

To: Gulf Coast Workforce Board Members

From: Mike Temple
Carol Kimmick
David Baggerly
Michelle Ramirez

Date: June 1, 2016

Subj: Board Meeting Materials for Tuesday, June 7, 2016

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, June 7, 2016** in H-GAC's second floor conference rooms A, B and C, 3555 Timmons Lane, Houston.

We again have a short agenda, and there are no action items coming to the Board this month.

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 May meeting, held at the Cypress Station career office. We want to thank all the Board members who led and participated in the five Report Card community events throughout May. We have a summary of the common themes that emerged from these community conversations.

Information. We will report on our performance and expenditures to-date. We'll also provide information on several items, including upcoming committee meetings, our expectations for 2017 revenues, and expanding our service for workers dislocated from the energy industry.

Ron Borski will discuss the latest employment numbers, and Parker Harvey will provide information about older workers.

We look forward to seeing you on June 7th. As always, please call or email us if you have questions, or if we can be of assistance.

The Gulf Coast Workforce Board Tentative Agenda

Tuesday, June 7, 2016 at 10:00 a.m.

H-GAC Conference Room A/ 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 April 2016 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 May 2016 meeting.
 - c. *Report Card.* Results from community events linked to the Board's Report Card.
 - d. *Carver Office.* Staff awards for outstanding customer service.
7. **Receive Information**
 - a. *System Performance.* Report on current performance.
 - b. *Expenditures.* Report on expenditures.
 - c. *Updates.* Information on upcoming committee meetings, revenue for 2017, and additional service for workers dislocated from the energy industry.
8. **Look at the Economy**

Report on current economic data and trends in the Houston-Gulf Coast area, including information on older workers.
9. **Take Up Other Business**
10. **Adjourn**



Workforce Solutions is an equal opportunity employer/program.
Auxiliary aids and services are available upon request to individuals with disabilities.
Please contact H-GAC at 713.627.3200 at least 48 hours in advance to request accommodations. Deaf, hard-of-hearing or speech-impaired customers may contact:
Relay Texas 1-800-735-2989 (TTY) or 711 (Voice).
Equal opportunity is the law.

**MINUTES OF
THE GULF COAST WORKFORCE BOARD
TUESDAY, APRIL 5, 2016**

MEMBERS PRESENT:

Ray Aguilar	Willie Alexander	Gerald Andrews
Betty Baitland	Peter Beard	Sara Bouse
Carl Bowles	Joe Garcia	Cheryl Guido
Mark Guthrie	Bobbie Henderson	Alan Heskamp
Eduardo Honold	Guy Robert Jackson	David Joost
Birgit Kamps	Doug Karr	Paulette King
Jeff Labroski	Steve Mechler	Jerry Nevlud
Linda O'Black	Dale Pillow	Allene Schmitt
Richard Shaw	Connie Smith	Gil Staley
Evelyn Timmins	Shunta Williams	Sarah Wroblewski

H-GAC STAFF MEMBERS PRESENT

Mike Temple
David Baggerly
Ron Borski

Mr. Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, April 5, 2016, in the 2nd floor, H-GAC Conference Rooms A/B/C, 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 and the agenda was adopted as presented.

PUBLIC COMMENT

No one signed up for public comment.

MINUTES FROM FEBRUARY 2, 2016 MEETING

Chair Guthrie asked if there were any additions or corrections to minutes for the February 2, 2016 Board 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 of interest. 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 reported that the past two months have been busy and that he and Mr. Temple attended the National Association of Workforce Boards Annual Conference in Washington, DC. Chair Guthrie noted that the opening keynote speaker was Mr. Vivek Wadhwa who is a Stanford University Fellow and the Director of Research at the Center for Entrepreneurship and Research Commercialization at the Pratt School of Engineering at Duke University. Mr. Wadhwa had interesting comments regarding computers that Mr. Guthrie shared. Moore's law states that the power of computers doubles every two years. In 1969 the Apollo mission on board had the computing capacity of a musical Hallmark greeting card and by 2023 a \$1000 computer will have the computing power of a human brain. By 2050 a \$1000 computer will have the computing power of all humans combined. Mr. Wadhwa also spoke about robots – this year it became cheaper to manufacture in the United States as opposed to China due to robots.

Chair Guthrie said that Mr. Christopher Lu, Deputy Secretary of the Department of Labor spoke at the NAWB conference and said that the current administration would be taking steps to double the amount of apprenticeships in the United States. Mr. Lu noted that for every dollar spent on apprenticeship programs it returned \$27 in benefits and that the average graduate of an apprenticeship program earns \$300,000 more over a career than they would otherwise.

Chair Guthrie also noted that much of the NAWB conference was devoted to the implementation of the new WIOA requirements.

Chair Guthrie reported that on March 21, 2016 there was a new member orientation meeting and long standing Board member, Dr. Bobbie Henderson attended and contributed much to the discussion. Mr. Guthrie stated that he was pleased the orientation was well attended and the discussions were good.

He next reported that on March 23, 2016 he attended the Education Provider Forum – sponsored by the Board's Education Industry Group. Presenters at the event discussed best practices in and the future of teacher education, and Parker Harvey presented an updated report on the Education Industry.

Chair Guthrie explained that we have hosted two of the Report Card Roundtables – Northline and Rosenberg. Both events were well attended by state representatives, local

school districts and employers and many good ideas were discussed. He reported that at the Northline Roundtable Dr. Sanborn, President of Children at Risk raised the idea to ask TWC to provide subsidized early childhood education as opposed to subsidized childcare. Chair Guthrie explained that he felt it was a good idea and he would like to emphasize the early education component.

Chair Guthrie said that it is becoming clear to him from the Roundtable discussions that having a formal structure for businesses to interact with school districts regarding business needs and curriculum is vital. Other states, including Pennsylvania are now requiring regional economic driver industries to formally interact with school districts on their curriculum and to work with educators.

Chair Guthrie noted that the Board's new outreach contractor, Outreach Strategies in his opinion has been doing a good job with the Report Card roundtable events and that he was very impressed with the quality of the support.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Chair Joe Garcia reported that the committee met on Tuesday, March 22, 2016 at 10:00 am at the Southwest Career Office. Representatives from Interfaith of The Woodlands and Neighborhood Centers, Inc. addressed issues discussed at the committee's January meeting regarding the Financial Aid Call Center, the Southwest Career Office and the Cypress Station Career Office.

Chair Garcia explained that he has received positive feedback from committee members regarding holding the committee meetings at various career offices. Chair Garcia noted that future committee meetings will be held at different career offices throughout our region for 2016.

Chair Garcia reported on the following new business covered in the committee meeting:

Operations Reviews.

- **Career Offices.** The QA team reviewed five offices: Astrodome, Northline, (operated by NCI), Humble, Westheimer, and Willowbrook (operated by Interfaith). Astrodome and Westheimer earned above average ratings. Northline, Humble and Willowbrook earned average ratings.

