accounting for. So, when we
24 look at the state's economy--Chris, I promise this is not gonna
25 be my normal speech on the state's economy--but when we look at

1 the state's economy, we still see some highlights coming forward
2 and we still see job creation, and we're seeing new job
3 creation. And so Commissioner Alvarez, Commissioner Demerson,
4 thank you for your teamwork on this, and thank you to the
5 legislature and the governor for taking up a very important
6 issue in such a timely way, and giving this commission some
7 tools that we could use to do our small part to help the state's
8 economy continue to grow. And then finally, to Chris, Ed, Randy,
9 Tom, and all the rest--Clay--all the rest, folks that worked on
10 this, including the general counsel's office, we've been working
11 on this issue since about September of last year. It was a long
12 and arduous process. I appreciate staff sticking with us. We put
13 a lot of work into this because it's important to a lot of
14 people--every Texan, in fact. I appreciate you guys spending a
15 lot of late nights on this, and helping get this in such a form
16 that we could do this today. So, thank you.

17 MR. NELSON: It was definitely a team
18 effort, and I will say what I have learned about the
19 unemployment insurance tax rates is they are designed to recoup
20 money very fastly. And so, if we paid out just under \$8.7
21 billion in benefits without legislative action that you've
22 already mentioned that helped, without commission action, which
23 you've just taken, this system is designed to recoup that kind
24 of money in a very short period of time, which probably was not
25 in the best interest of employers. So, not that it means the

1 money has to come from somewhere, but collecting roughly \$8
2 billion in one year is probably not in the best interests of the
3 Texas economy at this time.

4 COMMISSIONER ALVAREZ: Chairman, what did
5 some of the other states do?

6 CHAIRMAN DANIEL: Commissioner Alvarez just
7 asked me what some other states did. Some states pressed forward
8 with their mathematical computation, thus raising rates
9 exponentially on employers.

10 COMMISSIONER ALVAREZ: Wow. Wow.

11 CHAIRMAN DANIEL: Some states who had the
12 latitude--well, it's a Vegas term, but they pushed.

13 COMMISSIONER ALVAREZ: Mm-hmm.

14 CHAIRMAN DANIEL: Some states had their
15 commission or commissioner, in some single-commissioner states,
16 they had the latitude to set the rate, and so they set the rate
17 based on 2020. Our system is, because the general tax is
18 statutorily mandated, that was our need to explore legislative
19 options which the legislature was interested in doing, then
20 [inaudible] what discretion our commission has. So, it's
21 actually, based on what I've seen--Mr. Serna may have different
22 information--but of the large states, the states that we could
23 compare Texas to, a couple pushed, a couple just set the rates
24 based on the calculation, and a couple just adopted last year's
25 rates.

1 COMMISSIONER ALVAREZ: Wow.

2 CHAIRMAN DANIEL: In essence, that's what
3 we're doing--we're adopting last year's rates to bring some
4 certainty to employers so we can explore the most cost-effective
5 option for the people of Texas in solving [inaudible] yeah.

6 COMMISSIONER ALVAREZ: That's awesome.

7 COMMISSIONER DEMERSON: Mr. Chairman, we're
8 able to do that, and it goes back to doing it because of the
9 work that was put in through House Bill 7, and other things.

10 COMMISSIONER ALVAREZ: Oh, yeah

11 COMMISSIONER DEMERSON: It's a [inaudible]
12 process that really makes some good decisions.

13 CHAIRMAN DANIEL: Thank you, sir.

14 COMMISSIONER ALVAREZ: Thank you, Chris.

15 MR. NELSON: I think I have the next--

16 CHAIRMAN DANIEL: You have the next one.

17 MR. NELSON: Yeah.

18 CHAIRMAN DANIEL: That's why you keep
19 waiting.

20 MR. NELSON: I can go sit down and come back
21 [inaudible].

22 CHAIRMAN DANIEL: The universal signal.

23 COMMISSIONER ALVAREZ: Yes, go back and sit
24 down.

25

1 CHAIRMAN DANIEL: You can join Kim and Amber
2 in just doing like this and I'll move to the next item, yeah.

3 MR. NELSON: Okay.

4 CHAIRMAN DANIEL: This is item 10, program
5 year 2021, fiscal year 2022 allocations and distributions. This
6 is also fiscal year 2021 allocation and modifications and
7 related performance expectations for workforce development
8 areas.

9 MR. NELSON: Again, for the record, Chris
10 Nelson, chief financial officer. This morning you have before
11 you the PY 2021 and FY 2022 WIOA and adult education and
12 literacy allocations consistent with TWC rules on allocations
13 and available grant funding, for your approval. Also included is
14 the distribution for rapid response funding using WIOA
15 dislocated worker funding. Both WIOA and adult ed available
16 funding is higher than last year's allocation, which is the
17 driver behind the overall allocation increases for 2021 and
18 2022. These allocations will go into effect on contract
19 effective July 1, 2021. That concludes my remarks, and I'd be
20 happy to answer any questions.

