

To: Gulf Coast Workforce Board Members

From: Mike Temple
Carol Kimmick
David Baggerly
Michelle Ramirez

Date: November 25, 2014

Subj: Board Meeting Materials for Tuesday, December 2, 2014

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, December 2, 2014** in H-GAC's new second floor large conference room, 3555 Timmons Lane, Houston. The new conference room is across the hall from the previous Conference Room A.

Reports. Chair Guthrie will provide his update to members on items of interest. Audit/Monitoring Committee Chair Joe Garcia will report on the committee's latest activity, and Government Relations Committee Chair Guy Jackson will provide a brief information update.

Action. Procurement Committee Chair Evelyn Timmins will discuss recommendations for funding five organizations to help them expand work they are already doing with young people in the region. This is a slightly different approach to contracting for us as we explore ways to leverage good work that is already being done in the area instead of creating stand-alone projects. As a part of this, the committee is also recommending that we establish a venture fund that would make small grants to help community organizations grow their work and their capacity to deliver high quality service.

Information. David Baggerly will provide a full report on our performance against the Board's measures and our production. Our latest financial report shows us to be on-target against the Board's budget. Ron Borski will brief us on the region's economy and then Ron and Parker Harvey will provide more detailed information on several topics: oil prices their effect on the regional economy, the various different measures of unemployment, and employment in the maritime industry.

We look forward to seeing you on December 2nd. Please call or email us if you have questions, or if we can be of any help!

The Gulf Coast Workforce Board Tentative Agenda

Tuesday, December 2, 2014 at 10:00 a.m.
H-GAC Conference Room B/C
3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review October 2014 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
 - a. *Chair's Report.* The Board Chair will discuss items of interest.
 - b. *Audit/Monitoring.* The Committee Chair will present an update from the committee's November 2014 review.
 - c. *Government Relations.* A brief update on state legislative hearings of interest.
7. **Take Action**
 - a. *Procurement.* The Committee Chair will present recommendations to fund efforts that help area students complete a high school education and then complete post-secondary training in high-skill, high-growth occupations in total amount not to exceed \$950,000.
8. **Receive Information**
 - a. *System Performance.* Report on current performance.
 - b. *Expenditures.* Report on expenditures.
9. **Look at the Economy**

Report on current economic data and trends in the Houston-Gulf Coast area, including a briefing on the effects of oil prices and information on employment in the region's maritime-related industries.
10. **Take Up Other Business**
11. **Adjourn**



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**MINUTES OF
THE GULF COAST WORKFORCE BOARD
TUESDAY, OCTOBER 7, 2014**

MEMBERS PRESENT:

Betty Baitland	Elaine Barber	Sara Bouse
Bill Crouch	Joe Garcia	Cheryl Guido
Mark Guthrie	Bobbie Henderson	Cody Holloway
Eduardo Honold	Guy Robert Jackson	Sarah Janes
Tony Jones	Birgit Kamps	Jeff Labroski
Ray Laughter	Kendrick McCleskey	Jerry Nevlud
Linda O'Black	Dale Pillow	Janice Ruley
Allene Schmitt	Richard Shaw	Gil Staley
Joe Swinbank	Evelyn Timmins	Toy Wood
Sarah Wrobleski	Madeleine York	

H-GAC STAFF MEMBERS PRESENT

Mike Temple
David Baggerly
Michelle Ramirez
Ron Borski

Mr. Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, October 7, 2014, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Chair Guthrie determined a quorum was present.

ADOPTION OF AGENDA

Chair Guthrie asked for adoption of the agenda as presented. A motion was made and seconded to adopt the agenda. The motion carried.

PUBLIC COMMENT

No one signed up for public comment.

MINUTES FROM AUGUST 5, 2014

Chair Guthrie asked if there were any additions or corrections to the minutes for the August 5, 2014 meeting and if not, for approval of the minutes as presented. A motion was made and seconded to approve the minutes as presented. The motion carried.

DECLARE CONFLICTS OF INTEREST

Chair Guthrie asked for a declaration of any conflicts of interest with items on the agenda. No one declared a conflict. Chair Guthrie reminded the members that they also were welcome to declare conflicts with items as they are considered.

CONSIDER REPORTS

Chair's Report

Chair Guthrie welcomed two new Board members – Ms. Toy Wood, representing Greater Houston Builders Association and Ms. Dale Pillow, representing Adult Reading Center, Inc. Chair Guthrie asked both new members to tell the Board a little about themselves.

Chair Guthrie reported that he attended a meeting in Austin on September 25, 2014 among Commissioner Michael Williams, Texas Education Agency, Commissioner Raymond Paredes, Texas Higher Education Coordinating Board, Chairman Andres Alcantar, Texas Workforce Commission, Larry Temple, Executive Director of the Texas Workforce Commission, Superintendents from two Houston area school districts and several others. The group talked about aligning efforts to connect education and the workforce needs of employers as well as education standards among the three agencies. The discussion included possibly developing an app to assist students and schools with career education to avoid the duplicative efforts undertaken by the school districts to provide students educated choices about the pathway choices created by HB5, as well as a number of collaborative efforts.

Chair Guthrie explained that he also attended a roll-out of the Early Matters Pre-K Program at Rice University. Mr. Willie Alexander has agreed to serve as our Board representative along with Dr. Bobbie Henderson. He reported that Dr. Colin Powell who was the keynote speaker, gave a moving talk about the importance of Pre-K.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Chair Joe Garcia reported that the committee met in-person and via conference call on Thursday, September 25, 2014 and heard an update on recent activity.

Chair Garcia explained that since the last report, the regional Quality Assurance team reviewed 10 offices and the two satellite locations at Houston Public Library sites (Ring Library in Spring Branch and the downtown Central Library).

The team rated the Cypress Station, Katy Mills, Columbus, and Sealy offices as above average in their operations, meaning those locations deliver good customer service and

may have some opportunities for improvement. Interfaith of the Woodlands operates each of these offices.

The team judged the other locations – Liberty, Willowbrook, Wharton, Waller, Northshore, Rosenberg, Texas City and Houston Central Ring Library as average – which means the offices provide an acceptable level of customer service with several opportunities for improvement. During the past year, the Quality Assurance team members rated the office locations on their customer service, management, and quality of records, judging them to be above average, average, or below average.

Chair Garcia noted:

- The team continues to review the system to determine how well we are protecting customer information. Although we still occasionally discover customer data forgotten in a staff drawer or a box under a desk, we find contractors and staff are doing well at protecting and securing customer information. Reviews of offices' ability to record service accurately and in a timely fashion also show the system meeting expectations for substantial compliance.
- Through mid-September, we and the Financial Aid Payment Office have visited 1,965 of the 2,137 active child care vendors. There are no notable findings.
- The team is currently looking at Employer Service operations and preparing for the next round of system visits to offices, the Financial Aid Call Center, the Financial Aid Payment Office, youth projects, and the early education quality improvement effort.

Chair Garcia concluded his report and no action was taken.

Career Office Committee Report

Board staff, Ms. Michelle Ramirez noted that contractors regularly identify staff members they believe best exhibit the I AM Workforce Solutions principles of excellent customer service. The Regional Management Team—made up of Board staff and contractor management—review nominations and select one or more individuals for recognition.

❖ **Ms. Sherrie Brooks**
Workforce Solutions - Humble

Ms. Sherrie Brooks began working as an employment counselor with Workforce Solutions just over a year ago in the Humble office – which is located on FM1960 to the east of US 59 in northeast Harris County.

With the greeting “What kind of job can I find you today!” Ms Brooks engages her customer and steers the interview towards looking for work. Customers tell us they feel confident in Ms. Brooks' ability to help them find a job – and with

her coaching and assistance, they do. Within the last six months, Ms. Brooks has helped 66 customers get a job!

Ms. Brooks' passion for helping *every* customer go to work also shows in her work with non-profit organizations. Ms. Brooks works with Autumn's Dawn, a Humble-area organization that helps autistic young adults transition to independent living, using her resources and contacts to guide these young adults to employment.

Ms. Sherri Brooks *IS* Workforce Solutions

Ms. Ramirez concluded her report and no action was taken.

TAKE ACTION

- a. Early Education & Care. The Committee Chair will ask members to consider supporting Early Matters, a community effort to expand the availability of quality early education and child care and provide updates on committee activities.

Chair Henderson reported that the Workforce Commission implemented the Texas Rising Star system several years ago. Chair Henderson explained that TRS recognizes child care providers who offer a level of quality early education – providers apply and are assessed as meeting specific quality criteria. Providers who successfully acquire the designation are certified as TRS providers – and a TRS provider may earn up to 5% above the Workforce Solutions published child care reimbursement rates.

Chair Henderson stated that legislation passed during the last session of the Texas Legislature which directed the Texas Workforce Commission to expand and improve Texas Rising Star. Recommendations from a statewide workgroup convened by the Workforce Commission to assist in implementing provisions of the legislation include:

- Revising the criteria and standards used in assessing quality providers, including changing the rating scale and designations
- Improving the assessment, mentoring and technical assistance which the workforce system offers to help providers achieve and maintain Texas Rising Star certifications
- Increasing the number of providers achieving Texas Rising Star certifications

Our early education quality contractor, Collaborative for Children, will provide both the assessment and mentoring functions for Texas Rising Star as a part of the early education quality technical assistance service it offers.

During the 2015 contract year we plan to take the following actions implementing changes in Texas Rising Star:

- By January 2015, Collaborative for Children will increase the number of staff dedicated to assessment and mentoring functions from a total of three positions to nine positions. The assessment staff and the mentoring staff are separate; that is, assessment and mentoring may not be performed by the same individual for any provider. One individual may perform both functions, but not for the same provider.
- Throughout the year, Collaborative for Children will conduct assessments of providers using a new tool and set of criteria – this includes existing Texas Rising Star-certified providers.
- At the beginning of the 2015 contract year – this October – we expect to have 155 Texas Rising Star-certified providers. We will increase that number by the end of the contract year (September 2015), but not significantly, as our focus will be on transitioning to the new criteria and standards.
- We plan over the following two contract years to increase the number of providers with Texas Rising Star certifications in our region to more than 300.

Chair Henderson noted that periodically staff reviews the regional market to assess the position of our reimbursement rates for providers and advise the Committee and the Board on possible changes. We have not increased the maximum rates we pay for early education and care in several years.

Based on last year's rate survey, our maximum reimbursement rates are:

- At 96% of the average market rate for licensed child care centers;
- At 83% of the average market rate for licensed homes; and
- At 82% of the average market rate for registered homes.

We set maximum reimbursement rates for type of early education/care provided, taking into account the age of the children. Normally we negotiate all rates with any provider and we may or may not pay up to the maximums.

We plan to review the 2014 rate survey which the Texas Workforce Commission will release in September and make any recommendations to the full Board for possible changes at the December 2014 Board meeting.

Early Matters

Chair Henderson explained that Early Matters is a broad-based coalition of business, civic, education, philanthropic and non-profit organizations working to increase the awareness of and investment in high-quality early education.

The coalition released its report which includes recommendations for action on September 26, 2014. Currently the coalition and its recommendations are focused on Houston and Harris County.

Chair Henderson has been active in the coalition from the beginning, and Board member Mr. Willie Alexander has recently joined Early Matters as a representative of the Board.

Chair Henderson explained that at the Early Education Committee's September meeting, committee members voted to recommend that the Board join with other coalition partners to endorse increased investment in high-quality early education.