At Astrodome and Westheimer, the team noted the staff at these offices were consistently providing good customer service at all levels; the Greeters, the Resource Room Specialists, the Employment Counselors, the Personal Service Representatives and the Manager and Supervisors. There were two minor accessibility issues noted at Westheimer.

The remaining offices: Northline, Humble and Willowbrook were generally providing good customer service. But, the QA team identified areas at each office where there were opportunities to improve the quality of service.

At Northline the QA team recommended:

- A greeter improves her communication with the customers entering the office.
- Resource Room Specialists do a better job balancing between providing extensive personal assistance and being available to the other customers in the Resource Room.
- Reduce the number of times customers are assisted by staff and then have to wait to be seen again on the same day.

At Humble the QA team did not find documentation of eligibility for a customer where we provided support service.

At Willowbrook the QA team recommended staff improve greeting skills.

The QA team noted that all offices should increase their efforts at placing customers in jobs listed by Workforce Solutions and improve support to customers in training activities.

- **Financial Aid Payment Office.** From October 2015 through March 15, 2016, the QA team checked on 604 child care providers out of a total of 1,511 active vendors. The QA team followed-up on the one vendor with a service improvement agreement imposed because the vendor was holding automated attendance cards. The vendor passed our review.

State Monitoring

All issues identified on the 2014 state monitoring visit have been resolved and staff is working with the state to resolve issues from the 2015 state monitoring visit.

The unresolved issues include:

- Ensure Trade Adjustment Assistance waiver requirements are met. The state will visit us in early April to provide additional training and to review customer records for compliance.
- Ensure customers meet eligibility requirements. Staff provided documentation and additional information to resolve this issue.
- Strengthen internal control of support service expenditures. We are planning to change our current process of providing pre-paid vendor cards and cash cards to

customers for authorized support services. We are working with our contractors to test the new processes before implementing system wide.

Chair Garcia concluded his report and no action was taken.

Report Card Committee

Chair Richard Shaw stated that the Report Card Committee met on Wednesday, February 24, 2016 at the Houston-Galveston Area Council offices. Chair Shaw noted the committee members in attendance – Co-Chair Linda O’Black, Board Chair Mark Guthrie, Willie Alexander, Karlos Allen, Gerald Andrews, Betty Baitland, Sarah Janes and Allene Schmitt. The Committee discussed and approved plans for sharing the 2015 Workforce Report Card with the community.

Chair Shaw noted that in February 2016, the Gulf Coast Workforce Board approved release of the 2015 Workforce Report Card. To emphasize the continued importance of an educated and trained workforce, this Report Card features a special focus section on education that discusses the full spectrum – from early education to post-secondary training and beyond. The report also includes recommendations for improvement in the regional education system as well as a full discussion of the regional comparison indicators.

Chair Shaw explained that in order to engage key stakeholders in communities across the region, the Gulf Coast Workforce Board will host a series of local roundtable discussions designed to:

- Deepen relationships in each of the communities we serve
- Engage Workforce Board members in meaningful interactions with local leaders
- Create opportunities for both stakeholders and the people we serve to better understand key findings in the Report Card
- Illustrate the vital role of Workforce Solutions in the regional economy.

Each roundtable will be a 90-minute session that includes discussion of key areas from the Report Card, followed by potential media interviews with Workforce Board members, invited speakers, and staff. The schedule is as follows:

Date	Location	Board Member Participants
Thursday, March 31, 2016 10 – 11:30 am	Workforce Solutions – Northline	Mark Guthrie (<i>facilitator</i>) Linda O’Black, Sarah Janes

Monday, April 4, 2016 9 – 10:30 am	Workforce Solutions – Rosenberg	Betty Baitland (<i>facilitator</i>) Allene Schmidt, Sarah Janes, Richard Shaw, Ray Aguilar
Monday, April 11, 2016 10 – 11:30 am	Workforce Solutions – Baytown	Guy Robert Jackson (<i>facilitator</i>)
Monday, April 18, 2016 10 – 11:30 am	Brazosport College	Gerald Andrews (<i>facilitator</i>) Willie Alexander, Richard Shaw
Monday, April 25, 2016 10 – 11:30 am	Workforce Solutions – Conroe	Gil Staley (<i>facilitator</i>) Sarah Janes, Richard Shaw

Board members are invited to attend any of the roundtable discussions. Chair Shaw asked members to please advise Joshua Shideler if they planned to attend.

In addition to the roundtable discussions, Board members continue to share the Report Card in their local communities and through their professional networks. The materials used for the roundtable discussions (presentations, handouts, etc.) will be available to all Board members.

Several Board members that attended the roundtables spoke about how well attended the meetings were and about the good discussions that resulted.

Mr. Temple noted that the Report Card Committee has received requests from Pearland and Bay City to have a presentation in those communities.

Chair Shaw concluded his report and no action was taken

THERE WERE NO ACTION ITEMS ON THE AGENDA.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2015 through February 2016. 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 25,757 employers this year. We provided services to 13,637 employers through February 2016.

Employer Loyalty – Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,235 employers, 8,770 returned to The Workforce Solutions for additional services through February 2016.

More and Better Jobs –

New jobs created – New jobs created in the region as a result of Workforce Solutions partnering with economic development organizations.
This information is captured quarterly and reflects a two year average through December 2015.

Customers employed by the 1st Quarter after exit – 113,796 of the 141,283 customers who exited service in the two quarters ending March 2015 were employed by the quarter after exit.

Higher Real Incomes –

Exiters with Earnings Gains of at least 20% - 52,873 of the 150,240 customers who exited in the two quarters ending September 2014 had earnings gains of at least 20%.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - 396 of 825 customers pursuing an education diploma, degree or certificate attained a diploma, degree or certificate by the end of 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, 2015, we are meeting or exceeding the target for six of nine common measures. The common measures we are not meeting are:

- Claimant Reemployment within 10 weeks – The target for this measure is 53.59%. Our performance through February 2016 was 47.8%.
- Youth Literacy/Numeracy – The target for this measure is 53%. Our performance though January 2016 was 39.5%.

- Choices Full Work Rate - The target for this measure is 47%. Our performance through January was 43.09%.

The adult education consortium has multiple measures for production and outcomes. We count beginning in July of each year.

- Enrollments. Total enrollments are the number of individuals who begin an adult education class. 12+ hour enrollments count the number of individuals who are in class 12 or more clock hours. Transitions enrollments count the number of individuals in adult education classes designed to lead to further post-secondary training. Career Pathways enrollments counts the number of individuals in contextualized learning (basic education and occupational skills at the same time) classes.

	Target	Year to Date Actual
Total Enrollments	N/A	21,288
12+ Hour Enrollments	25,151	19,375
Transitions	1,257	501
Career Pathways	1,377	410

- Outcomes. There are 11 outcome measures. All customers who complete at least 12 hours instruction count in the denominator.