21 CHAIRMAN DANIEL: Comments or questions?

22 COMMISSIONER ALVAREZ: None here, Chairman.

23 COMMISSIONER DEMERSON: None.

24 CHAIRMAN DANIEL: None. Is there a motion?

25

1 COMMISSIONER ALVAREZ: So, are we taking--
2 are we motioning on--

3 MR. NELSON: We'll do them one at a time--

4 COMMISSIONER ALVAREZ: One at a time?

5 MR. NELSON: --just for--yeah.

6 COMMISSIONER ALVAREZ: Okay. So, 10A, I move
7 that we approve program year 2021/fiscal year 2022 allocations
8 and distributions for WIOA adult, youth, dislocated worker,
9 rapid response, and adult education and literacy, as described
10 by staff, and order the executive director to administer these
11 block grant allocations in the most feasible and economic manner
12 within all guideline prescribed by the General Appropriations
13 Act legislature, the Texas labor code, and TWC rules.

14 MR. NELSON: Next--

15 COMMISSIONER DEMERSON: I second.

16 CHAIRMAN DANIEL: Agreed.

17 COMMISSIONER ALVAREZ: Ten-B, I move that we
18 reduce fiscal year 2021--

19 MR. NELSON: So--wait--

20 COMMISSIONER DEMERSON: [Inaudible]

21 MR. NELSON: I was just gonna make some
22 comments on each one.

23 COMMISSIONER ALVAREZ: Oh, okay, go ahead.
24
25

1 MR. NELSON: [Inaudible] yeah, just kinda
2 introduce them, and if you wanna do the motion after. Or you
3 could do the motion. It's--

4 COMMISSIONER ALVAREZ: It's up to you all.

5 COMMISSIONER DEMERSON: Yeah, let's have
6 Chris.

7 MR. NELSON: The next item in your packet is
8 a request to modify the FY 2021 childcare allocation. Due to the
9 effects of COVID-19 and decreased enrollments in 2021, staff are
10 presenting an option to move \$67,151,170 in funding from the
11 2021 allocation into the 2022 allocation. If approved, when we
12 run the 2022 childcare allocation later this summer, this
13 modification would be added to the contracted amounts available
14 for 2022. Also attached is the associated target modification
15 for the children served that would also be moved from 2021 into
16 2022, if approved. That concludes my remarks, and I'd be happy
17 to answer any questions.

18 CHAIRMAN DANIEL: Questions or comments?

19 COMMISSIONER ALVAREZ: None here.

20 CHAIRMAN DANIEL: Do we have a motion?

21 COMMISSIONER ALVAREZ: Chris?

22 COMMISSIONER ALVAREZ: I move that we reduce
23 fiscal year 2021 childcare allocations from local workforce
24 development areas by \$67,151,170 and increase the fiscal year
25 2022 allocations by the same amount.

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COMMISSIONER DEMERSON: Second.

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

MR. NELSON: The last item I have in your packet is a request to modify the FY 2021 SNAP allocation. TWC has learned through HHSC, which is the lead agency for SNAP, that due to the service delivery changes implemented in response to COVID-19, Texas is no longer eligible to receive the projected 3.4 million in SNAP [inaudible] funding for 2021. Since this funding was formally part of the allocation in contracts previously approved, the allocation and contracts need to be modified. Staff have identified 1.2 million in SNAP 50/50 funds that could be added to the allocation, leaving an overall reduction of 2.2 million for 2021. That concludes my remarks, and I'd be happy to answer any questions.

CHAIRMAN DANIEL: Questions or comments?

COMMISSIONER ALVAREZ: None here, Chairman.

COMMISSIONER DEMERSON: None.

CHAIRMAN DANIEL: Do we have a motion?

COMMISSIONER ALVAREZ: I move that we reduce the fiscal year 2021 SNAP allocations to local workforce development areas by \$2,202,598 for fiscal year 2021 SNAP allocations of \$18,995,355, as discussed by staff.

COMMISSIONER DEMERSON: I second.

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

3 MR. NELSON: Thank you, that's all I have
4 this morning.

5 CHAIRMAN DANIEL: Thank you. This is Agenda
6 Item 11, TRS optimal use of the class assessment tool.

7 MS. WILSON: Good morning, Chairman,
8 commissioners, and Mr. Serna. Allison Wilson with childcare and
9 early learning, for the record. Texas childcare and quality
10 rating and improvement system, Texas Rising Star, includes a set
11 of measures in category two that evaluate teacher/child
12 interactions. Research shows that high-quality teacher-child
13 interactions are associated with measurable positive impacts on
14 child development. In addition to Texas Rising Star, there are
15 other nationally available tools which also measure
16 teacher/child interactions. The classroom assessment scoring
17 system, known as CLASS, is a widely used evidence-based tool
18 that comprehensively measures the quality of teacher/child
19 interactions. The U.S. Department of Health and Human Services
20 uses CLASS within Head Start programs nationwide, and several
21 states also use CLASS within their childcare quality rating and
22 improvement systems. Additionally, several boards use CLASS to
23 support their local childcare quality improvement activities.
24 While CLASS measures are not identical to Texas Rising Star
25 category two measures, CLASS measures are substantially similar.