Chair Henderson also noted that since its beginning, the Workforce Board has been concerned about early education and improving the quality of the education and care for young children. With the more than \$100 million the Board provides in child care financial aid to support parents who are working or going to school, it is a key player in the region's early education system. In addition, the Board continues its support for quality improvement activities, through the more than \$3.2 million invested through Collaborative for Children and the Texas Association for the Education of Youth Children.

A motion was made and seconded to endorse the Early Matters program and its goal of increasing awareness of and investment in high-quality early education. The motion carried.

Chair Guthrie stated that he brought back a few copies of the materials from the Early Matters meeting for any interested Board members.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2013 through August 2014. These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

For Workforce Solutions

More Competitive Employers –

Employers Receiving Services (Market Share) – we expected to provide services to 25,147 employers this year which is almost 18% of the 140,808 employers identified for the Gulf Coast area. We provided services to 23,139 employers through August 2014.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,485 employers, 11,987 returned to The Workforce Solutions for additional services through August 2014.

More and Better Jobs –

New jobs created – This information is captured quarterly and reflects a two year average.

Customers employed by the 1st quarter after exit – Reporting for the quarter ending September 2013, 237,377 of the 323,701 customers who exited from services were employed by the quarter after exit.

Higher Real Incomes –

Exiters with Earnings Gains of at least 20% - Reporting for the quarter ending March 2013, 116,188 of the 346,231 customers who exited had earnings gains of at least 20%.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - Reporting for the quarter ending March 2014, 1,803 customers pursuing an education diploma, degree or certificate exited in the period July 2013 – March 2014. 903 achieved a diploma, degree or certificate by the quarter after exit.

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we received from the Texas Workforce Commission.

For the performance year that began October 1, 2013, we are meeting or exceeding the target for eight of ten measures. The two measures we are not meeting are:

- Youth Placement in Employment or Education. The target for this measure is 65%. Our performance through September 2013 was 63.6%. We expect to meet the target.
- Choices Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 39.5%. Our performance through the month of August was 40.2% with a cumulative total for the year of 36.3%.

Mr. Baggerly reported that we continue to work closely with our contractors to improve performance on all measures.

Mr. Baggerly concluded his report and no action was taken.

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for eight months ending August 31, 2014. Mr. Temple explained that the budget looks good, and against a straight line we are a little under, but should not be a problem by the end of the year.

Mr. Temple concluded his report and no action was taken.

Information Updates

Mr. Temple gave a brief report on the various items of interest.

UpSkill Houston

Mr. Temple explained that the Greater Houston Partnership's middle skills initiative is moving forward. Mr. Steve Mechler from Balfour Beatty Construction, who recently joined the Workforce Board is leading the construction industry sector work. That group had their first meeting on October 6, 2014 with Mr. Mechler as well as Board Members Ms. Toy Wood and Mr. Jerry Nevlud in attendance. Several other UpSkill industry committees, one on education and another on data sources are also expected to begin meeting in October.

GHP is planning a summit event for November 12, 2014. Mr. Temple said that the Board would be provided more information on that as the date draws near.

Industrial Construction

Mr. Temple stated that recognizing the need for skilled workers to build multiple industrial projects, mainly large petrochemical facility expansions in several parts of the region, the Texas Workforce Commission placed funds at Alvin, Brazosport, Lee, Lone Star, and San Jacinto colleges. That money will provide training for welders, pipefitters, millwrights and others needed by construction firms. Our local offices are working with the colleges to recruit candidates for the training and the jobs, and we're also providing additional financial aid support where needed for trainees. Most of the classes will ramp up this fall and recently the Texas Workforce Commission added some funds at several of the colleges to also train veterans for industrial construction work. The first class of this effort came from Brazosport College and every student found a job.

The principal construction occupations have also long been on the Board's high-skill, high-growth list of demand jobs, and we continue to authorize financial aid for customers who want to train in those occupations at multiple community colleges and some career schools.

Red White and You

Mr. Temple reported that for the past several years, the Board has sponsored a large job fair for veterans during November, close to the annual Veteran's Day celebrations. Every workforce board in the state supports an event like it on the same day.

This year we and our partners at the Texas Veterans Commission have made an effort to work more closely with a larger number of the veteran's service organizations in the region to plan and organize the event. On November 13, 2014 the job fair will be at Minute Maid Park in downtown Houston for the fair and hope to see larger numbers of employers and veterans attending than last year.

Homeless Coalition

Mr. Temple announced that the Coalition for the Homeless of Houston/Harris County has made some significant progress in reducing homelessness in its service area which includes Harris and Fort Bend counties. As the Coalition works to focus itself on providing more permanent and emergency housing, the members have asked us to work with them to find better ways of integrating Workforce Solutions service and helping individuals in supported housing move into good jobs.

We're at the beginning of this collaboration on a staff level, but we think this will offer us the opportunity to make a difference to larger numbers of those who experience homelessness in our community.

Mr. Temple concluded his report and no action was taken.

LOOK AT THE ECONOMY

Mr. Ron Borski explained that the Houston-Sugar Land-Baytown Metropolitan Statistical Area (H-S-B MSA) unemployment rate dropped one-tenth of a percentage point to 5.4% in August. The Texas unemployment rate also dropped one-tenth of a percent point to 5.5%, while the national unemployment rate dropped two-tenths of a percentage point to 6.3%. The H-S-B MSA added 3,700 jobs in August and 107,400 jobs over the year, with the pace of job growth at 3.9%; the national rate is 1.8%. Major sectors reporting over-the-year job gains with strongest growth are in Mining and Logging, Construction, Manufacturing, Information, Financial Activities, Professional and Business Services and Education and Health Services. Trade Transportation and Utilities, Leisure and Hospitality, Other Services and Government experienced a loss.

Mr. Borski concluded his report and no action was taken.

OTHER BUSINESS

Mr. Temple announced the Waller County Career office will have a grand opening event on October 22, 2014 in the afternoon.

Mr. Tony Jones announced that October is Disability Awareness Month and he stated that he would like to see a Disability Job Fair in October 2015.

Mr. Tony Jones inquired about the status of the Workforce Solutions itinerant site at Metropolitan Multiservice Center on West Gray for people with disabilities. Mr. Temple

explained that the Memorandum of Understanding was signed and it was being processed by the City of Houston.

Mr. Jones explained that he was at the Ring Library and asked about a computer with Assistive Technology software. It was determined that this location did not have that type of software. Mr. Temple explained that it was a city library with city computers, but we can ask to have the software installed.

ADJOURN

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 10:45 am.

Audit/Monitoring Committee

Update for December 2014

- The regional Quality Assurance team reviewed one office for each contractor.

Both offices were rated as average – which means the offices provide an acceptable level of customer service with several opportunities for improvement. Both offices have noticeably improved customer service since the last visit.

Westheimer operated by Interfaith of The Woodlands has a new manager and he had made progress in his short tenure prior to our visit.

Rosenberg operated by Neighborhood Centers, Inc. too, has improved customer service, but they still have some documentation problems. We felt the office is overstaffed for its current traffic.

Both offices have minor Equal Opportunity Accessibility issues mainly due to daily wear and tear.

During the past year, the Quality Assurance team members rated the office locations on their customer service, management, and quality of records, judging them to be above average, average, or below average.

- The team continues to review the system to determine how well we are protecting customer information. Although we occasionally discover customer data forgotten in a staff drawer or a box under a desk, we find contractors and staff is doing well at protecting customer information. This period had 100% compliance. (13 visits)
- Between February – November we observed informational meeting for child care vendors hosted by the Financial Aid Payment Office. The topics covered every aspect of the child care vendor system and fielded good Question and Answer sessions. The meetings were well attended.
- Financial reviews were conducted for:
 - ✓ Gulf Coast Trade Center – need better procedures and some documentation issues. No questioned costs.
 - ✓ Dynamic Educational Systems, Inc. – Need better procedures, segregation of duties. No questioned costs.
 - ✓ Interfaith of The Woodlands – (payment review) record keeping errors that Interfaith has addressed. No questioned costs.

- ✓ Neighborhood Centers, Inc. – (billing review) Need some adjustment to segregation of duties, minor payroll errors and difference in monthly reports and GL.
- The team is currently looking at offices, the Financial Aid Call Center, the Financial Aid Payment Office, youth projects, and the early education quality improvement effort.

Government Relations

Legislative Update

Following is a briefing on committee hearings of interest in the US and Texas Legislature.

- On November 19, 2014, President Obama signed the Child Care & Development Block grant (CCDBG) reauthorization, S. 1086, into law. Key changes to the CCDBG include:
 - Requiring states to set aside at least 9% of funding for quality improvement activities within five years
 - Requiring states to report on their quality improvement investments
 - Allowing states to conduct a cost-estimation model instead of a market rate survey on which to base provider rates
 - Prescribing a 12-month eligibility period and the provision of child care services despite temporary changes to a parent's employment or training status
 - Continuing child care services for at least three month in cases of a parent's loss of work or withdrawal from a job training or educational program
- The House Committee on Public Education met on October 8, 2014 to monitor implementation of HB 5 – education reform passed in the previous legislative session – and report any recommendations for improvement. They proposed to form a subcommittee to work with Texas Education Agency, the State Board of Education, and public and higher education stakeholders to ensure that demanding math and science courses are added to address the current and projected needs of the state's workforce. Dineen Majcher and Theresa Trevino from Texans Advocating for Meaningful Student Assessment (TAMSA), an organization from our region that supports effective student assessments that allow for more classroom instruction and efficient use of funds, provided testimony.
- The House Committee on Public Education met again on October 16, 2014 to examine the role of the Harris County Department of Education. The committee was tasked with reviewing HCDE programs and services and making recommendations to improve the operations of HCDE. Those from our region who provided testimony included: Angie Chesnut and Sarah Langlois with HCDE, and Guy Sconzo with Humble ISD. Rick Sorrells with the Dallas County Schools (the Dallas County Board of Education) also provided testimony.
- The Senate Committee on Higher Education Committee met on October 13, 2014 to monitor implementation of SB 414 which would allow certain junior colleges to offer baccalaureate degree programs that address regional workforce needs. SB 414 authorized the Texas Higher Education Coordinating Board to conduct a study to determine if public junior colleges in the region should offer baccalaureate degree programs in nursing and applied sciences. No one from our region provided testimony.

- The Joint Legislative Committee on Education Policy for a Skilled Workforce met on October 14, 2014 to evaluate the impact of career and technical education on graduation rates, transition to post-secondary education, and completion of post-secondary credentials; and also to discuss aligning post-secondary programs and employer based training with CTE, career exploration, and curricula. Those from our area who provided testimony included Ed Wolff with Houston Center for Literacy and Elaine Barber with Greater Houston Partnership, and a member of the Workforce Board.

Procurement Committee

Building an Educated Workforce

The Board's Procurement Committee met on Monday, November 10, 2014 at the Houston-Galveston Area Council in Meeting Room A. Members present included Evelyn Timmins, committee chair, Bobbie Henderson, committee vice chair, Mark Guthrie, Board chair, Willie Alexander, Karlos Allen, Sara Bouse, Robert Hebert, Tony Jones, Jeffrey Labroski, Richard Shaw and Connie Smith.

Background

From the beginning, the Workforce Board has used its resources as leverage to make a difference outside the confines of the Workforce Solutions system. We have been exploring how to use this leveraging strategy to advance the Board's expected results of increased high school graduation rates.