Measure	Target	Year to Date Actual
Adult Basic Education – Beginning Literacy	75%	41.7%
Adult Basic Education – Beginning Basic Education	63%	31.3%
Adult Basic Education – Intermediate Low	63%	33.5%
Adult Basic Education – Intermediate High	56%	26.7%
English as a Second Language – Beginning Literacy	64%	30.1%
English as a Second Language – Beginning Low	70%	34.5%
English as a Second Language – Beginning High	72%	37.1%
English as a Second Language – Intermediate Low	74%	34.2%
English as a Second Language – Intermediate High	64%	24.5%
Advanced English as a Second Language	66%	17.6%
Adult Secondary Education	64%	30.3%

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

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for two months ending February 29, 2016 and stated that the budget is on target and looks good. Mr. Temple also noted

that a Budget Committee meeting will be scheduled in July for any mid-year adjustments or updates.

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

Information Updates

Mr. Temple gave an update on the progress and timelines for the vocational rehabilitation services transition. On September 1, 2016, employees currently with DARS that have been identified (Blind Services and Rehabilitation Services) will transfer to TWC and become TWC employees. Those employees will remain doing their same job requirements and in the same locations throughout the region.

By September 1, 2017 the Blind Services Division and the Rehabilitation Services Division will be consolidated into one designated state unit.

By September 1, 2018 any movement of office location or staff into career offices or career office staff into locations that are currently Vocational Rehabilitation offices will be completed.

Mr. Temple explained that there is approximately a 2 year period for making the complete transition which will occur in stages over time. Staff will keep the Board updated regarding locations, efforts to combine staff, etc. Mr. Temple also noted that there have been regular and ongoing meetings with Cheryl Guido's group - Blind Services staff and Ron Fleming - Rehabilitation staff regarding efforts to connect and work together on this transition.

Mr. Temple noted the proposed timelines for 2017 contract renewals. Usual practice is to have a combined Procurement Committee and Audit/Monitoring Committee meeting in July regarding contract renewals and to bring the recommendations to the Board in August.

Mr. Temple explained that recommendations for system procurements, including adult education are to reprocure for the entire system beginning October 1, 2017. The Request for Proposals (RFP) should be released in the spring 2017. Adult Education procurements may be on a different timeline and staff should know more soon.

Mr. Temple also mentioned that once the Report Card Roundtables conclude staff will be contacting all the committee chairs to schedule various committee meetings to discuss a variety of topics and ideas related to information gathered from the roundtables.

Several Board members had questions or comments and discussion followed.

Mr. Temple concluded his report and no action was taken

LOOK AT THE ECONOMY

Mr. Ron Borski explained that the rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) dropped one-tenth of a percentage point to 4.7 percent in February. The unemployment rate for Texas also dropped one-tenth of a percentage point in February to 4.3 percent and the national rate dropped one-tenth of a percentage point in February to 5.2 percent. The H-W-S MSA added 10,100 jobs to payrolls in February. Mr. Borski explained the 0.3 percent in February was the weakest on record since 2009 during the Great Recession. Most of the job growth has been in population driven sectors of the economy such as Leisure & Hospitality, Educational & Health Services, and Local Government. A number of industry sectors were reporting over-the-year losses. Deepest declines have been in Mining, Durable Goods Manufacturing, and Financial Activities. The overall outlook for 2016 is for continued weakness in sectors supporting the energy industry with a high probability of a slowing trend to spread across other sectors as more consumers are faced with reduced discretionary spending.

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

Health Care Industry Occupations by Skill Level – Gulf Coast Region

Mr. Borski reported that the Health Care Industry has historically been a stable career choice and continues to offer a wide range of opportunities. Healthy job growth is projected for numerous occupations throughout the industry, from nursing assistants to medical physicians. Education and training requirements range from short term on-the-job training to post-secondary degrees and professional licenses with wages increasing accordingly.

Technological advances are changing the skills required from healthcare workers. Complex medical treatments, quality and safety of patient care, and health informatics, which all affect delivery of care, are prompting upgrades in training and education in many health occupations. New roles, responsibilities and specializations are being created throughout healthcare.

Each detailed Health Care Industry has unique staffing patterns; not all are equal which we demonstrate in our tables. For the purposes of this report occupations have been grouped into seven detailed industries:

- Offices of Physicians, Dentists, and Other Healthcare Practitioners
- Clinics and Outpatient Care Centers
- Medical and Diagnostic Laboratories
- Hospitals
- Other Ambulatory Health Care Services

- Home Health Services
- Nursing and Residential Care Facilities

From the wide variety of healthcare career opportunities, not all provide direct patient care. For this reason the accompanying occupational data is broken into two categories for each industry.

- Health care occupations – occupations providing direct diagnosing and treatment.
- Health care support occupations – occupations providing office and administrative support, building and equipment maintenance, and other services supporting the day-to-day operations not involving direct patient care.

The definitions used in this document are as follows:

- Low-skill occupations – those with requirements up to and including a high school diploma and short-term on-the-job training plus others not meeting middle-skill wage criteria.
- Middle-skill occupations – those with requirements of an associate’s degree or high school diploma and one of the following PLUS median wage equal to or greater than the median for all occupations in the region: \$17.68:
 - Moderate-term on-the-job training
 - Long-term on-the-job training
 - Apprenticeship
 - One year or more experience
 - Some college, no degree
 - Postsecondary non-degree award
- High-skill occupations – those with requirements of a bachelor’s degree or higher.
- The Gulf Coast region includes the following 13 Texas counties: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller and Wharton.

In recent years, numerous research and analysis reports have explored the demand for and importance of middle skill occupations. The impetus behind the reports is to emphasize to policymakers and job candidates the importance of postsecondary education and training for success in these occupations.

Most middle skill studies focus on education, training, and/or on-the-job training data as criteria. Modification was made to our criteria by adding the wage requirement above: the occupation must pay a median wage equal to or above the median wage for all occupations in the Gulf Coast Region (\$17.68). Adding this wage requirement encourages individuals to pursue achievable career goals that raise family income to a self-sufficient level.

Gulf Coast career exploration resources for in-demand occupations:
<http://www.wrksolutions.com/for-individuals/career-exploration> .

Included are (labor market information or LMI) about salaries, job openings, job growth and education and training requirements about selected jobs.

- Occupations in demand
- Industry and occupation profiles
- Career videos
- Choices planner - helps individuals build comprehensive portfolios based on interests, values, skills and experience to explore potential career matches and locate training and employment opportunities
- Career/personality match

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

OTHER BUSINESS

No one presented other business.

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 June 2016

The Audit/Monitoring Committee met Tuesday, May 24, 2016 at the Cypress Station office.