1 Because CLASS is already in use in several local communities
2 throughout Texas, CLASS assessments could be used to demonstrate
3 a provider's competency in meeting the Texas Rising Star
4 teacher/child interactions measures. Staff seeks direction on
5 recognizing CLASS-scored teacher/child interactions towards
6 Texas Rising Star certification, as outlined in a discussion
7 paper. And that concludes my remarks. I'm happy to answer any
8 questions you have.

9 CHAIRMAN DANIEL: Comments or questions?

10 COMMISSIONER ALVAREZ: None here, Chairman.

11 COMMISSIONER DEMERSON: None.

12 CHAIRMAN DANIEL: Is there a motion?

13 COMMISSIONER ALVAREZ: I move that we
14 approve the optional use of CLASS assessment tool to measure
15 childcare interactions in Texas Rising Star evaluations, with a
16 scoring matrix as discussed by staff.

17 COMMISSIONER DEMERSON: I second.

18 CHAIRMAN DANIEL: It's been moved and
19 seconded. We're unanimous. Thank you.

20 MS. WILSON: Thank you.

21 CHAIRMAN DANIEL: Let's move to Agenda Item
22 12, statewide initiatives.

23 MS. KRUSE: Good morning, Chairman Daniel,
24 Commissioner Alvarez and Commissioner Demerson and Mr. Serna.
25 For the record, Leslie Kruse, workforce development division.

1 Before you for consideration is a discussion paper revising
2 adult education and literacy Career Pathway Professional
3 Development Center request for applications approval. On April
4 20, 2021, the commission approved \$693,007 for a single award
5 under the Career Pathway Professional Development Career Center
6 RFA. During initial contract development with the grantee, it
7 was determined that due to an error in the budget spreadsheet,
8 the wrong proposed total for the application was included when
9 the commission approved the grant award. The correct total for
10 this grantee is \$750,000, which is within the RFA budget as
11 proposed and approved on July 28, 2020. Staff seeks
12 consideration and commission approval to change the single grant
13 award from the previous approved \$693,007 to 750,000. That
14 concludes my presentation. I'm happy to answer any questions
15 that you may have.

16 CHAIRMAN DANIEL: Comments or questions?

17 COMMISSIONER ALVAREZ: None here, Chairman.

18 COMMISSIONER DEMERSON: None.

19 CHAIRMAN DANIEL: I have a quick comment and
20 sort of a question.

21 MS. KRUSE: Yes, sir.

22 CHAIRMAN DANIEL: Is there a mechanism we
23 can use to give you guys some not-to-exceed numbers? I mean, we
24 approved up to 750,000. We're not exceeding that. I get the
25 statutory reason why you've gotta bring this back to us like

1 this. But is there a way to do this in the future where we can
2 approve a top-end amount, and you guys have latitude to operate
3 within that?

4 MR. SERNA: We can all work with general
5 counsel to see if there's something we can do. The statute that
6 was passed was fairly specific concerning the requirements of
7 the staff to bring these to the commission, but I'll work with
8 general counsel staff to see if we have some flexibility.

9 CHAIRMAN DANIEL: Yeah. And law is law, I'm
10 perfectly understanding if the statute is that restrictive, and
11 if it is, it is. I'm just--for staff to have to make technical
12 corrections on something that we already approved an upper-end
13 amount, without exceeding it. I'm just looking for options here.
14 All right. Okay. Other comments or questions?

15 COMMISSIONER ALVAREZ: None here, Chairman.

16 COMMISSIONER DEMERSON: None here. In the
17 discussion paper, it actually [inaudible] the bullets, one grant
18 award totally up to \$750,000. And so [inaudible] somewhere.

19 CHAIRMAN DANIEL: Yeah [inaudible]. So, is
20 there a motion on this today?

21 COMMISSIONER ALVAREZ: Chairman, I move that
22 we approve modifying the grant award for the AEO Career Pathway
23 Professional Development Center from \$693,007 to up to \$750,000,
24 as presented by staff.

25 COMMISSIONER DEMERSON: Second.

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

3 MS. KRUSE: Thank you.
4 [background conversation]

5 CHAIRMAN DANIEL: All right, general counsel
6 has advised that there's a little bit of lack of clarity on what
7 we voted on in Agenda Item 10, so we're gonna go back to Agenda
8 Item 10 and just clarify exactly what the motions were and how
9 the commission voted on those motions. So, there are your
10 motions, sir. We'll just make sure you got everything in the
11 record that you were wanting, that they've captured what you've
12 put in the record.

13 COMMISSIONER ALVAREZ: Right, thank you,
14 Chairman. I move that we reduce fiscal year 2021 childcare
15 allocations for local workforce development areas by \$67,151,170
16 and increase the fiscal year 2022 allocations by the same
17 amount. Given the adjustments to fiscal year 2021 childcare
18 allocations, I further move that we reduce the corresponding BCY
19 2021 childcare targets by \$11,985.

20 COMMISSIONER DEMERSON: Second the motion.
21 Were the changes numerical, or--changes to the motion. Are we
22 just clarifying the motion?

23 COMMISSIONER ALVAREZ: Yeah, there was a
24 section there that I did not specify, and that was to further
25 reduce the corresponding BCY 2021.