In the past, we have funded the Workforce Solutions system and stand-alone youth projects to achieve these results. We would like to consider trying a different approach that uses some of our resources to leverage existing organizations and projects in the region that have already demonstrated multi-year success in helping young people complete high school-level education and then enter and complete post-secondary education. This addresses the Board's intent to build an educated workforce and the Board's measures relating to high school graduation rates and post-secondary graduation rates.

- Our intent is not to fund or create stand alone projects – or augment any of our current contractors – but rather to expand existing, successful organizations in the region that help achieve the Board's goals.
- This summer we issued a request for proposals to identify those organizations that are currently successful helping low-income youth complete a high school education and then enter and complete post-secondary education. We were seeking organizations that have a comprehensive approach and can leverage our resources with their existing resources and service delivery model to help train and educate young people and build our future workforce.

Proposals

We received 16 requests from 16 bidders totaling \$8.7 million.

- All of the bidders are organizations that currently work with at-risk youth and have varying degrees of experience helping young people complete high school, find employment, or enroll into post-secondary education or vocational training.
- All bidders are based within the Gulf Coast region.
- Of the 16 bidders, one has a current contract, another is involved in an unfunded pilot project with Workforce Solutions, and a third is a former contractor.

Our request for proposals stated that we were looking to find existing organizations with well-established service models that help young people complete a high school education and then enter and complete post-secondary education. We asked proposers to demonstrate for us the success of their existing models with performance data and to propose to us a payment schedule that would reflect payments for specific outcomes.

The staff evaluated and scored all proposals and asked proposers to make detailed presentations in person to a staff evaluation team. Fifteen bidders made presentations; one bidder rescinded its proposal.

Committee members received copies of the 15 remaining proposals, summaries of the proposals, and copies of the request document and the scoring instrument. All 15 bidders attended the committee meeting and made short presentations; members asked questions of each of the bidders.

The committee then received the staff scoring of proposals, and members discussed their concerns with scoring. After detailed discussion, the committee reached the following recommendations.

Recommendations

The committee recommends that the Board fund five proposals and allocate dollars to a venture fund that would provide small grants to leverage work being done by organizations the Board has not funded in the past.

The committee also recommends that the staff work with any of the bidders not funded, at the bidder's request, to further develop their proposals.

- Recommended Proposals

Project GRAD	For more than 25 years, Project GRAD has demonstrated success in helping young people from low-income families stay in and complete high school and move through post-secondary education. With additional funding, Project GRAD is proposing to increase its enrollment in the six HISD high schools and expand to high schools in the Pasadena, Aldine and Cypress Fairbanks ISDs.
Genesys Works	For more than 10 years, Genesys Works has supported high school students through technical and professional skills training, practical work experience, and postsecondary preparedness. With the requested funding, Genesys Works will increase its enrollment to serve an additional high school students and Genesys Works Alumni.
Knowledge First Empowerment Center	Knowledge First has offered educational services that include afterschool tutoring, accredited high school credit recovery and summer academic camps for more than 10 years. With additional funding, Knowledge First will increase its enrollment in Southwest Harris and Fort Bend counties.
Alliance for Multicultural Community Services	The Alliance is an organization with a unique niche addressing needs of refugee and immigrants for 28 years. Its Kijana Youth Program targets high school youth who are at-risk for not completing high school. With additional funding, Alliance will expand the number of youth it can serve from Liberty Alternative High School and Lee High School in Houston ISD and a Gulfton-area apartment complex.
AVANCE	AVANCE has served the needs of low-income families for more than 40 years. Through its College Going Culture AVANCE supports at-risk youth and teen parents in alternative high schools in the Pasadena and Houston ISDs. Additional funding will expand the number of students AVANCE assists.

- Venture Fund

The committee recommends committing dollars to a venture fund that would be used to make small grants to help organizations expand work they are doing that addresses the Board's expected results. Staff would develop guidelines for application and award of grants of less than \$25,000 for organizations that Board has not funded in the past. Venture funds would also be targeted to the more rural areas of the region.

- Project Development

The committee noted several proposals that did not score highly on evaluation criteria but were worthy projects that the Board should consider. We would not commit funds at this time, but would offer assistance to those organizations that are interested in working with us – to help them refine their projects, identify other resources or funding in the community, and ultimately expand their activities.

The following chart shows all proposers, dollars requested, and recommendations for funding.

Proposer	Current Contract	Request	Recommend
Project Grad		\$ 700,000	\$315,000
Genesys Works - Houston		410,204	184,500
Knowledge-First Empowerment Center		170,000	76,500
Alliance for Multicultural Community Services		341,786	123,300
AVANCE Houston, Inc.		433,279	155,700
Venture Fund			95,000
Gulf Coast Trades Center	\$282,000	455,935	
St. Michael's Learning Academy		1,597,547	
100 Black Men Metropolitan Ministry, Inc.		621,600	
Youth and Family Counseling Services		111,493	
Career and Recovery Resources, Inc.		745,396	
P.A.C.E. Youth Programs, Inc.		1,421,229	
Houston Training and Education Center		341,000	
World Youth Foundation		440,120	
GMC Consultants, LLC		295,840	
Fuzion Apps, Inc.		650,000	
Totals	\$282,000	\$8,735,429	\$950,000

Action

Authorize staff to negotiate contracts with recommended proposers in amounts noted above; set up and implement the venture fund with an initial investment of \$95,000; and work with organizations that requested assistance in further developing their projects.

Gulf Coast Workforce Board
System Performance
October 2013 to September 2014

Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

We report on the Workforce Solutions measures at each Board meeting.

More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services (Market Share)</u> We expect to provide services to 25,147 employers this year which is almost 18% of the 140,808 employers identified for the Gulf Coast area. We provided services to 24,911 employers through September 2014.	25,147	24,911	24,842
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,485 employers, 12,784 returned to Workforce Solutions for additional services through September 2014. Although we did not meet the percentage target, 1,500 more employers returned for services in 2014 than in 2013.	60%	56.9%	59.1%

More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average.	2,700	2,865	2,646
<u>Customers employed by the 1st Qtr after exit</u> Reporting for the quarter ending September 2013, 237,444 of the 323,772 customers who exited from service were employed by the quarter after exit.	72%	73.3 %	71.3%

Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for the quarter ending March 2013, 116,211 of the 346,238 customers who exited had earnings gains of at least 20%.	35%	33.6%	32.9%

A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Reporting for the quarter ending June 2014, 2,419 customers pursuing an education diploma, degree or certificate exited in the period July – June 2014. 1,230 achieved a diploma, degree or certificate by the quarter after exit.	58%	50.8%	57.7%

Production

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we receive from the Texas Workforce Commission.

For the performance year that began October 1, 2013 and ended September 30, 2014, we met or exceeded the target for nine of ten measures. The measure we did not meet is:

- Choices Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 39.5%. Our cumulative total for the year is 37.4%. Although we did not meet this measure, our average monthly performance for the last six months of the year was 40.7%.

We continue to work closely with our contractors to improve performance on all measures.

GULF COAST WORKFORCE DEVELOPMENT BOARD FINANCIAL STATUS REPORT

For the Ten Months Ended October 31, 2014	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	189,525,946	157,938,288	152,469,785	5,468,503
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	4,232,690	3,527,242	3,147,912	379,330
SYSTEM IT	551,354	459,462	326,811	132,651
EMPLOYER SERVICES	6,480,500	5,400,417	5,378,795	21,622
RESIDENT SERVICES	178,261,402	148,551,168	143,616,267	4,934,901
OFFICE OPERATIONS	34,843,000	29,035,833	38,540,036	(9,504,203)
FINANCIAL AID	142,350,500	118,625,417	104,378,196	14,247,221
SPECIAL PROJECTS	1,067,902	889,918	698,035	191,883
TOTAL WORKFORCE EXPENDITURES	189,525,946	157,938,288	152,469,785	5,468,503

VARIANCE ANALYSIS

Note: Except for Special Projects that are currently funded through September 30, 2014, the "Budget Year to Date" column reflects straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year.



Labor Market Information
OCTOBER 2014 Employment Data

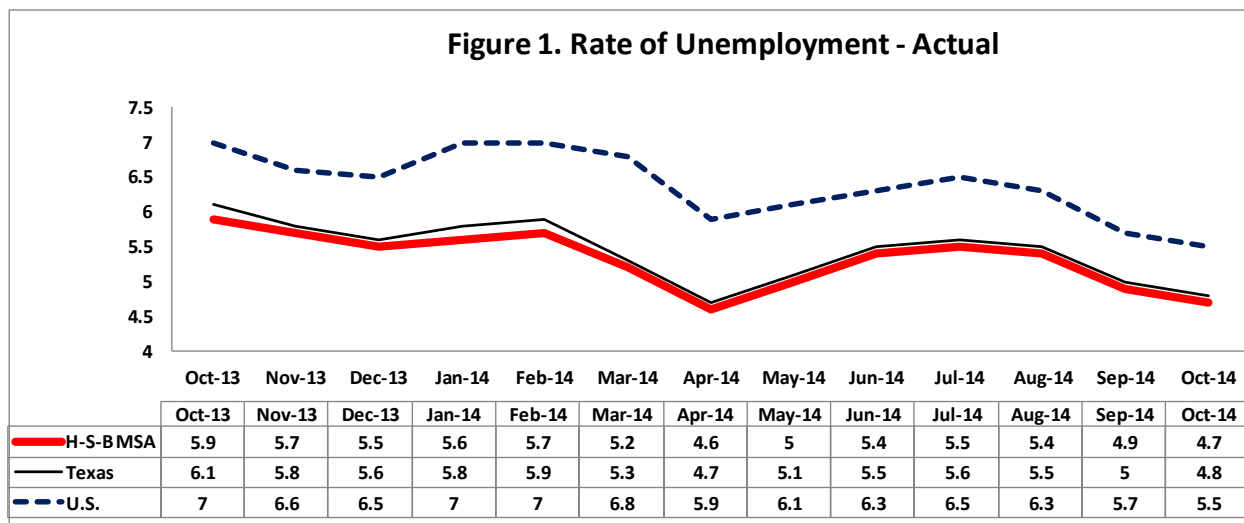
HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

Visit our website at www.wrksolutions.com

THE RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN MSA DROPPED TWO-TENTHS OF A PERCENTAGE POINT TO 4.7 PERCENT IN OCTOBER. There were nearly 35,000 fewer individuals unemployed in the H-S-B MSA than one year earlier. The unemployment rate for Texas and the United States also dropped two-tenths of a percentage point to 4.5 percent and 5.5 percent respectively.

Unemployment Rate (Actual)

	OCT 2014	SEP 2014	OCT 2013
Civilian Labor Force	3,210,346	3,204,255	3,112,896
Total Employed	3,059,829	3,046,251	2,927,754
Unemployed	150,517	158,004	185,142
Unemployment Rate	4.7%	4.9%	5.9%



THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 19,100 JOBS TO PAYROLLS IN OCTOBER. The 0.7 percent increase was slightly stronger than a 0.6 percent increase in October 2013. This month's growth was largely driven by seasonal gains in Government as educational institutions continued to increase payrolls for the new school year.

THE PACE OF JOB GROWTH IN THE HOUSTON-SUGAR LAND-BAYTOWN MSA WAS 4.3 PERCENT IN OCTOBER WITH PAYROLLS UP 120,600 JOBS OVER THE YEAR. All super sectors were reporting over-the-year job gains. Strongest growth has been in Mining and Logging, Construction, Non-Durable Goods Manufacturing, Architectural Engineering and Related Services, Computer Systems Design and Related Services, and Health Care Services (Private). Detailed data can be viewed on pages 6 & 7.