Operations

- **Career Offices.** The regional monitoring team reviewed three offices: East End, Huntsville, and Conroe. The East End office received an above average rating and Huntsville and Conroe both received average ratings.
 - The **East End** office sees an average of 450 customers daily. We particularly noted the efforts this office has made in serving individuals experiencing homelessness and its partnerships with SER, the Houston Food Bank and the Homeless Coalition to provide work-based learning opportunities.
 - The **Huntsville** office has shown a 30% increase of daily customer visits since the last review at an average of 140 customers. We noted improvements in office layout (changing location of greeter stations), changes to resource room computer station layout, cross training for staff and increased staff recognition.
 - The **Conroe** office averages about 375 visits daily, a 12% increase from the previous annual visit. This is a busy office for its location. As with most offices we have reviewed this year, we continue to stress the need to increase the direct placement of customers into jobs and continuing support for customers engaged in education or training activities to ensure their successful completion and credentialing.

- **Financial Aid Payment Office.** From October 2015 through April 30, 2016, we checked on 693 child care providers out of a total of 1,511 active vendors. This included following-up on three vendors with service improvement agreements.

- **Financial Aid Call Center.** We completed our quarterly review of eligibility at the Call Center, looking at 100 financial aid applications. We had no findings. We also continue to provide technical assistance on Call Center operations and to follow up on an improvement plan for this year. The Call Center has eliminated backlogs, reduced the time to process applications and is making progress on each of the elements in the improvement plan.

Financial Reviews

- **Knowledge First.** In February, we told you that a preliminary report from a review at Knowledge First indicated issues with documentation of services, staffing, and service delivery. At that time, we suspended payments to this contractor pending resolution of the monitoring findings.

As you may remember, Knowledge First is one of five agreements the Board authorized last year to test a different approach to fund community programs serving youth. For these five organizations, we looked to augment an existing program with demonstrated effectiveness by providing limited funds to leverage those programs' other resources. Our goal was to expand the number of youth each community organization was able to serve – but not by creating a stand-alone Workforce Solutions project or location.

As we worked through resolution of issues the financial monitor identified, we also visited Knowledge First several times, providing technical assistance on issues related to documentation of service, financial systems, and payments. We are now satisfied that Knowledge First has addressed the financial monitor's concerns and that Knowledge First's subsequent requests for payments adequately reflect the service delivered. We have resumed payments for the service at this contractor.

Workforce Commission Annual Reviews

We have resolved all issues which the Texas Workforce Commission identified in its 2015 review. This includes the findings related to proper documentation in records for customers using Trade Act benefits. We have made changes to our financial aid process and procedures in both the career offices and the Payment Office to ensure better internal controls on use of funds by our customers.

Commission monitors will return to conduct the 2016 review in mid- and late- June. We normally see the report of these annual visits in December of the year of the review.

H-GAC Comprehensive Annual Financial Report

H-GAC, the Board's fiscal and administrative agent, has completed its 2015 agency-wide, comprehensive financial audit. There are no findings. When the report is made final, we will make copies available to Board members, as we normally do.

Report Card Committee

Regional Round-table Discussions

As we noted to you in February, we planned a series of round-table discussions in the region to highlight findings of the Board's latest Workforce Report Card. We invited employers, educators, community leaders, and elected officials to participate at these events, held in Houston, Rosenberg, Baytown, Conroe and Lake Jackson. In addition, we presented Report Card findings at a MidCoast Education Alliance event in Bay City. And, we will present at a meeting of the Pearland Chamber of Commerce in late June.

Board staff provided an overview of key findings at each event, and Board members led the round-table discussions, which gave participants the opportunity to ask questions, voice concerns and offer solutions. Chair Mark Guthrie, Vice Chair Gerald Andrews, and members Betty Baitland, Allene Schmitt and Gil Staley led the various different events.

We had a total of 167 individuals participating, including 95 representatives of local business, 35 representatives of local schools and colleges, 14 representatives of community organizations, 10 elected officials, and additional Board members, including Ray Aguilar, Willie Alexander, Guy Robert Jackson, Sarah Janes, Doug Karr, Scott Marshall, Linda O'Black and Richard Shaw.

Common Themes

The Board's 2015 Workforce Report Card principal finding is that the Houston-Galveston region ranks high in terms of economic performance and is competitive on issues of labor force composition and quality of life, but lags in educational achievement and investment.

Although each event was unique and each community had its particular concerns, we noted the following common themes:

- *Emphasize early childhood education.* Opinions varied on specific issues, but there was consensus about the benefits of putting more emphasis on and investing more resources in early childhood education.
- *Change perceptions about technical certifications and degrees.* Participants noted a need to change the perception that pursuing technical careers requiring either a professional certificate or associate's degree is less valuable than obtaining a four-year bachelor's degree. Concerns were raised that there is not enough emphasis or importance put on the value of obtaining the education and training necessary for technical careers.
- *Build and expand connections between industry and education.* There was widespread agreement about the need to better connect employers and educators, particularly in the areas of curriculum development and experiential learning opportunities. Educators,

employers and others stressed the long-term value of apprenticeships, mentorships and other efforts that expose students to real-life workplace opportunities.

- *Provide better career counseling for students.* This included students in middle and high schools, with an emphasis on quality career exploration particularly in middle school.
- *Teach essential skills.* A number of concerns were raised that students coming out of high school are not equipped with the basic, essential skills necessary to obtain and keep jobs -- including communication, teamwork and critical thinking.
- *Encourage parents' involvement.* Round-table participants talked about how to encourage more parental involvement in their children's education, recognizing the obstacles that some working parents face.

Next Steps

The Report Card committee suggests meeting with the Education and Strategic Planning committees to discuss feedback from these events in more detail and how the Board might use the comments and concerns from across the region in its strategic planning.

Career Office Committee

Customer Service Award

Background

As we have noted to you in previous meetings, our 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—reviews nominations and selects one or more individuals for recognition.

I AM Workforce Solutions

❖ **Flor Lopez**, Staffing Specialist
Workforce Solutions – East End

As a staffing specialist Flor takes on any task that will get the job done. She recruits and refers candidates to open postings, often using creative means such as social media to get the word out. She also uses her connections with local education institutions to network and attract candidates to the office. Flor organizes and schedules in house hiring events at times that will give employers the best experience, and goes the extra mile to insure that employers' needs are met. She consistently exceeds the expectations of employers and her peers by thinking of them as the most important customers. Flor is dedicated, reliable, and a valued member of the Employer Service team.

❖ **Tamara Reed**, Resource Specialist
Workforce Solutions - Southeast

Tamara has been in workforce since 1995, so she recently celebrated 20 years of contributions to Houston's economy. Her customers and colleagues describe her as "friendly, courteous, and knowledgeable." She has received numerous compliments from customers for her willingness to help them to become job ready, revamp their skills, and re-enter the workforce with confidence. Although her main job is to help manage the Resource Room, she also makes sure she engages customers directly about their job needs, beginning and ending the conversation with employment. Tamara is the employment-minded Resource Specialist we want to have in all our offices.

Gulf Coast Workforce Board
System Performance
October 2015 to April 2016

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 Board measures for Workforce Solutions at each meeting.