1 COMMISSIONER DEMERSON: Okay. All right,
2 second.

3 MR. SERNA: Just the targets weren't
4 included in--

5 COMMISSIONER DEMERSON: All right.

6 COMMISSIONER ALVAREZ: Yeah.

7 CHAIRMAN DANIEL: I think the targets were
8 included in the staff recommendation, but really, the commission
9 needs to set those targets, and so rather than us just relying
10 on the staff paper, I think we need to just vote on it. I'm
11 voting aye as well.

12 COMMISSIONER DEMERSON: All right.

13 COMMISSIONER ALVAREZ: Thank you.

14 CHAIRMAN DANIEL: Mr. Trobman? [Inaudible]
15 thank you. Anything under 13?

16 MR. SERNA: Yes, sir, I have one item under
17 Agenda Item 13 that I believe Clay Cole is gonna bring up.

18 CHAIRMAN DANIEL: I'm glad Clay's here. I
19 have some--I keep a list of questions for him in my pocket. I
20 hardly ever get to see him.

21 MR. COLE: Good morning, Chairman Daniel,
22 Commissioner Alvarez, Commissioner Demerson, Mr. Serna. For the
23 record, Clay Cole, unemployment insurance division. And I am
24 glad I'm here, too. I'm not on Zoom, frozen, or [inaudible].

25

1 COMMISSIONER DEMERSON: Clay, unmute, unmute
2 yourself.

3 MR. COLE: --looking [inaudible]. Yeah, I'm
4 muted.

5 CHAIRMAN DANIEL: The only problem, Clay, is
6 you can't act like you have connectivity issues when you don't
7 wanna answer our questions.

8 MR. COLE: Yeah, exactly. You gotta face the
9 facts here. So, just happy to be here with y'all this morning,
10 and really happy and excited to just share the trends we've seen
11 over the last three weeks, on a weekly basis. Our claims and
12 calls continue to reduce to levels that we haven't seen since
13 the pandemic. So, not near pre-pandemic, but still much better
14 than where we've been, and also our assignment inventory is the
15 lowest since the pandemic. So, really good trends there, and
16 happy we're moving in that direction. And a positive sign, like
17 it was talked about earlier, as people return to work. That's
18 our number one mission, and that's what we strive to do with our
19 workforce partners. So, today, though, I'm here just to make you
20 aware that the job refusal guidance that's associated with the
21 COVID-19 emergency will be ending when Texas opts out of most of
22 the federal Cares Act assistance on June 26, 2021. On June 16,
23 2020, the commission demonstrated support of the program
24 guidance to unemployment claimants concerning their continued
25 eligibility for unemployment insurance benefits, should they

1 refuse suitable work. However, on May 17, 2021, Governor Greg
2 Abbott informed U.S. Department of Labor Texas intends to opt
3 out of further federal unemployment compensation related to
4 COVID-19 pandemic effective benefit week ending June 26, 2021.
5 This includes the \$300 weekly unemployment supplemental for
6 federal pandemic unemployment compensation program. So, TWC is
7 responding to Governor Abbott's actions by focusing on helping
8 Texans get back to work, and as a result, the job refusal
9 guidance outlined last year is out-of-date at this time, as we
10 opt out beginning at the end--June 26, 2021. So, going forward,
11 June 27, 2021, we'll no longer be administering those federal
12 programs that were outlined by the governor to the Department of
13 Labor going forward. TWC will continue to investigate suitable
14 work issues on a case-by-case basis, and will apply the TWCA
15 [SP] and TWC rules to ensure all Texans are treated fairly if
16 they must refuse an offer for work. So, this concludes my
17 update, and I'll be happy to answer any questions you may have
18 at this time.

19 CHAIRMAN DANIEL: Comments or questions?

20 COMMISSIONER ALVAREZ: Thank you, Clay, for
21 all the work that you've done during this whole time. Please
22 inform your staff that we're very grateful for the work and
23 everything you all have done. I also agree with regards to the
24 suitable work. I would ask that staff review each case
25 individually, like you just stated, in accordance with standing

1 policies, and review any medical documentation to determine if
2 work is suitable.

3 COMMISSIONER DEMERSON: Clay, I do wanna
4 express those sentiments. Appreciate the work that you guys are
5 doing. And so this--so, Ed, Clay, our agency staff members, are
6 we confident the TWC would be in compliance with general
7 Department of Labor UI program guidance for regular state
8 unemployment insurance benefits, even under the president's
9 executive order from January 2021. And I know you guys have been
10 working with our team on that, but wanted to make sure that
11 we're solid there.

12 MR. COLE: Yes, sir, we [inaudible].

13 COMMISSIONER DEMERSON: Okay.

14 MR. COLE: We feel confident.

15 COMMISSIONER DEMERSON: Okay.

16 CHAIRMAN DANIEL: I'm very pleased to hear
17 you talk about our ability to look at these individually. I just
18 wanna make sure every Texan who still finds themselves on
19 unemployment benefits and are still looking for a job, that they
20 have all the rights of due process on that. So, I appreciate
21 your commitment to that. I think it's important. Some tough
22 decisions are being made for a lot of employers, a lot of
23 employees in the state, in terms of people finding jobs, and
24 we've seen a lot of job growth and a lot of job activity, even
25 this calendar year, and I think that's going to intensify. But

1 in the meantime, I think for our purposes, just knowing that
2 everybody has a fair look at that, and so I appreciate your
3 commitment to that. You don't need action from us on this
4 [inaudible]?