**Figure 2. Current Employment Statistics
Actual Over-The-Year Increase/Decrease**

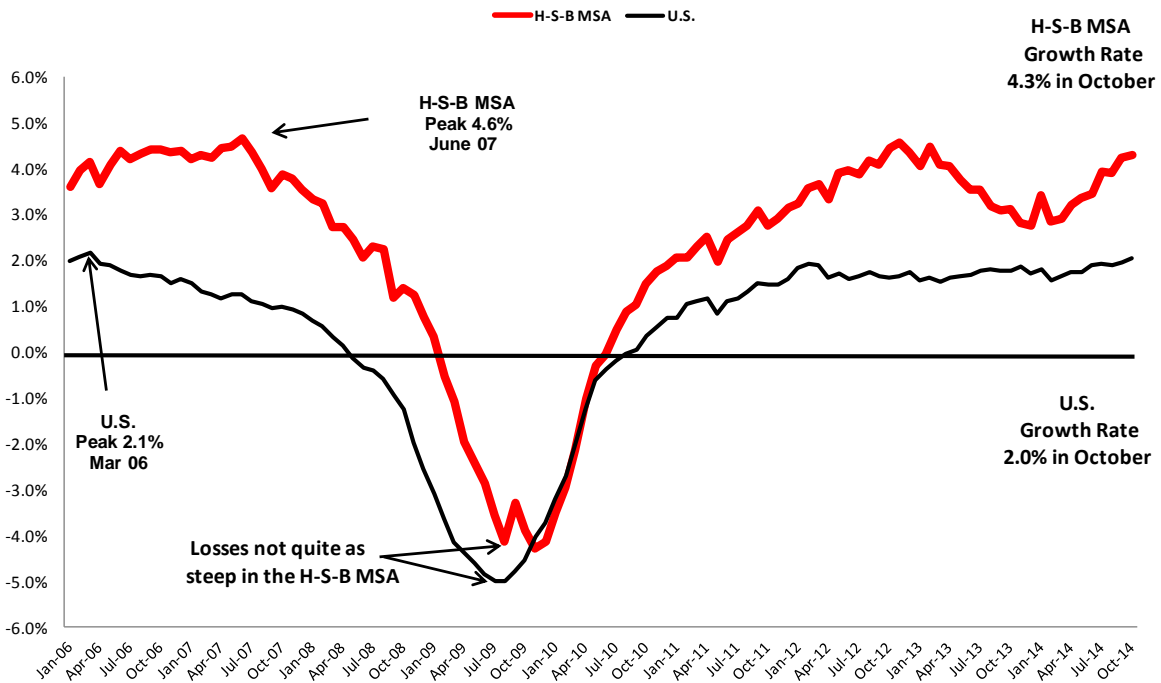
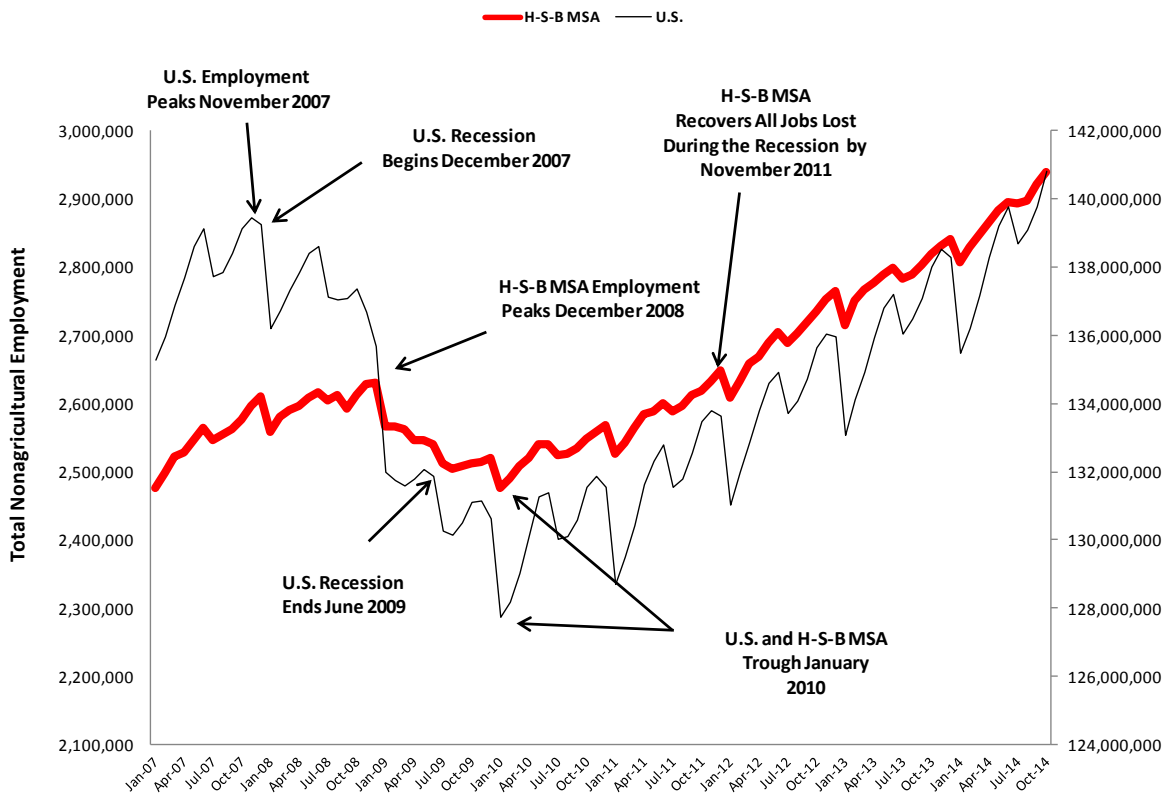
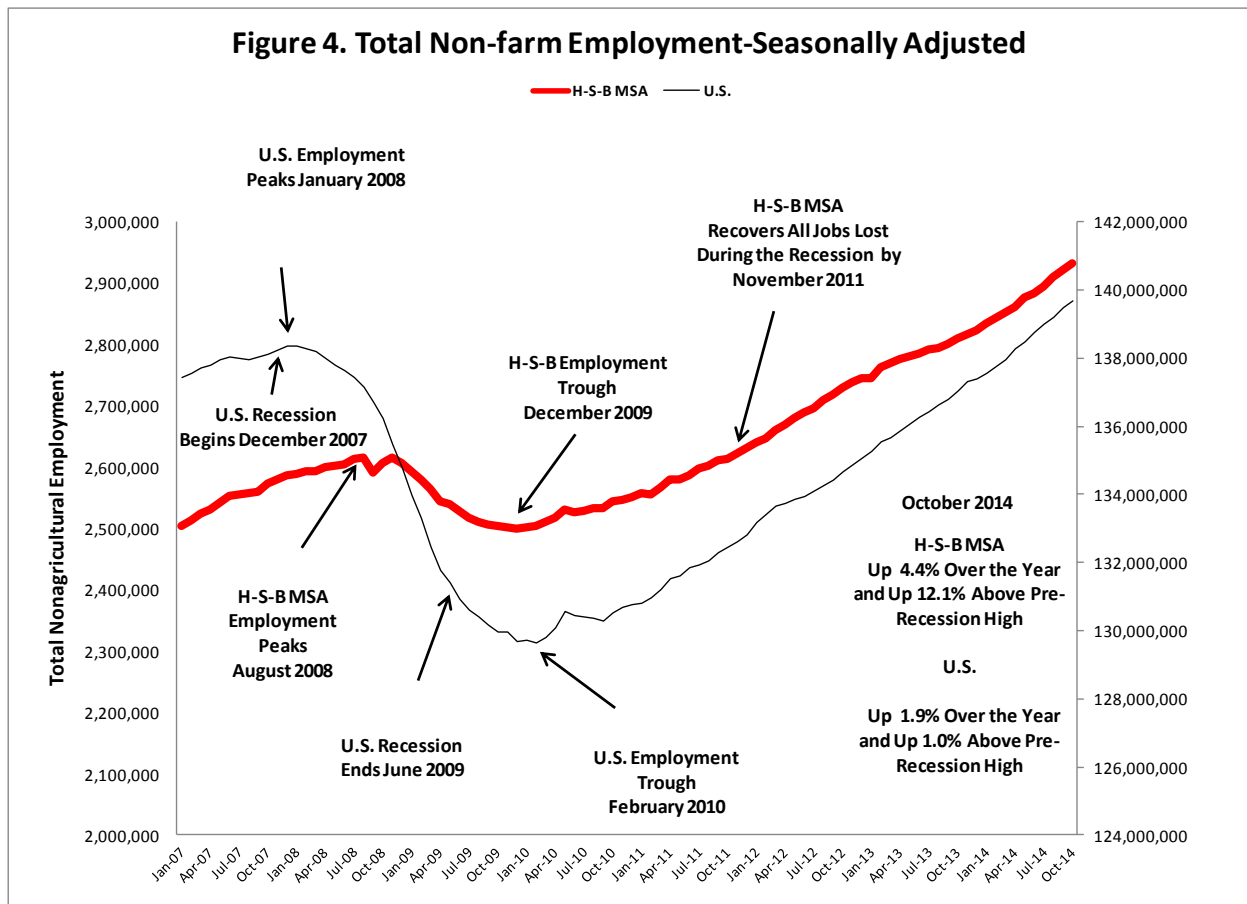


Figure 3. Total Non-farm Employment-Actual



Seasonally adjusted data for the H-S-B MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. The H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. Payrolls have since grown another 12.1 percent above the pre-recession high adding another 316,400 jobs. Employment at the national level finally reached the pre-recession high in May of this year after more than six years of recovery with payrolls currently up 1,315,000 jobs or 1.0 percent above the pre-recession high.

Additional details by super sector are provided below.