More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expect to provide services to 25,757 employers this year. We provided services to 16,807 employers through April 2016	25,757	16,807	27,292
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,163 employers, 10,342 returned to Workforce Solutions for additional services through April 2016	63%	42.8%	61.5%

More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> New jobs created in the region as a result of Workforce Solutions partnering with economic development organizations. This information is captured quarterly and reflects a two-year average through March 2016.	3,000	770	2,446
<u>Customers employed by the 1st Qtr after exit</u> 177,031 of the 219,849 customers who exited service in the three quarters ending June 2015 were employed by the quarter after exit.	75%	80.5%	78.1%

Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Earnings Gains of at least 20%</u> 74,992 of the 217,367 customers who exited in the three quarters ending December 2014 had earnings gains of at least 20%.	36.0%	34.5%	33.8%

A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> 794 of 1,179 customers pursuing an education diploma, degree or certificate attained a diploma, degree or certificate by the end of the quarter after exit.	62%	67.3%	50.2%

Production

In addition to the Board's measures, Workforce Solutions works to meet Texas Workforce Commission expectations for production.

For the performance year that began October 1, 2015, we are meeting or exceeding the target for seven of nine common measures. The common measures we are not meeting are:

- Claimant Reemployment within 10 weeks - The target for this measure is 53.59%. Our performance through January 2016 was 47.2%.
- Youth Literacy/ Numeracy - The target for this measure is 53%. Our performance through March 2016 was 41.1%.

The adult education consortium has multiple measures for production and outcomes. We count beginning in July of each year.

- Enrollments. Total enrollments are the number of individuals who begin an adult education class. 12+ hour enrollments count the number of individuals who are in class 12 or more clock hours. Transitions enrollments count the number of individuals in adult education classes designed to lead to further post-secondary training. Career Pathways enrollments counts the number of individuals in contextualized learning (basic education and occupational skills at the same time) classes.

	Target	Year to Date Actual
Total Enrollments	N/A	21,288
12+ Hour Enrollments	25,151	19,375
Transitions	1,257	501
Career Pathways	1,377	410

- Outcomes. There are 11 outcome measures. All customers who complete at least 12 hours instruction count in the denominator.

Measure	Target	Year to Date Actual
Adult Basic Education – Beginning Literacy	75%	41.7%
Adult Basic Education – Beginning Basic Education	63%	31.3%
Adult Basic Education – Intermediate Low	63%	33.5%
Adult Basic Education – Intermediate High	56%	26.7%
English as a Second Language – Beginning Literacy	64%	30.1%
English as a Second Language – Beginning Low	70%	34.5%
English as a Second Language – Beginning High	72%	37.1%
English as a Second Language – Intermediate Low	74%	34.2%
English as a Second Language – Intermediate High	64%	24.5%
Advanced English as a Second Language	66%	17.6%
Adult Secondary Education	64%	30.3%

**GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
For the Four Months Ended April 30, 2016**

	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	208,830,718	69,610,239	65,963,961	3,646,278
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	5,229,639	1,743,213	1,528,976	214,237
SYSTEM IT	360,000	120,000	108,688	11,312
EMPLOYER SERVICES	7,999,167	2,666,389	2,122,323	544,066
RESIDENT SERVICES	195,241,912	65,080,637	62,203,974	2,876,663
OFFICE OPERATIONS	40,775,400	13,591,800	11,858,171	1,733,629
FINANCIAL AID	137,805,000	45,935,000	45,417,128	517,872
SPECIAL PROJECTS	2,441,900	813,967	428,538	385,429
ADULT EDUCATION	14,219,612	4,739,871	4,500,137	239,734
TOTAL WORKFORCE EXPENDITURES	208,830,718	69,610,239	65,963,961	3,646,278

VARIANCE ANALYSIS

Note: Except for Special Projects that are currently funded through September 30, 2016, 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
APRIL 2016 Employment Data

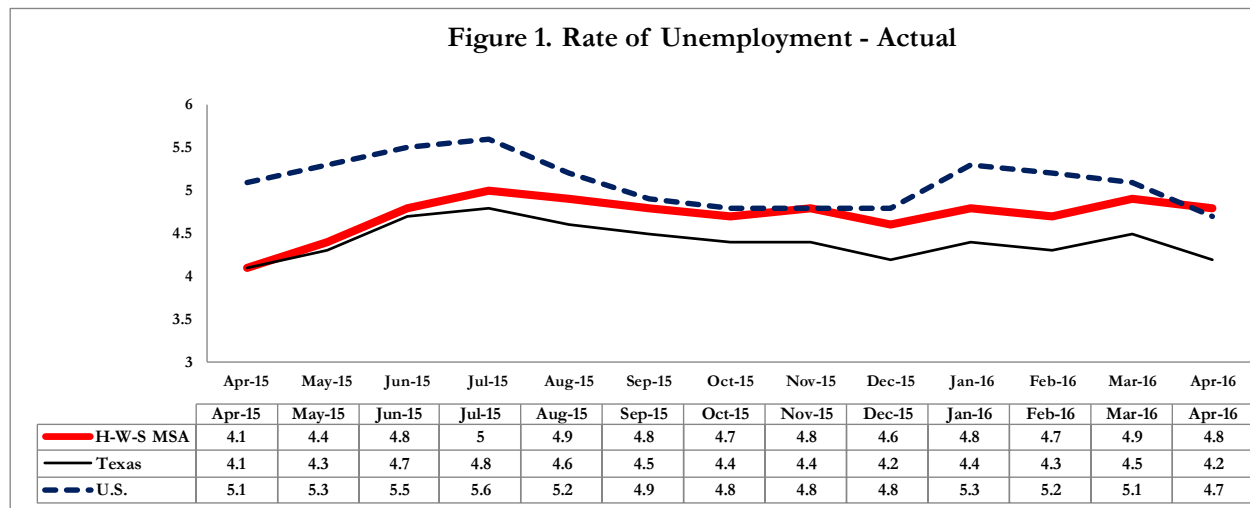
HOUSTON-THE WOODLANDS-SUGAR LAND METROPOLITAN STATISTICAL AREA
(H-W-S MSA)

Visit our website at www.wrksolutions.com

The rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) dropped one-tenth of a percentage point to 4.8 percent in April. While an April decline is normal this was the weakest on record since 2007. The local rate of unemployment has been gradually rising over the last year, up seven-tenths of a percentage from April 2015 and currently higher than the nation's rate for the first time since November 2006.