5 MR. COLE: No [inaudible] just make you all
6 aware of it.

7 CHAIRMAN DANIEL: All right, thank you.

8 MR. COLE: Thank y'all for y'all's support.

9 MR. SERNA: Thank you.

10 CHAIRMAN DANIEL: All right, I don't think
11 we have anything under Agenda Item 14. But do we have a
12 legislative report?

13 MR. SERNA: Yes, sir.

14 CHAIRMAN DANIEL: Oh, we do.

15 MR. SERNA: And 15, we're gonna put them
16 together.

17 CHAIRMAN DANIEL: Oh, we're just gonna run
18 them all together?

19 MR. SERNA: Yeah. [Inaudible] same thing.

20 CHAIRMAN DANIEL: [Inaudible] it's like a
21 whole pack of legislative affairs people.

22 COMMISSIONER DEMERSON: [Inaudible] happy.

23 MR. MCCARTY: Good morning, Chairman Daniel,
24 Commissioner Alvarez, Commissioner Demerson, Mr. Serna. Tom
25 McCarty, external relations director. Joining me today is

1 Michael Britt. We've been saving the bulk of our comments for
2 today, with the legislative session, so we're gonna include 140
3 days into this. So, I hope y'all have something to drink up
4 there. I'd also like to recognize the government relations team
5 that's joined us--Kim Berry, Joe Dyer, Steven Dillart [SP], and
6 Betsy Hawkins. They are in the audience with us today.

7 COMMISSIONER DEMERSON: Tom, can they stand
8 up, or can we see them?

9 CHAIRMAN DANIEL: No, they need to stand up.

10 COMMISSIONER DEMERSON: Yeah, where are
11 they? So, tell the names again, Tom.

12 MR. MCCARTY: We got Joe, we got Steven--
13 raise your hand, Steven--Kim Berry, and Betsy Hawkins.

14 COMMISSIONER DEMERSON: Betsy, okay, good.

15 MR. MCCARTY: And then not joining us today,
16 was unable to join us, is--but he's here in memory--is
17 Christopher Groening [SP]. And then also on Zoom will be Alison
18 Robertson. So, as you know, the 87th Texas legislature
19 [inaudible] last Monday, May the 21. It was a slightly different
20 session for us than previous sessions. Bills relating to TWC
21 were the first bills filed in the House in November, and the
22 last bill heard by the House was also a TWC bill, or related to
23 TWC. So, we haven't quite been the bookends before, leading up
24 to a legislative session. Those bills were House Bill 21, that
25 was the first bill filed, and then Senate Bill 518 was the last

1 bill heard, if you're curious. During the 140 days of session,
2 GR received over 18,700 constituent case work enquiries. The
3 unemployment insurance division was largely able to address
4 those enquiries within 24 hours of receipt, which allowed GR to
5 follow up within our targeted 48 hours to respond back to
6 legislative offices. In addition, the agency tracked over 1,150
7 bills, and agency staff prepared over 2,000 impact cost analysis
8 on legislation, and around 100 staff contributed to this work
9 that was invaluable in assisting both government relations and
10 the finance department during the session. We would like to
11 thank those who were called upon to serve as resource witnesses
12 on behalf of the agency, and we're often here before the sun was
13 up, and in some cases stayed well after 5:00 to fulfill this
14 role. Mr. Serna, Courtney Arbor, Kerry Ballast, Reagan Miller,
15 Mary York, Brian Snoddy, Clay Cole, Paul Carmona, Cheryl Fuller,
16 Chuck Ross, Chris Oakley, and Mariana Vega. I do apologize if I
17 left anybody off, but we do appreciate their help in being
18 resource witnesses for the agency. Moving on to the briefing, we
19 will give you an appropriations update, and then the legislative
20 initiatives as well. For appropriations, the TWC appropriations
21 for the '22/'23 biennium under Senate Bill 1, TWC has allocated
22 1.9 billion in fiscal year '22, and 1.87 billion in fiscal year
23 '23. These are all funds. SB1 also approved all of TWC's capital
24 budget exceptional item requests. These include requests related
25 to the VR case management and monitoring system upgrades, the

1 work opportunity tax credit system and foreign labor
2 certification application system, TWC Internet site update, and
3 unexpended balance authority for the [inaudible] and UI system
4 upgrades, which were approved by the 86th legislature. SB1 also
5 includes new riders for TWC. The bill includes a new rider that
6 requires TWC to ensure that digital skill-building is an
7 explicitly permitted use of existing workforce development grant
8 programs, that TWC shall utilize federal funds to provide
9 digital skills building, device access, and digital support for
10 workers in workforce development programs. The bill also
11 includes a rider that requires TWC to utilize federal UI funding
12 to collect and report unemployment insurance claims by type,
13 Internet, phone, and other--and disaggregate claim counts data
14 by age, education, race, ethnicity, sex, and the occupation of
15 individuals requesting benefits by region. The rider further
16 stipulates the data is to be used to target individuals for
17 digital skills training or retraining, and that the data should
18 be reported publicly on the website. I'll let Michael provide
19 you all with an overview of the TWC legislative proposals and
20 other key legislation passed during the session.