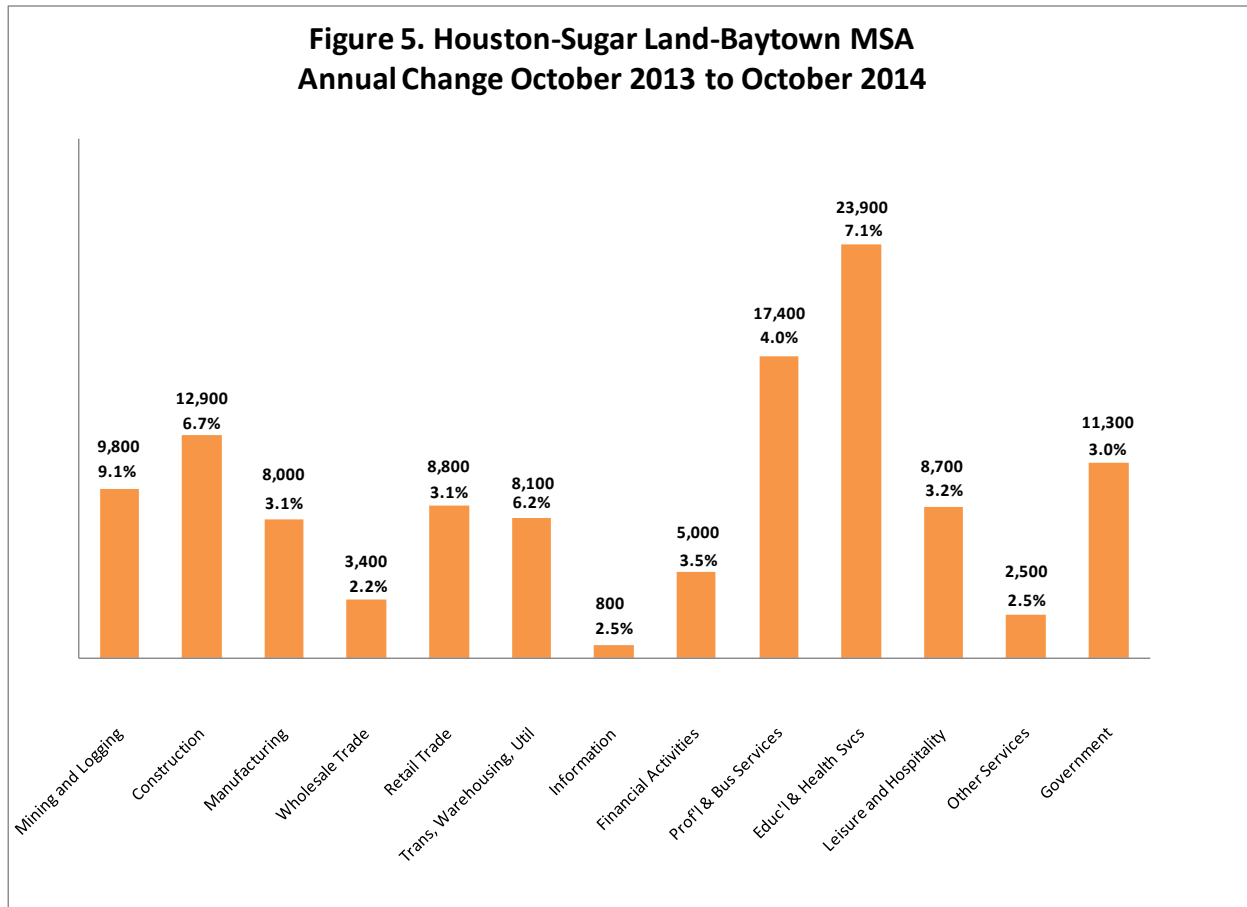


DETAILS BY SUPER SECTOR

Mining and Logging payrolls dropped for the first time in eleven months, down 100 jobs in October. Despite the minor loss, the pace of job growth in the super sector rose to 9.1 percent with payrolls up 9,800 jobs over the year. Support Activities for Mining added jobs at a pace of 12.1 percent nearly doubling a strong 6.9 percent pace in Oil and Gas Extraction. The average U. S. rig count was 1,925 in October, down 5 from September and up 181 from one year earlier. The average Texas rig count was 899 in October, down 3 from September and up 79 from one year earlier representing nearly half of all active land rigs in the United States. West Texas Intermediate (WTI) oil prices have fallen significantly over the last several months causing profitability concerns with the potential for reduced budgets in the near future, see page 9.

Construction employment rose for a third consecutive month with payrolls up 6.7 percent over the year, an increase of 12,900 jobs. Job growth in Construction has been largely driven by strong job

gains in Construction of Buildings, up 9,500 jobs or 18.7 percent. Heavy and Civil Engineering Construction has also experienced strong job growth, up 3,500 jobs or 7.8 percent.



Manufacturing added 1,400 jobs in October. Most of the increase was in Durable Goods Manufacturing where payrolls experienced a net increase 1,100 jobs, up 0.6 percent. Nondurable Goods Manufacturing added 300 jobs over the month. The pace of job growth in the super sector dropped three-tenths of a percentage point to 3.1 percent, an increase of 8,000 jobs. Most of job growth has been in Nondurable Goods Manufacturing where chemical and petrochemical plants are found, up 6,100 jobs or 7.4 percent. Nondurable Goods Manufacturing is benefitting from low natural gas prices that are encouraging plant expansions and new plant construction. The pace of job growth in Durable Goods Manufacturing rose slightly to 1.1 percent with payrolls up 1,900 jobs over the year. The Houston Purchasing Managers Index rose from 58.5 in October indicating likely production expansion in the near future. Six of the eight underlying indices were pointing to expansion. Any index over 50 indicates production gains over the near term.

Trade Transportation & Utilities added 3,800 jobs in October, up 0.7 percent. Most of October's increase was due to seasonal hiring in Retail Trade, up 2,700 jobs or 0.9 percent. The pace of job in Trade Transportation & Utilities rose to 3.6 percent, an increase of 20,300 jobs over the year. This was the strongest pace of job growth for the super sector since March 2008. Transportation, Warehousing, and Utilities has added jobs at the fastest pace, up 8,100 jobs or 6.2 percent. Trade expanded at a slower pace but accounted for more than half of the increase with Retail Trade up 8,800 jobs or 3.1 percent and Wholesale Trade up 3,400 jobs or 2.2 percent.

Information reported a slight increase of 100 jobs in October with payrolls up 800 jobs or 2.5 percent over the year. About half of the MSA's employment in information resides in

telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Financial Activities added 1,000 jobs in October driving the pace of job growth in the super sector to its highest level in more than fifteen years, up 5,000 jobs or 3.5 percent over the year. Job gains have been strongest in Real Estate and Rental and Leasing with payrolls up 2,500 jobs or 4.8 percent over the year. Finance and Insurance also added 2,500 jobs over the year, up 2.8 percent. Although the Finance and Insurance sector as a whole reported an over-the-year increase, Credit Intermediation and Related Activities reported a slight loss of 200 jobs.

Professional and Business Services added 17,400 jobs over the year, an increase of 4.0 percent. Most of the gain was found in Professional, Scientific, and Technical Services where Architectural, Engineering, and Related Services reported a strong increase of 9,200 jobs, up 13.0 percent. Computer Systems Design and Related Services also continued to report a strong pace of job growth, up 2,200 jobs or 7.3 percent. In the area of Administrative and Support Services demand for staffing services continues to be strong with Employment Services adding 7,000 jobs over the year, up 9.3 percent.

Education and Health Services reported a strong increase for the third consecutive month adding 3,500 jobs to payrolls. The super sector has added 23,900 jobs over the year with the pace of job growth rising to 7.1 percent, its fastest pace on record according to data dating back to 1990. Current estimates must be considered with caution, however, considering large revisions were made for Education and Health Services in 2013. The majority of new jobs are found in Health Care and Social Assistance where Ambulatory Healthcare Services was up 11,400 jobs or 8.2 percent and Hospitals was up 4,000 jobs or 5.1 percent. The pace of job growth in Educational Services has also been strong, up 2,600 jobs or 5.1 percent.

Leisure and Hospitality experienced a seasonal loss of 2,700 jobs in October related to the start of the new school year. The super sector added 8,700 jobs over the year, up 3.2 percent. Most of the growth is found in Food Services and Drinking Places, up 6,600 jobs or 3.0 percent. Accommodations, where hotels are found, reported an increase of 800 jobs over the year, up 3.4 percent. Arts, Entertainment, and Recreation added 1,300 jobs over the year, up 4.6 percent. Population growth continues to drive demand in the Leisure and Hospitality super sector.

Other Services added 400 jobs in October and 2,500 jobs over the year, up 2.5 percent. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government experienced a seasonal increase of 9,100 jobs in October as educational institutions continued to add staff for the new school year. The pace of job growth in Government was 3.0 percent with payrolls up 11,300 jobs over the year. Most of the increases have been in Local Government, up 11,100 jobs or 4.0 percent, driven by gains in Local Government Educational Services.

NONAGRICULTURAL EMPLOYMENT
Houston-Sugar Land-Baytown MSA

	OCT 2014	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,939,500	19,100	0.7%	120,600	4.3%
Total Private	2,550,300	10,000	0.4%	109,300	4.5%
Goods Producing	586,700	4,100	0.7%	30,700	5.5%
.Mining and Logging	117,900	-100	-0.1%	9,800	9.1%
...Oil and Gas Extraction	63,200	600	1.0%	4,100	6.9%
...Support Activities for Mining	53,900	-400	-0.7%	5,800	12.1%
.Construction	205,800	2,800	1.4%	12,900	6.7%
..Construction of Buildings	60,200	2,200	3.8%	9,500	18.7%
..Heavy and Civil Engineering Construction	48,600	1,000	2.1%	3,500	7.8%
..Specialty Trade Contractors	97,000	-400	-0.4%	-100	-0.1%
.Manufacturing	263,000	1,400	0.5%	8,000	3.1%
..Durable Goods	174,900	1,100	0.6%	1,900	1.1%
...Fabricated Metal Product Manufacturing	61,400	1,000	1.7%	1,300	2.2%
...Machinery Manufacturing	57,300	-900	-1.5%	200	0.4%
....Agriculture, Construction, and Mining Machinery Manufacturing	43,400	-600	-1.4%	700	1.6%
...Computer and Electronic Product Manufacturing	19,000	100	0.5%	-500	-2.6%
..Non-Durable Goods	88,100	300	0.3%	6,100	7.4%
...Petroleum and Coal Products Manufacturing	13,000	200	1.6%	800	6.6%
...Chemical Manufacturing	37,800	200	0.5%	2,000	5.6%
Service Providing	2,352,800	15,000	0.6%	89,900	4.0%
.Private Service Providing	1,963,600	5,900	0.3%	78,600	4.2%
..Trade, Transportation, and Utilities	588,000	3,800	0.7%	20,300	3.6%
...Wholesale Trade	156,200	400	0.3%	3,400	2.2%
....Merchant Wholesalers, Durable Goods	91,900	400	0.4%	1,800	2.0%
.....Professional and Commercial Equipment and Supplies Merchant Wholesale	10,800	-200	-1.8%	-100	-0.9%
....Merchant Wholesalers, Nondurable Goods	44,200	0	0.0%	1,700	4.0%
...Retail Trade	292,200	2,700	0.9%	8,800	3.1%
....Motor Vehicle and Parts Dealers	37,800	100	0.3%	1,300	3.6%
....Building Material and Garden Equipment and Supplies Dealers	21,300	-200	-0.9%	700	3.4%
....Food and Beverage Stores	61,400	400	0.7%	1,300	2.2%
....Health and Personal Care Stores	18,200	100	0.6%	600	3.4%
....Clothing and Clothing Accessories Stores	30,400	900	3.1%	1,600	5.6%
....General Merchandise Stores	63,100	600	1.0%	-500	-0.8%
.....Department Stores	20,800	400	2.0%	200	1.0%
.....Other General Merchandise Stores	42,300	200	0.5%	-700	-1.6%
...Transportation, Warehousing, and Utilities	139,600	700	0.5%	8,100	6.2%
...Utilities	16,500	0	0.0%	300	1.9%
....Air Transportation	23,300	0	0.0%	100	0.4%
....Truck Transportation	25,100	100	0.4%	1,100	4.6%
....Pipeline Transportation	9,800	0	0.0%	300	3.2%
..Information	33,300	100	0.3%	800	2.5%
...Telecommunications	15,100	-100	-0.7%	200	1.3%
..Financial Activities	148,000	1,000	0.7%	5,000	3.5%
...Finance and Insurance	93,000	500	0.5%	2,500	2.8%
....Credit Intermediation and Related Activities	44,000	100	0.2%	-200	-0.5%
.....Depository Credit Intermediation	29,000	0	0.0%	-500	-1.7%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	17,100	-100	-0.6%	300	1.8%
....Insurance Carriers and Related Activities	29,400	100	0.3%	100	0.3%
...Real Estate and Rental and Leasing	55,000	500	0.9%	2,500	4.8%