Unemployment Rate (Actual)

	APR 2016	MAR 2016	APR 2015
Civilian Labor Force	3,267,197	3,275,884	3,249,183
Total Employed	3,110,002	3,114,659	3,116,199
Unemployed	157,195	161,225	132,984
Unemployment Rate	4.8%	4.9%	4.1%



The H-W-S MSA added 6,000 jobs to payrolls in April. The 0.2 percent increase was well below an average 0.4 percent increase over the last five years. Continued declines of business activity related to oil and gas exploration and production has driven the pace of job growth down to 0.3 percent, an increase of 10,000 jobs over the year. The largest numbers of new jobs created have been in population-driven industry sectors, such as Leisure & Hospitality, Educational & Health Services, Retail Trade, and Government. Heavy and Civil Engineering Construction was the fastest growing sector with payrolls up 12.0% over the year. Job losses in several sectors have been rising with deepest declines in Mining & Logging, Manufacturing, and Professional and Business Services. The overall outlook for 2016 is for continued weakness in sectors supporting the energy industry with a high probability of a slowing trend to spread across other sectors as consumers are forced to reduce discretionary spending. Additional comments by super sector can be found beginning on page 3. Detailed data can be viewed on pages 8 & 9.

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

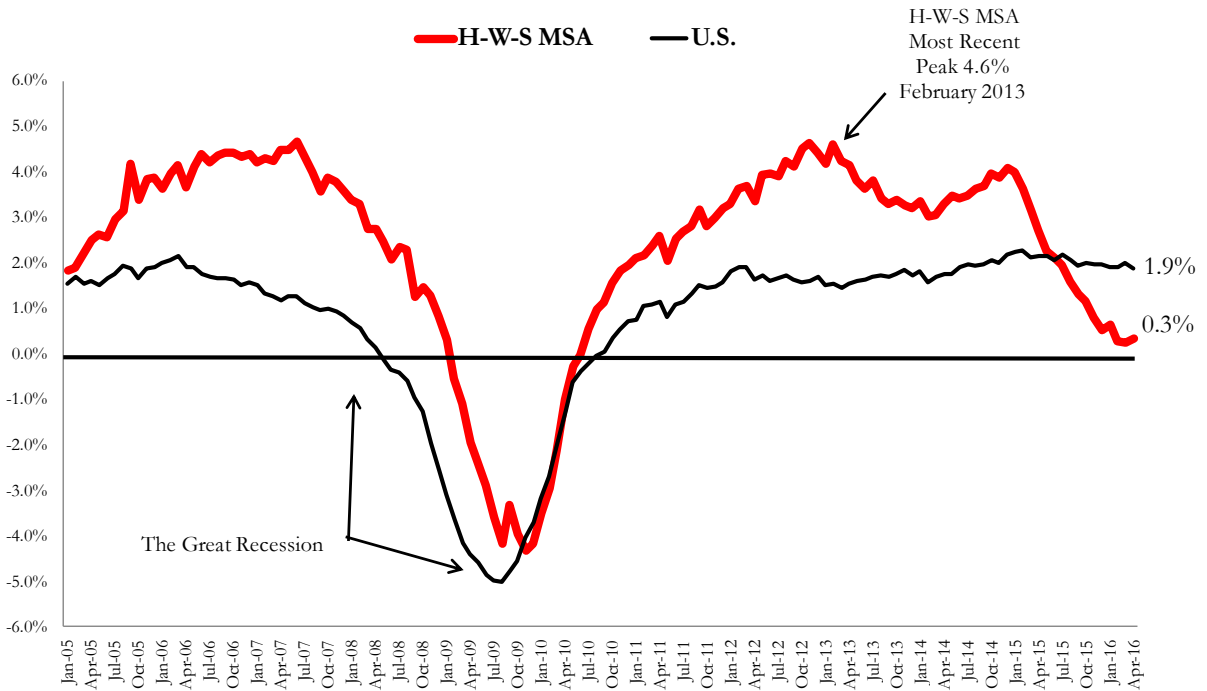
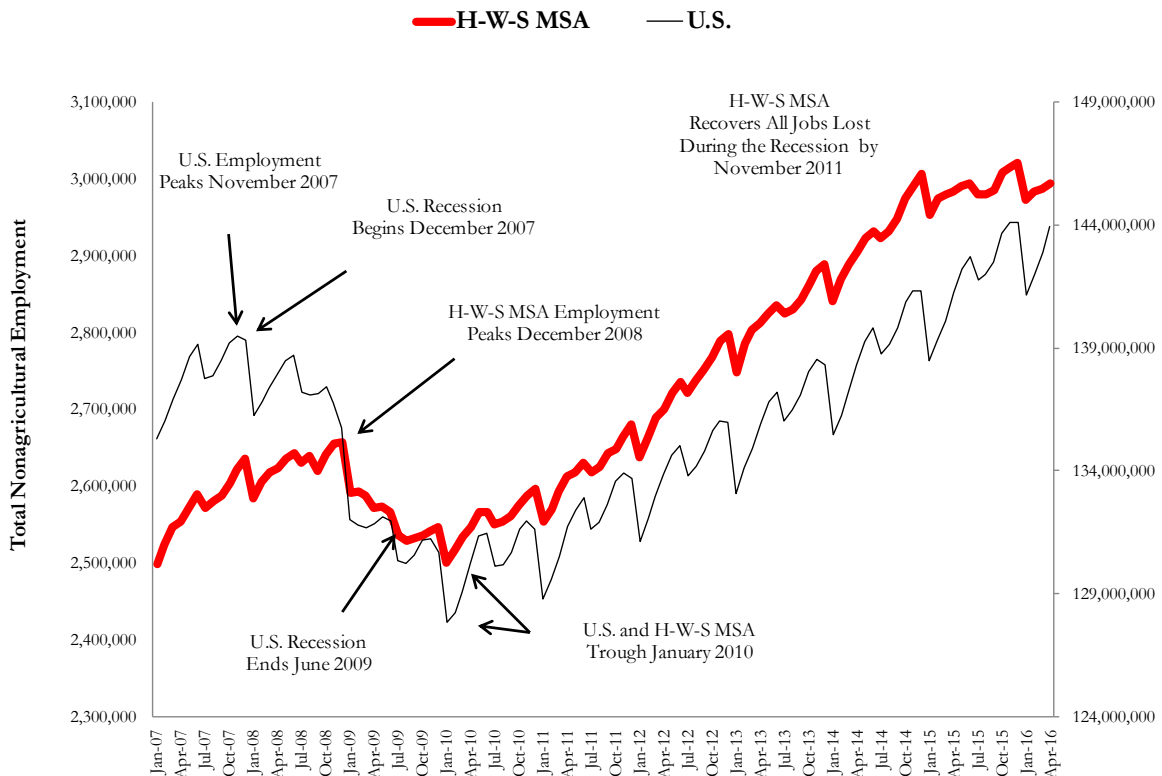
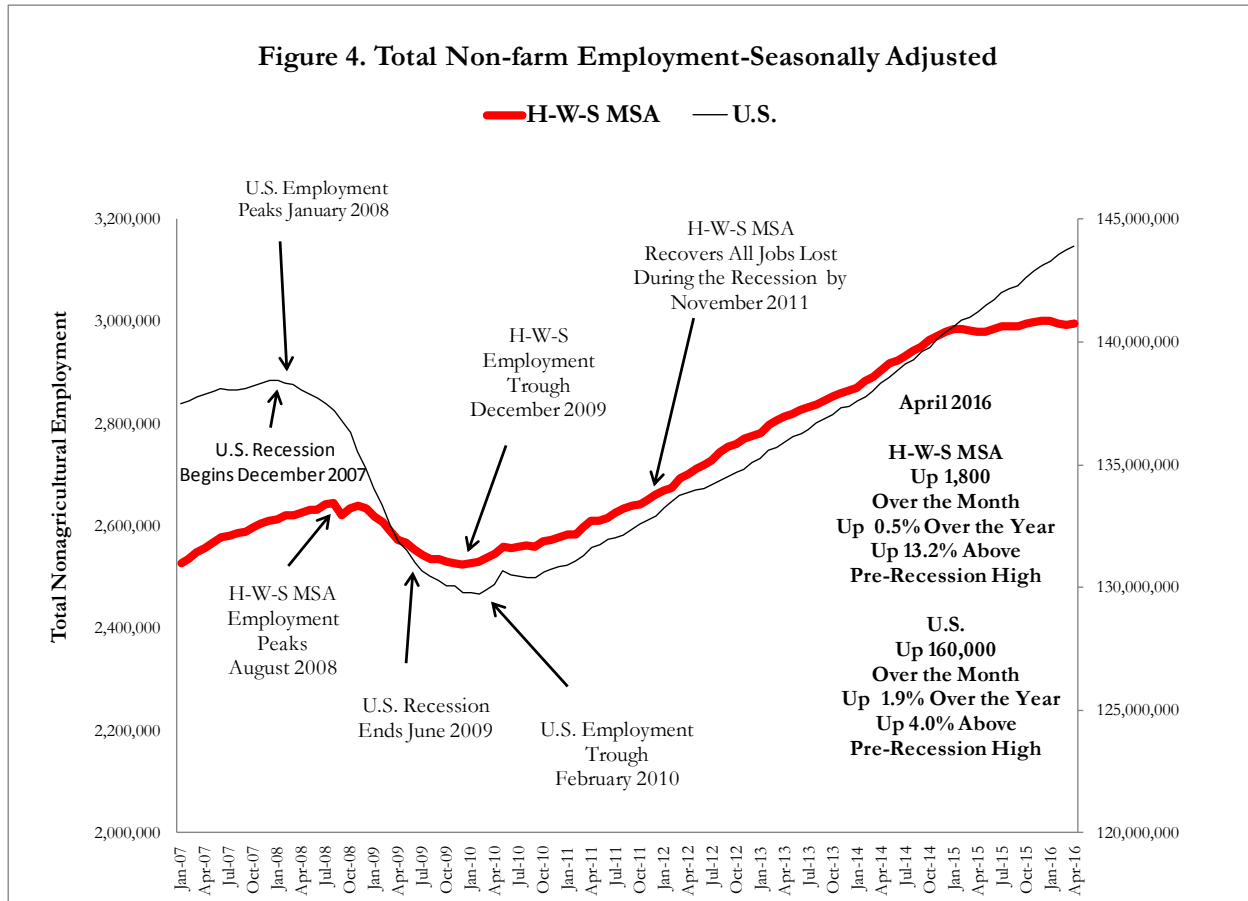