21 MR. BRITT: Thanks, Tom, and good morning,
22 commissioners and Mr. Serna. For the record, Michael Britt,
23 governmental relations. As Tom mentioned, I'll start off and
24 give you a quick overview of the status of TWC's legislative
25 proposals for the 87th session. The legislature passed six of

1 TWC's seven legislative proposals. These were House Bill 1153 by
2 Representative Vo, sponsored by Senator Birdwell, which was our
3 legislative proposal related to Fair Housing Act amendments;
4 House Bill 1792 by Representative Button and sponsored by
5 Senator Zaffirini, which is TWC's legislative proposal related
6 to TRS assessors and evaluator functions. House Bill 1799 by
7 Representative Button, also sponsored by Senator Zaffirini,
8 which is TWC's legislative proposal related to apprenticeship
9 reporting requirement updates. Senate Bill 695 by Senator
10 Zaffirini, and sponsored by Representative Hefner, which is
11 TWC's legislative proposal related to notice of assessments and
12 methods of service. Senate Bill 770 by Senator Hughes, sponsored
13 by Representative Button, which is TWC's legislative proposal
14 related to the self-sufficiency grant program amendments, and
15 Senate Bill 818 by Senator Powell, sponsored by Representative
16 Chris Turner, which is TWC's legislative proposal related to UI
17 claims for individuals called to state and federal military
18 service. I'm happy to report that to date, Governor Abbott has
19 signed all of our legislative proposals into law, except for
20 House Bill 1153, and the bills that have been signed are all
21 effective September 1, 2021. Of course, the governor's deadline
22 to sign or veto legislation is June 20, 2021. TWC's seventh
23 legislative proposal, which was Senate Bill 819 by Senator
24 Powell, and was related to additional evidence in UI domestic
25 violence cases, ultimately was not passed by the legislature.

1 Next, I will go through a few of the major bills related to TWC
2 that were passed this session. As has previously been mentioned
3 this morning, we had House Bill 7 by Representative Button, and
4 that bill makes changes to the replenishment ratio used to
5 determine an employer's unemployment compensation tax rate by
6 excluding from the calculation the replenishment ratio benefits
7 not effectively charged to an employer's account as a result of
8 an order or proclamation by the governor declaring at least 50
9 percent of the counties in the state to be in a state of
10 disaster or emergency. And that bill was signed and went into
11 effect on May 13. We had Senate Bill 1801 by Senator Zaffirini,
12 and this bill requires TWC to accept repayment for overpaid
13 unemployment insurance benefits in the form of a personal check,
14 a cashier's check, money order, debit card, electronic check, or
15 electronic funds transfer. Senate Bill 2099 by Senator
16 Zaffirini--this bill requires that TWC establish a method for
17 every individual who files a claim for unemployment insurance
18 benefits to be able to check the status of their claim through
19 one or more telephonic or electronic methods, and each of these
20 methods must provide an option for the individual to provide
21 their name and contact information and receive a return phone
22 call or email response from TWC within a reasonable timeframe
23 regarding the status of their claim. Next, we had--these next
24 bills relate to a tri-agency initiative. We had House Bill 1247
25 by Representative Lozano, and this bill requires TWC, the Texas

1 Education Agency, and the Texas Higher Education Coordinating
2 Board to jointly develop a strategic framework to encourage
3 work-based learning in the state and prepare a report on the
4 framework and submit the report to the Texas legislature no
5 later than December 31 of 2022. Next, we had House Bill 3767 by
6 Representative Murphy, and this bill codifies the tri-agency
7 workforce initiative and requires the chair of TWC, the
8 commissioner of the Texas Education Agency, and the commissioner
9 of the Higher Education Coordinating Board to hold quarterly
10 meetings to discuss the work of the tri-agency initiative. The
11 bill also requires the three agencies to develop a strategic
12 plan for a unified workforce data repository, develop state
13 workforce development goals and strategies, and subject to the
14 available of federal funding, work with employers to enhance the
15 reporting of employment and earnings data submitted to TWC as
16 part of employer's filings with the commission. The bill also
17 requires that the agencies--or that state agencies that receive
18 funding through the Perkins Act or WIOA to outline how their
19 uses of such funding will align with the strategic plan
20 developed by the three agencies. Next, we had several bills
21 related to childcare. First, we had House Bill 619 by
22 Representative Senfronia Thompson. This bill requires that TWC
23 prepare a report on the strategic plan--or prepare a strategic
24 plan for improving the quality of the infant, toddler,
25 preschool, and school-age childcare workforce in the state.