NONAGRICULTURAL EMPLOYMENT**Houston-Sugar Land-Baytown MSA**

	OCT 2014	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	448,600	-200	0.0%	17,400	4.0%
...Professional, Scientific, and Technical Services	222,100	3,700	1.7%	16,800	8.2%
....Legal Services	24,200	100	0.4%	300	1.3%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	21,000	600	2.9%	900	4.5%
....Architectural, Engineering, and Related Services	79,800	1,500	1.9%	9,200	13.0%
....Computer Systems Design and Related Services	32,400	200	0.6%	2,200	7.3%
...Management of Companies and Enterprises	25,000	-200	-0.8%	900	3.7%
...Administrative and Support and Waste Management and Remediation Services	201,500	-3,700	-1.8%	-300	-0.1%
....Administrative and Support Services	189,400	-4,400	-2.3%	-2,300	-1.2%
.....Employment Services	82,500	1,700	2.1%	7,000	9.3%
.....Services to Buildings and Dwellings	47,700	-800	-1.6%	1,700	3.7%
..Educational and Health Services	362,100	3,500	1.0%	23,900	7.1%
...Educational Services	53,400	500	0.9%	2,600	5.1%
...Health Care and Social Assistance	308,700	3,000	1.0%	21,300	7.4%
....Ambulatory Health Care Services	149,700	1,900	1.3%	11,400	8.2%
....Hospitals	82,000	600	0.7%	4,000	5.1%
..Leisure and Hospitality	280,800	-2,700	-1.0%	8,700	3.2%
...Arts, Entertainment, and Recreation	29,500	-1,100	-3.6%	1,300	4.6%
...Accommodation and Food Services	251,300	-1,600	-0.6%	7,400	3.0%
....Accommodation	24,100	0	0.0%	800	3.4%
....Food Services and Drinking Places	227,200	-1,600	-0.7%	6,600	3.0%
..Other Services	102,800	400	0.4%	2,500	2.5%
Government	389,200	9,100	2.4%	11,300	3.0%
.Federal Government	27,300	0	0.0%	-100	-0.4%
.State Government	73,600	1,100	1.5%	300	0.4%
..State Government Educational Services	39,800	600	1.5%	300	0.8%
.Local Government	288,300	8,000	2.9%	11,100	4.0%
..Local Government Educational Services	201,900	7,000	3.6%	8,100	4.2%

UNEMPLOYMENT RATE

	OCT 2014	SEP 2014	OCT 2013
H-S-B MSA	4.7	4.9	5.9
Texas (Actual)	4.8	5.0	6.1
United States (Actual)	5.5	5.7	7.0

Houston-Sugar Land-Baytown MSA: Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. All Data is Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Institute for Supply Management, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas.

Alternative Measures of Labor Underutilization, Fourth Quarter of 2013 through Third Quarter of 2014 Averages

Six alternative measures of labor underutilization are available for the United States as a whole and for each state.

The six measures are:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and
- U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Discouraged workers (**U-4, U-5, and U-6** measures) are persons who are **not in the labor force**, want and are available for work, and had looked for a job sometime in the prior 12 months. They are **not counted as unemployed because they had not searched for work in the prior 4 weeks**, for the specific reason that they believed no jobs were available for them. The **marginally attached (U-5 and U-6** measures) are a group that **includes discouraged workers**. The criteria for the marginally attached are the same as for discouraged workers, with the exception that any reason could have been cited for the lack of job search in the prior 4 weeks. **Persons employed part time for economic reasons (U-6** measure) are those **working less than 35 hours per week who want to work full time**, are available to do so, and gave an economic reason (their hours had been cut back or they were unable to find a full-time job) for working part time. These individuals are sometimes referred to as involuntary part-time workers.

Generally, all six measures of labor underutilization move together over time, including across business cycles. Similarly, states that have high unemployment rates tend to have high values for the other five measures; the reverse is true for states with low unemployment rates.

Since the U-4 rate includes discouraged workers, the difference between U-3 and U-4 reflects the degree of would-be job-seeker discouragement. In additions to the marginally attached, which are included in U-5, involuntary part-time workers are included in U-6. The difference between U-5 and U-6 indicate the degree of underemployment.

Overall, Texas fares better across the board on all six measures. According to the data approximately 4.0 percent of the civilian labor force in Texas are working part time but want to work full time compared to 4.7 percent at the national level.

Fourth Quarter of 2013 through Third Quarter of 2014 Averages

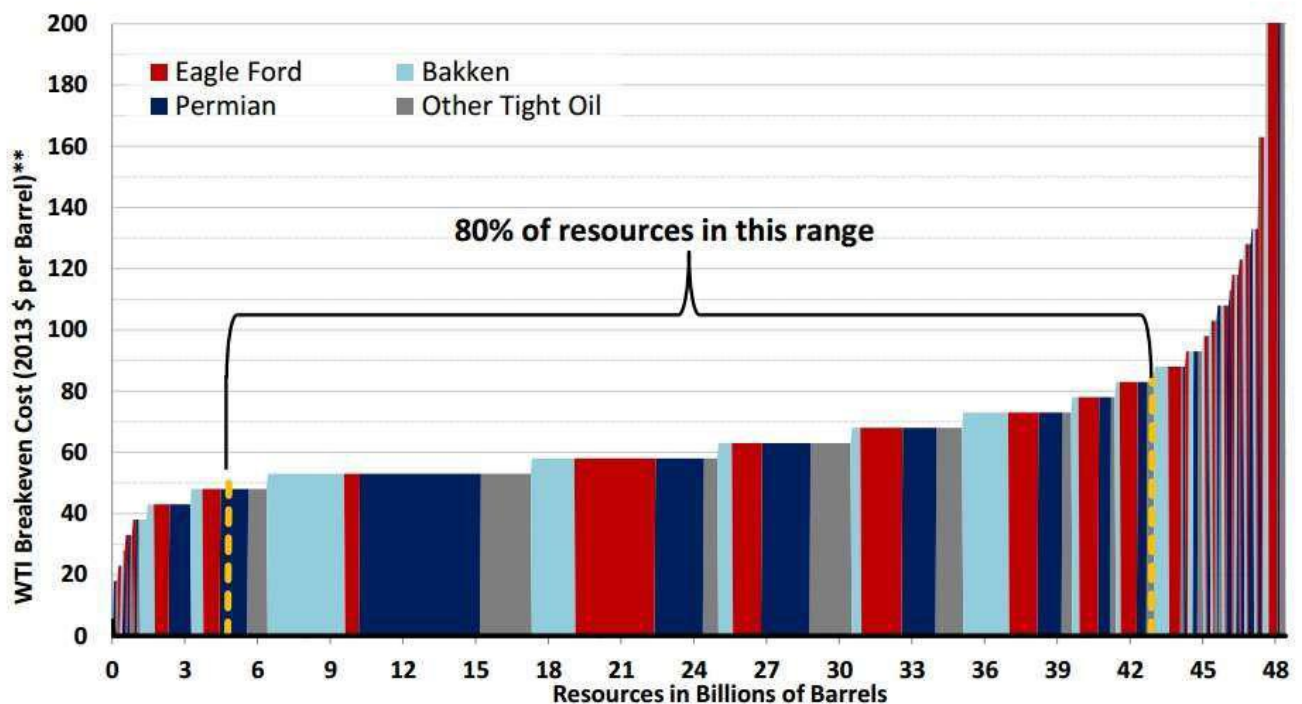
Alternate Measures	U-1	U-2	U-3	U-4	U-5	U-6	U4-U3	U6-U5
United States	3.3	3.3	6.5	6.9	7.8	12.5	0.4	4.7
Texas	2.2	2.4	5.4	5.7	6.4	10.4	0.3	4.0

Falling Oil Prices, a Potential Threat

The recent decline in oil prices can be attributed to slowing economic growth in China and Europe coupled with increased U.S. production levels. Shale drilling is expensive, about 80% of it has a breakeven cost of between \$50 and \$80 compared with \$10 to \$25 a barrel for conventional supplies from the Middle East and North Africa.

While drilling efficiency has been increasing, there will come a point where adjustments will have to be made.

Some drillers have already scaled back 2015 capital spending. A few, however, state that they are still able to maintain a profit at even \$40 a barrel.