Figure 3. Total Non-farm Employment-Actual



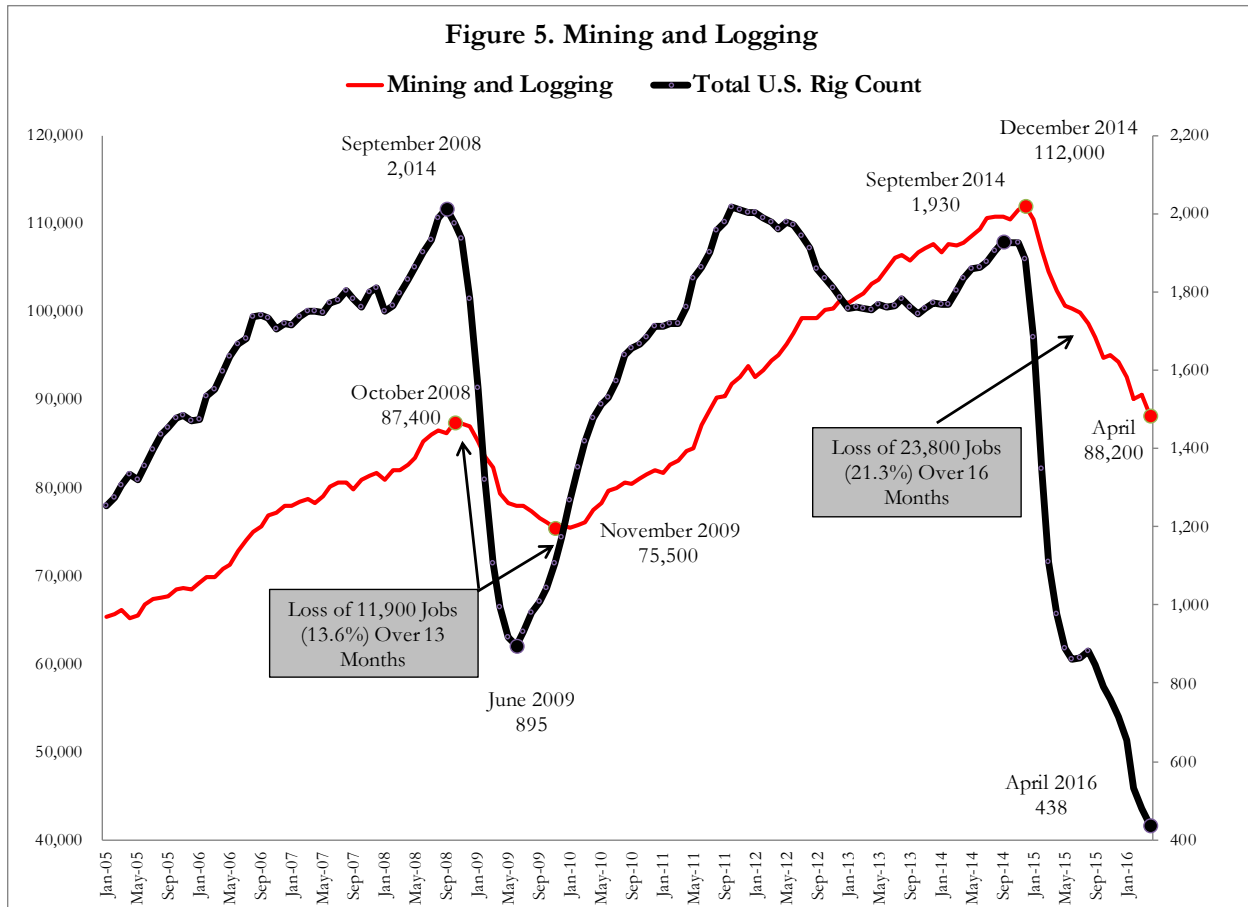
Seasonally adjusted data for the H-W-S MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. Seasonally adjusted job growth in the H-W-S MSA remained strong until early 2015 but has since stalled. The pace of job growth at the national level surpassed that of the H-W-S MSA in July 2015, currently up 1.9 percent over the year compared to the H-W-S MSA's increase of 0.5 percent.