1 Next, we have House Bill 2607 by Representative Talarico. This
2 bill requires that all childcare providers participating in
3 TWC's subsidized childcare program be TRS-certified. The bill
4 also provides TWC with authority to develop a process to allow a
5 childcare provider to request a waiver to extend the maximum
6 length of time to no more than 36 months, that the provider may
7 participate at the entry-level star rating. Next, we have Senate
8 Bill 1555 by Senator Zaffirini, and this bill requires that
9 local workforce development boards establish and implement
10 graduated reimbursement rates for childcare providers
11 participating in TWC's subsidized childcare program that align
12 to the commission's age groupings, with the child-to-caregiver
13 ratios and group sizes adopted by the Texas Health and Human
14 Services Commission. These rates shall provide also the highest
15 reimbursement rates to childcare providers that provide care to
16 children in the age group with the lowest child-to-caregiver
17 ratio, and these rates are required to be adopted no later than
18 December 1, 2023. Next, we had a couple of bills related to the
19 skills development fund and the JET program. We had House Bill
20 4279, by Representative Dominguez, and this bill authorizes the
21 Windham school district to be eligible for grants under the Jobs
22 and Education for Texans program, or JET program. We also had
23 Senate Bill 346 by Senator Paxton, and this bill establishes
24 that open enrollment charter schools are now entities eligible
25 to receive grant funding under the JET program as well. Related

1 to apprenticeship, we had Senate Bill 337 by Senator Powell, and
2 this bill requires TWC, contingent on the appropriation of state
3 funding, to develop and administer a program under which TWC may
4 award grants to one or more nonprofit organizations that
5 facilitate the participation in apprenticeship training programs
6 of veterans, active-duty military service members who are
7 transitioning into civilian employment. Next, we have Senate
8 Bill 1524 by Senator Hughes, and this bill requires TWC and the
9 comptroller, contingent on the appropriation of federal funds
10 specifically for this purpose, to develop a tax refund pilot
11 program for persons who employ at least one person in a
12 qualified apprenticeship position for at least seven months. And
13 the tax refund would apply to limited sales, excise, and use
14 taxes paid during the calendar year. Finally, I wanted to
15 highlight a bill related to veterans that was passed, and this
16 was House Bill 33 by Representative Dominguez. And this bill
17 requires an institution of higher education to award credit
18 toward a degree or certificate for military experience,
19 education, and training. This bill also requires TWC to evaluate
20 programs and study offered by career schools and colleges
21 leading to industry-grade certifications or other workforce
22 credentials, to identify programs or courses of study for which
23 skills obtained through military experience, education, and
24 training frequently align. And TWC must also require that the
25 career schools and colleges provide credit for the military

1 experience, education, and training that align with these
2 courses of study. That concludes my update on the bills, and I
3 would just like to, real quickly, take a personal privilege and
4 echo Tom's comments, and give my thanks to the GR staff. They
5 really did the heavy lifting and lion's share of the work from
6 what we just presented to you, and it really is a privilege to
7 lead what I think is the finest GR staff in state government.
8 With that, that concludes my remarks, and we're happy to answer
9 any questions you have.

10 CHAIRMAN DANIEL: Any questions or comments?

11 COMMISSIONER ALVAREZ: I just have to say
12 thanks for the report, Michael and Tom, and again, congratulate
13 your team for a job well done. I agree with you--we probably do
14 have the best GR team in the state, and probably in the country
15 as well, Michael. So, I'm gonna take a leap on saying that. So,
16 thank you again for the report.

17 COMMISSIONER DEMERSON: I echo those
18 sentiments. I mean, we started the session, some things I've
19 never seen before, and we're dealing with a pandemic, and then
20 Ed with the drop-the-mic moment over there, I mean, with
21 compliments coming Senator Whitmire. So, things that we've never
22 seen with the pandemic. I've shared this with the team--when we
23 have an opportunity to sit back and think about what we've done
24 with the legislative session, the UI team with the pandemic,
25 confirmation for both the chairman and I mixed in with

1 everything else, it's just tremendous. And it's been done with a
2 smile and not a lot of fights at all. So, appreciate the work
3 that you guys are doing day-in and day-out. It takes a team. And
4 Ed, thanks for your leadership in that regard.

5 CHAIRMAN DANIEL: You know, so much happens
6 in a 150-day period. Lots of activity. Yes, these guys managed
7 to stay on top of all of it. A great team. So, I'll join your
8 comments. I find in the course of human history that just the
9 way people respond to things, a lot of times, people's--their
10 name, Mr. Serna, can become a verb. For example, at TWC, to
11 McCarty something would mean to forget to bring the breakfast
12 tacos for the 7:00 a.m. meeting. Or to Britt something would
13 mean to maintain the most positive attitude I've ever seen under
14 some of the worst circumstances that you could do. So, I think
15 that in the case of McCartying something, that can be forgiven.
16 There was some miscommunication, I think, from some folks. To
17 Britt something, I think we'll see that continue. Having said
18 that, Tom, your team has performed very well--very, very well--
19 this legislative session. Michael, appreciate all your work.
20 Everyone--if I start listing names, I'll forget the names, so
21 I'll just stop right there. But you guys, the work can be fun if
22 you'll let it, and you guys let it. And we worked with a lot of
23 offices and you don't get the phone calls I get about your
24 performance. And so, what I will do is sum those up for you,
25 which was we had unsolicited calls from offices praising TWC

1 staff for our ability to make complicated issues easy to
2 understand and provide the legislature the tools they needed to
3 do their job. Yeah, honestly, that's success in this arena.
4 Appreciate it. I know we got a lot of work to do left federally,
5 and there's always work that follows on from a legislative
6 session like this one. But can't in any way say that we should
7 have done anything better or different, because I think given
8 the circumstances, I think we did our job to the best of our
9 ability, and I thank you for that. And just to conclude my
10 remarks, Tom, let's set a date soon. I'll take you and buy you a
11 breakfast taco.