Most U.S. tight oil resources break even with WTI prices at \$50 - \$80/bbl

Source: Rystad Energy, excludes NGLs

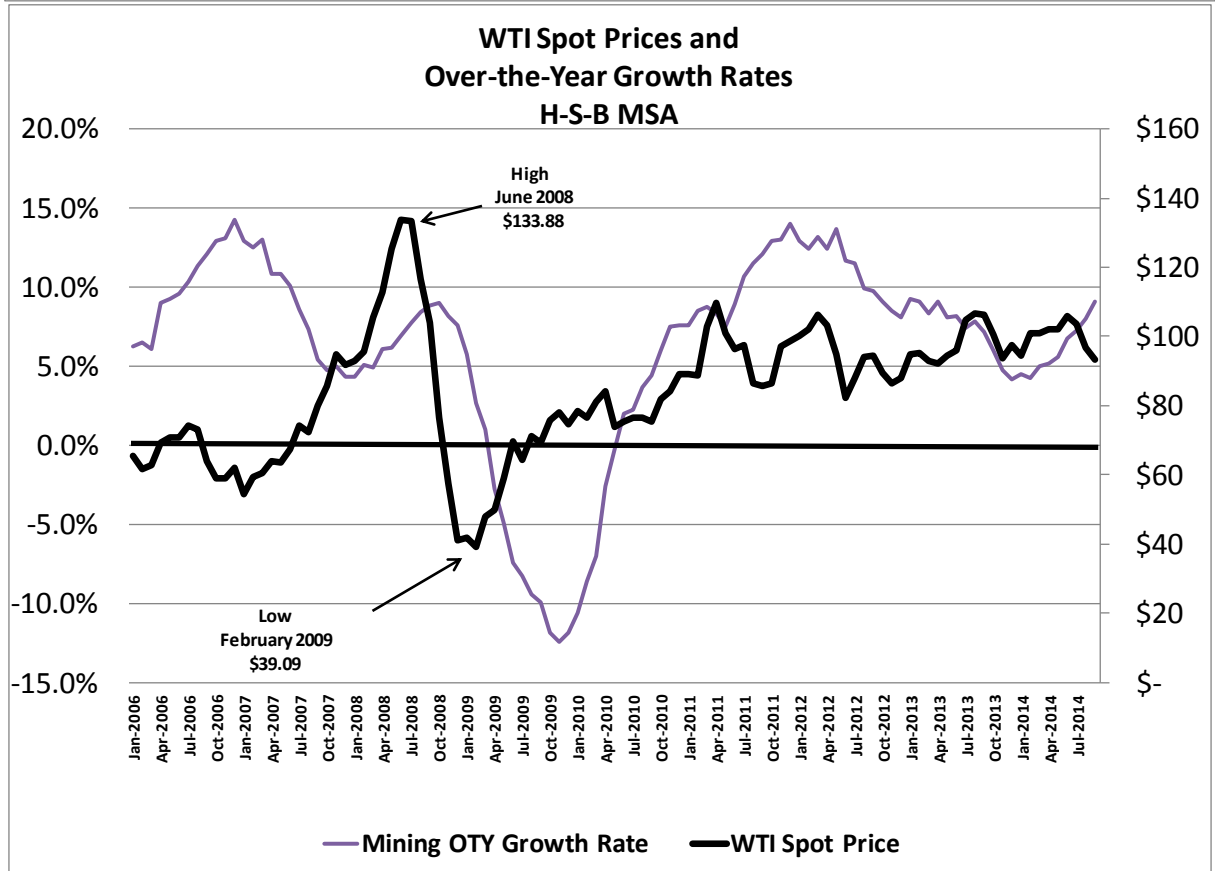
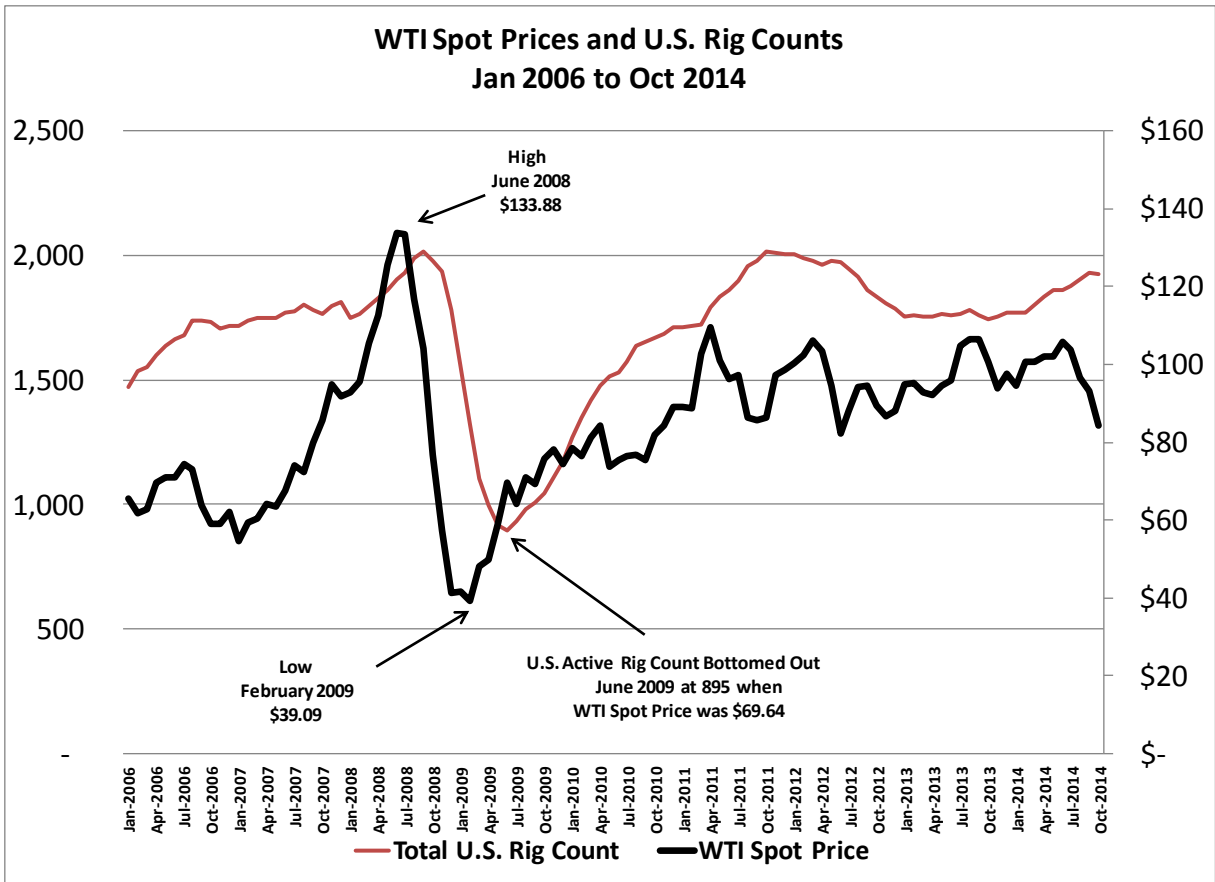
* Lower 48 proved, probable, possible and contingent resources; crude and condensate only; excludes existing production and undiscovered resources

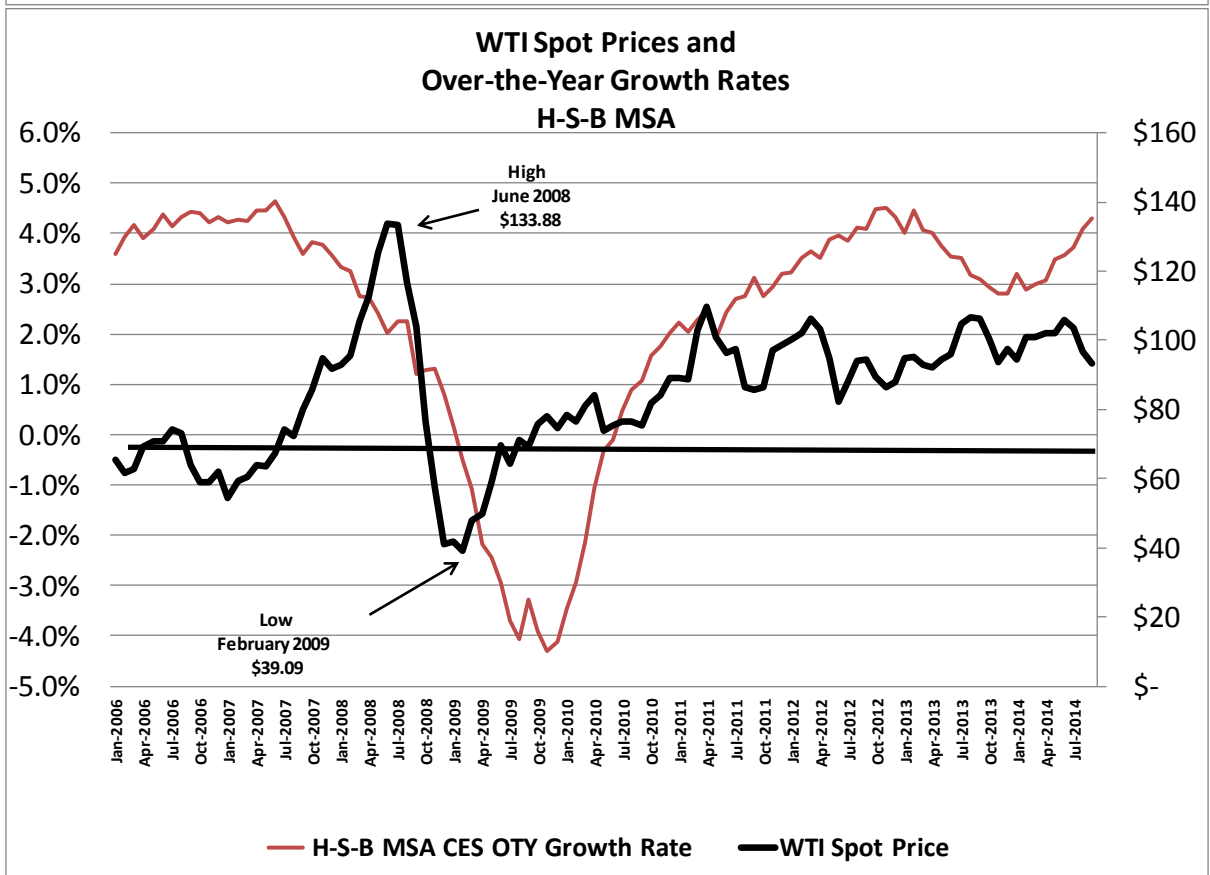
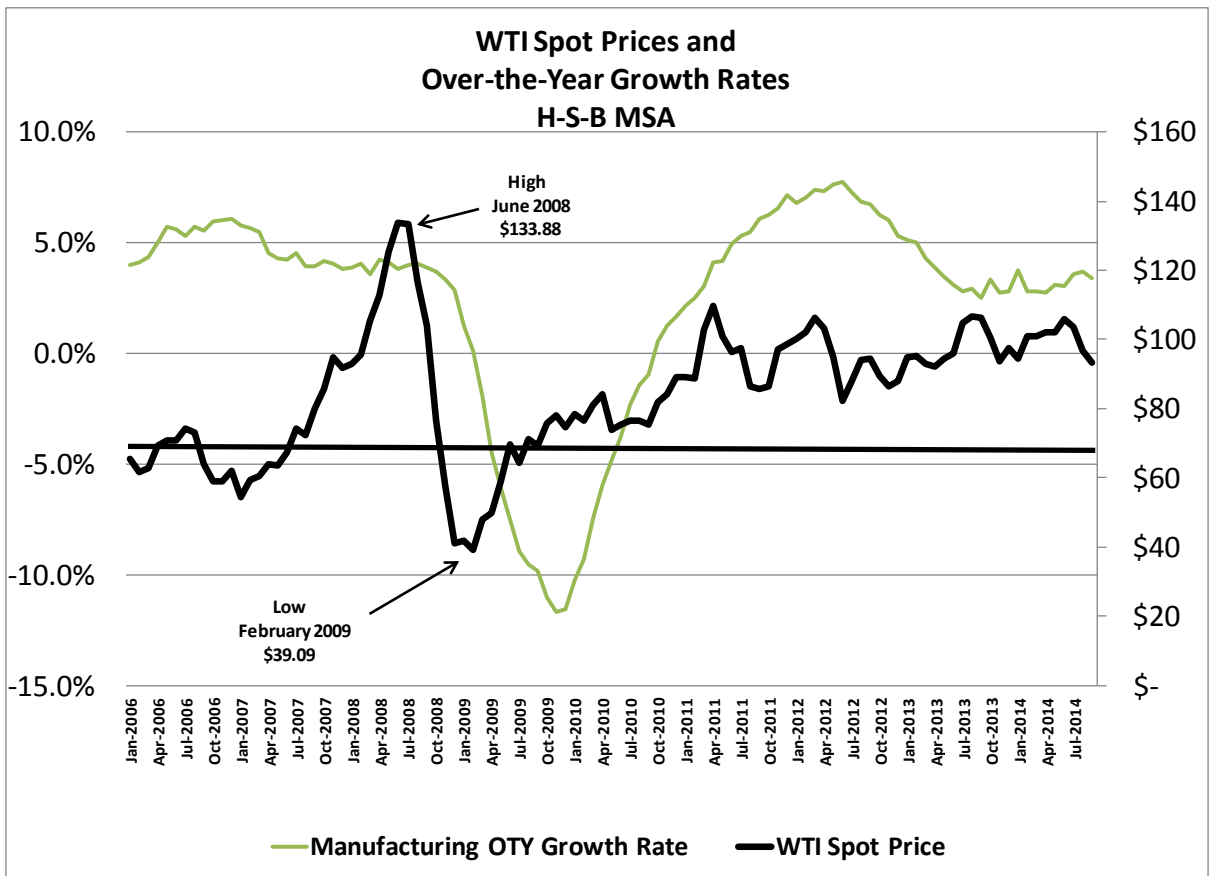
** Breakeven includes 10% return, land acquisition costs of \$5/bbl were added across the board

The bottom line is that anything less than \$80 per barrel for an extended amount of time will affect drilling activity in the U.S.

Per the IEA, Crude prices continuing at four-year lows could lead to a decline of 10% in US shale investment in 2015.

During the last economic downturn it took steep price declines to affect employment levels in the Gulf Coast Region but the end result was a loss of jobs as oil prices fell below \$40 a barrel. The question we have now is how low will prices fall and for how long.





The Gulf Coast Maritime Industry

A Brief Overview of Employment and Wages

For Gulf Coast Workforce Board Meeting – December 2, 2014

Maritime Industry Impact

- POHA and Ship Channel contribute over \$178 billion in revenue to the Texas economy
- Provides \$4.5 billion in tax revenue
- Pays approx. \$3 billion in wage and salary income to “direct” maritime job holders
- Accounts for over 1 million jobs in Texas
- 1st in U.S. export tonnage and 2nd in the U.S. in total tonnage after the Louisiana Gulf Coast.
- Home to the world’s 2nd largest petrochemical complex



Workforce Solutions Maritime Definition

How do we make the idea of a job in the maritime industry relevant to our customers?

By defining it in a way that can be understood in terms of a relatable career.

Workforce Solutions Maritime Definition

- Industries and Occupations related to:
 - Building, maintenance, and operation of water vessels
 - Operation of facilities where water vessels dock
 - Manufacture of shipping containers

Workforce Solutions Maritime Definition

- Core Maritime Industries
 - Support Activities for Water Transportation
 - Boiler, Tank, & Shipping Container Mfg.
 - Ship & Boat Building
 - Inland Water Transportation
 - Deep Sea, Coastal, & Great Lakes Water Transportation
 - Scenic & Sightseeing Water Transportation

*All jobs in industries meeting these criteria are considered maritime jobs regardless of actual duties.



Workforce Solutions Maritime Definition

- Core Maritime Occupations

- Sailors & Marine Oilers
- Captains, Mates, & Pilots of Water Vessels
- Motorboat Mechanics & Service Technicians
- Tank Car, Truck, and Ship Loaders
- Ship Engineers
- Motorboat Operators
- Dredge Operators

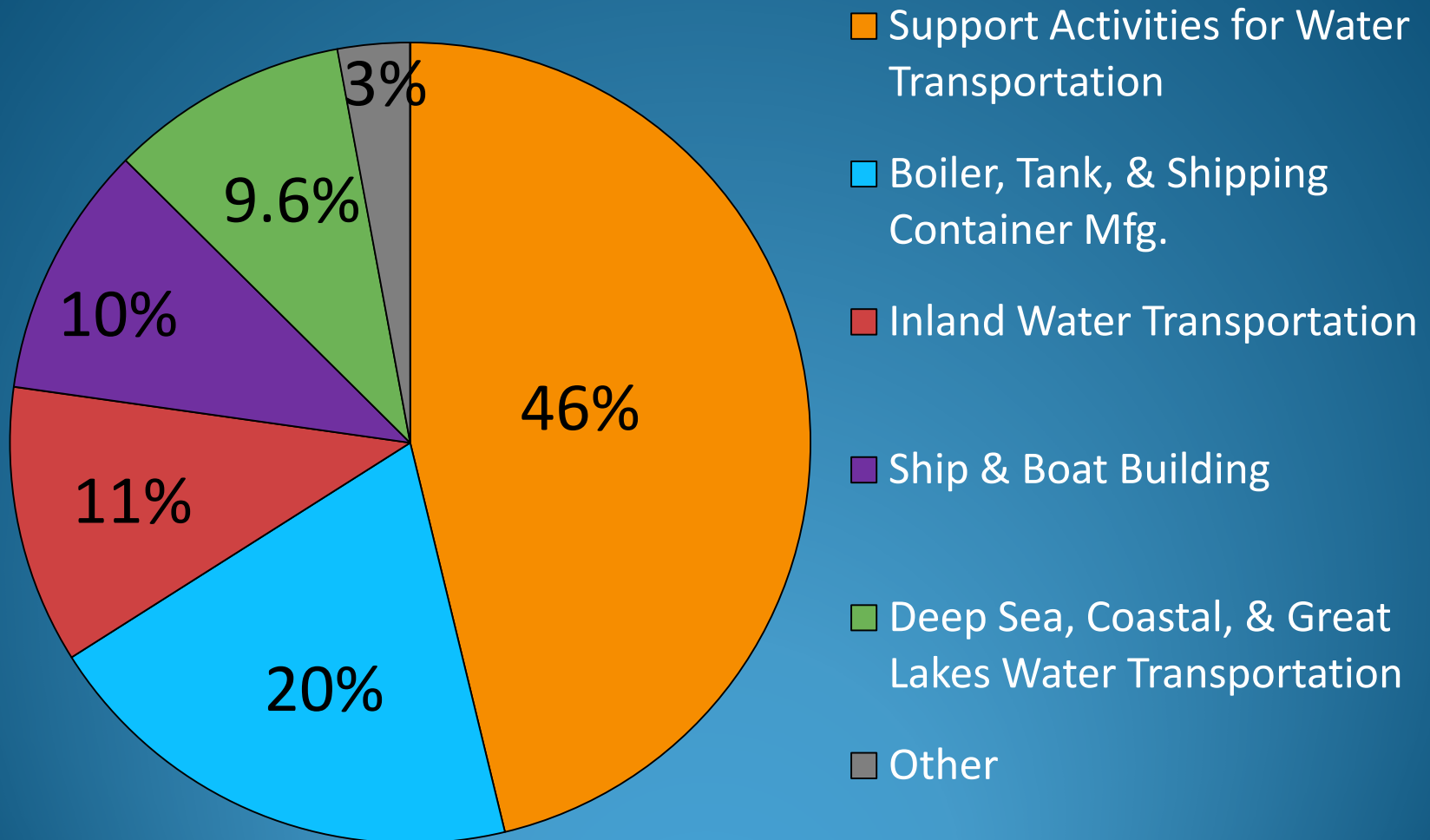
*Not all occupations meeting these criteria exist in maritime industries.



Maritime Findings

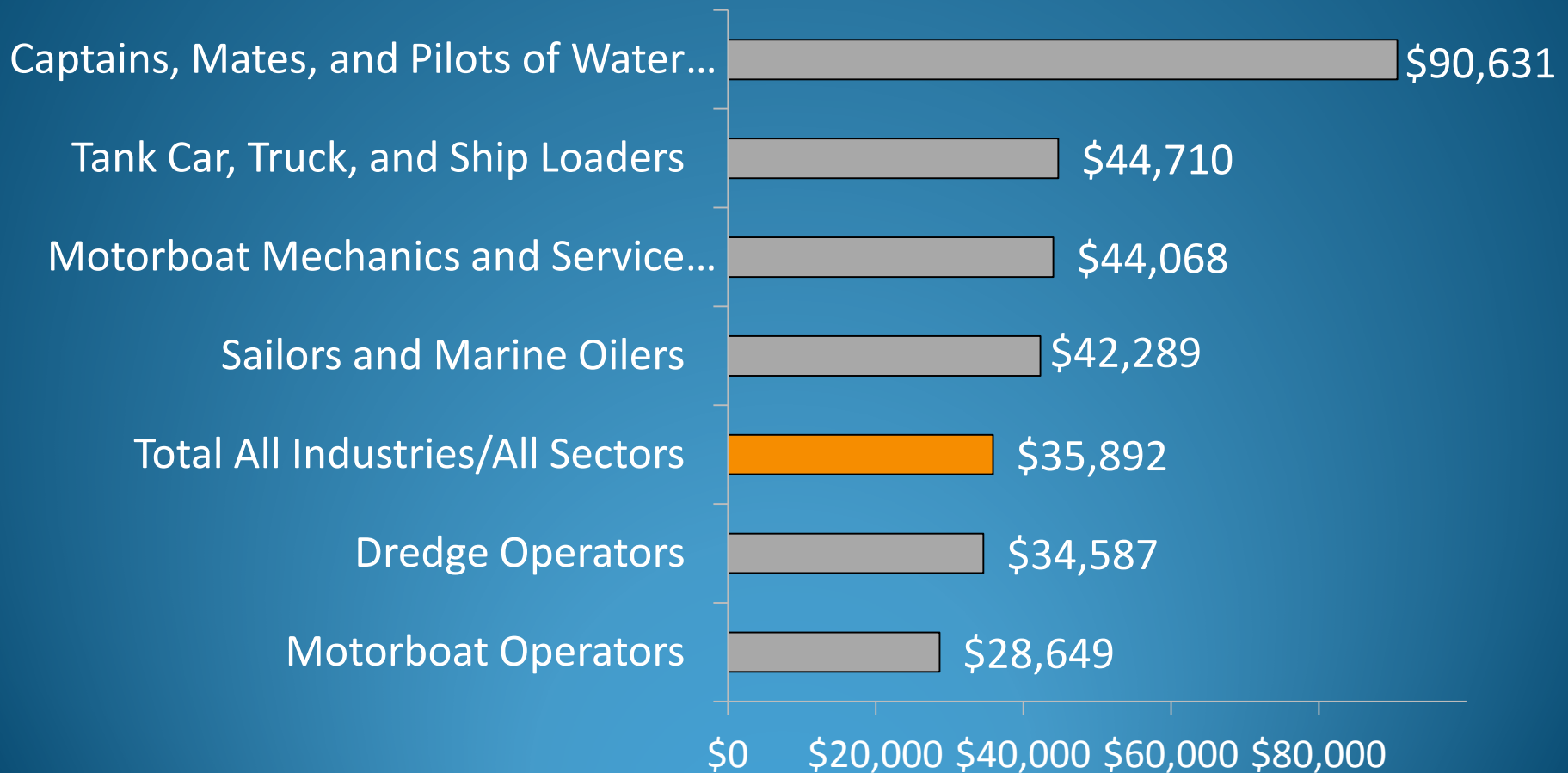
- 19,600 maritime jobs across the Gulf Coast Region
- Amounts to less than 1% of total jobs in the Region
- Expected to grow 21% by 2022, or 4,000 jobs vs. 24%
- Wages above avg. at \$1,800/week (\$94k/yr) vs. \$1,250
- Half of maritime jobs in 1 sub-industry: support activities for water transportation i.e. port operations, freight loading etc.

Maritime Findings (cont'd)

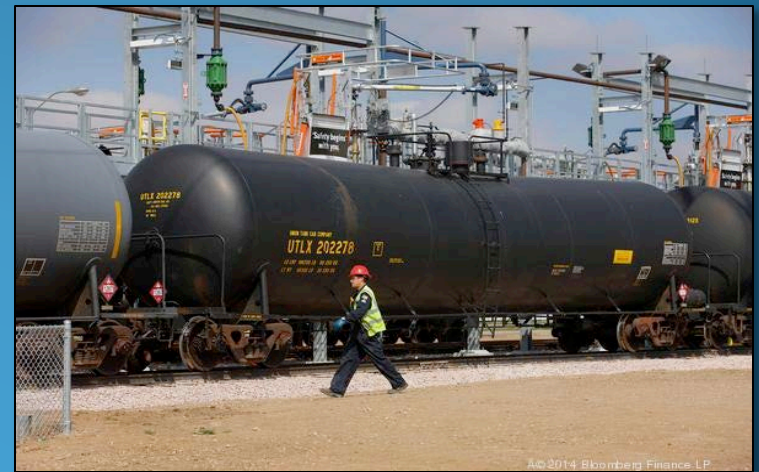


Wages among Core Maritime Occupations

Gulf Coast "Core" Maritime Occupations Average (Median) Annual Wages 2013



Implications for Jobseekers



Implications for Jobseekers

- The industry in the narrowest sense is small but opportunities are large due to other industries tied to the port.
 - General freight trucking
 - Specialized freight trucking
 - Rail transportation
 - Petroleum & coal products mfg. i.e. refineries

Potentially an additional 40,000 jobs

To Summarize

- Relatively small industry in strictest sense
- Many additional opportunities in indirect services: rail, trucking, oil & gas refining
- Remains an extremely important industry to Houston and Texas given the number of secondary and tertiary jobs that it generates
- Workforce Solutions customers may require a more nuanced explanation of a specific job opportunity vis-à-vis the Maritime Industry

Thank You!