12 MR. MCCARTY: I appreciate that, sir.

13 MR. BRITT: Thank you, gentlemen.

14 COMMISSIONER DEMERSON: [Inaudible]

15 CHAIRMAN DANIEL: I will not McCarty the
16 taco situation. That's correct, Commissioner Demerson.

17 MR. MCCARTY: We appreciate your support.

18 MR. BRITT: Thank you.

19 MR. SERNA: We have, sir. I have nothing
20 under the executive director--

21 CHAIRMAN DANIEL: No executive director
22 report?

23 MR. SERNA: No, sir.

24 CHAIRMAN DANIEL: Any other item to come
25 before the commission? I got one thing, but--

1 COMMISSIONER ALVAREZ: None here, Chairman.

2 COMMISSIONER DEMERSON: [Inaudible] couple
3 of things here. I'm attending [inaudible] college, courtesy of
4 the guys in [inaudible] that's pretty phenomenal. We're doing it
5 virtually this year, and I look forward to bringing you guys
6 information on that. We're going to the TDC for their midyear
7 conference, where we're recognizing workforce and economic
8 development projects that are going on. And then lastly, I have
9 a couple of interns in the audience. And so, Feliciano Garza is
10 an intern. You can stand up. He's the tall guy there. And also
11 Alexandra--I call her Alex--Baker. She's at Trinity as well, and
12 Feliciano just finished at St. Edward's. So, we are real strong
13 as relates to interns, and we're gonna be recognizing interns
14 through something I'm calling Texas Interns Unite later on this
15 year. We'll be showcasing that. That's the employer--the talent
16 pipeline for our employers, and so we're excited about the
17 [inaudible].

18 CHAIRMAN DANIEL: A current Trinity Tiger?

19 COMMISSIONER DEMERSON: She's a current
20 Trinity Tiger. So, that's right.

21 CHAIRMAN DANIEL: What's your major?

22 MS. BAKER: [Inaudible]

23 CHAIRMAN DANIEL: I can't hear you, you're
24 gonna have to stand up.

25 MS. BAKER: [Inaudible]

1 CHAIRMAN DANIEL: Business?

2 COMMISSIONER DEMERSON: Spanish and
3 business.

4 CHAIRMAN DANIEL: Yeah. What year?

5 MS. BAKER: [Inaudible]

6 CHAIRMAN DANIEL: You're going into your
7 senator year? Do you know any finance majors there?

8 MS. BAKER: [Inaudible]

9 CHAIRMAN DANIEL: Yeah? Did you happen to
10 run across someone named Emily Daniel?

11 MS. BAKER: [Inaudible]

12 CHAIRMAN DANIEL: Yeah, she claimed she went
13 to class, but now I'm questioning maybe what she was doing.

14 COMMISSIONER DEMERSON: Bryan, Emily's
15 really famous. Recognition right there.

16 CHAIRMAN DANIEL: I mean--

17 COMMISSIONER DEMERSON: It's not
18 [inaudible].

19 COMMISSIONER ALVAREZ: So, Commissioner,
20 your working on your Spanish, huh?

21 COMMISSIONER DEMERSON: My español. Hablo
22 español [sounds like] poquito. [speaking Spanish]

23 COMMISSIONER ALVAREZ: What? What makes you
24 think I know Spanish? What makes you think I know it?

25

1 COMMISSIONER DEMERSON: Mr. Chairman, this
2 is going downhill. You better stop this.

3 CHAIRMAN DANIEL: Does that conclude your
4 comments?

5 COMMISSIONER DEMERSON: That concludes my
6 comments.

7 CHAIRMAN DANIEL: You should stop right
8 there. In the vein of introductions, Natasha Fisher, somewhere
9 back there, I saw you earlier--there--well, you have to stand
10 up. She's a law student at Emory University. She's joined us
11 this summer as an intern, where she's gonna be working on legal
12 things, so we're gonna have a legal kind of summer. But she's
13 gonna be working on some policy items too. Let's see, very, very
14 excited--a law student kinda gives a different viewpoint, but I
15 think definitely gonna be a great addition to the office. So,
16 thank you, Natasha. So, for all the folks interning in the
17 various offices and throughout the agency, I just absolutely
18 love having interns around. Such a different viewpoint, helps us
19 see things through a different lens. So, you guys make the most
20 out of your internship. Internship--let me lecture. Internship
21 is the only time in your life when you can ask all the questions
22 why that you never get to ask once you're on the payroll. So,
23 ask all your why questions now, because people will actually
24 answer it while you're still an intern. So, with that,
25 commissioners, any other item to come before the commission?

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COMMISSIONER ALVAREZ: None here, Chairman.

COMMISSIONER DEMERSON: None here.

CHAIRMAN DANIEL: All right, do we have a motion to adjourn?

COMMISSIONER ALVAREZ: I move that we adjourn.

COMMISSIONER DEMERSON: Second that motion.

CHAIRMAN DANIEL: It's been moved and seconded to adjourn, we're adjourned. Thank you.