DETAILS BY SUPER SECTOR

Mining and Logging continues to report losses with payrolls in Oil and Gas Extraction and Support Activities for Mining declining 300 jobs and 1,300 jobs respectively in April. The industry sector was down 14,100 jobs or 13.8 percent over the year. Most oilfield jobs are found in Support Activities for Mining and unsurprisingly the sector has incurred the steepest job cuts with payrolls down 11,000 jobs or 22.9 percent over the year.

Job losses in Mining and Logging continue to accumulate with payrolls down 23,800 jobs or 21.3 percent from its most recent peak in December 2014. The drop in payrolls exceeds the decline during 2008-2009 that resulted from The Great Recession, see figure 5. The average U.S. rig count was 438 in April, down 41 from March and 1,492, 77.3%, from the most recent peak of 1,930 in September 2014. The average Texas rig count was 196 in April, down 25 from March and 708, 78.3%, from the most recent peak of 904 in November 2014. With continued low drilling activity and WTI oil prices under \$50 per barrel additional declines in the super sector are anticipated to continue.

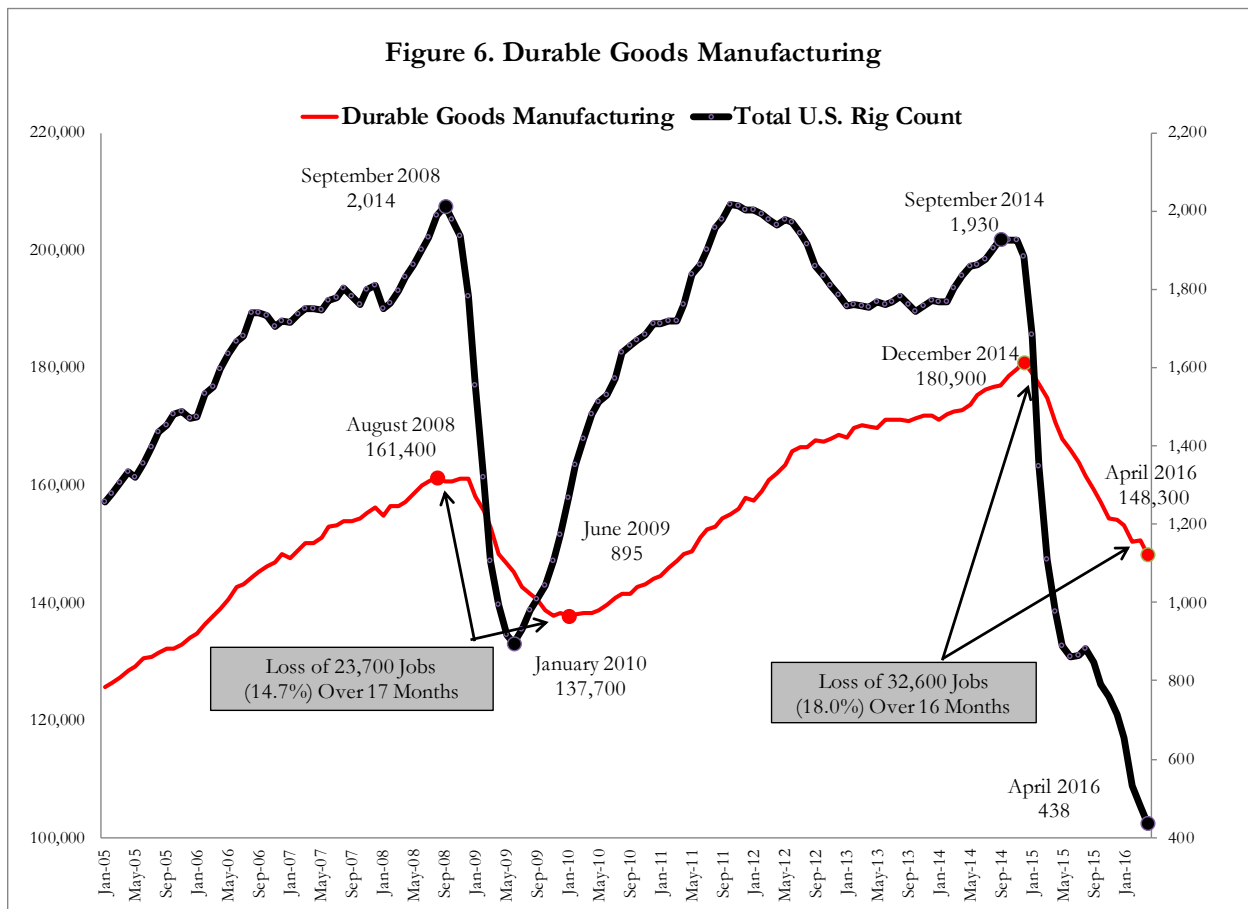


Construction added 900 jobs in April with gains found in Construction of Buildings and Specialty Trade Contractors. The pace of job growth increased from 1.9 percent in March to 2.6 percent with payrolls up 5,500 jobs over the year. Most of the growth has been in Heavy and Civil Engineering Construction which added 5,700 jobs over the year, up 12.0 percent. Specialty Trade Contractors also reported an increase, up 900 jobs or 0.8 percent over the year. Construction of Buildings, however, was reporting a loss of 1,100 jobs over the year, down 1.9 percent. While slowdowns are expected in some areas of construction, especially housing construction, more than 50 billion dollars in heavy industrial projects are under way in the region's petrochemical complex and more than 5.5 billion in education bonds are in the pipeline for 2016 and well into 2017.

Manufacturing resumed its downward spiral posting a loss of 2,400 jobs in April, down 1.0 percent. The original increase of 900 jobs in Manufacturing estimated for March was also revised reflecting a much weaker increase of 200 jobs. Payrolls in the super sector were down 18,500 jobs or 7.4 percent over the year. While most of the declines have been related to plummeting activity in support of oil and gas exploration and production, Computer and Electronic Product Manufacturing was also reporting an 8.7 percent decline of 1,500 jobs over the year.

Payrolls in Durable Goods Manufacturing were down 32,600 jobs or 18.0 percent over the last sixteen months surpassing declines incurred as a result of The Great Recession when payrolls fell 23,700 jobs or 14.7 percent over a seventeen-month period, see figure 6.

Nondurable Goods Manufacturing added 3,800 jobs over the year, up 4.7 percent, largely due to strong fourth quarter gains in 2015. The Houston Purchasing Managers Index fell from 45.9 in March to 44.2% in April. Any index below 50 generally indicates contraction near term.

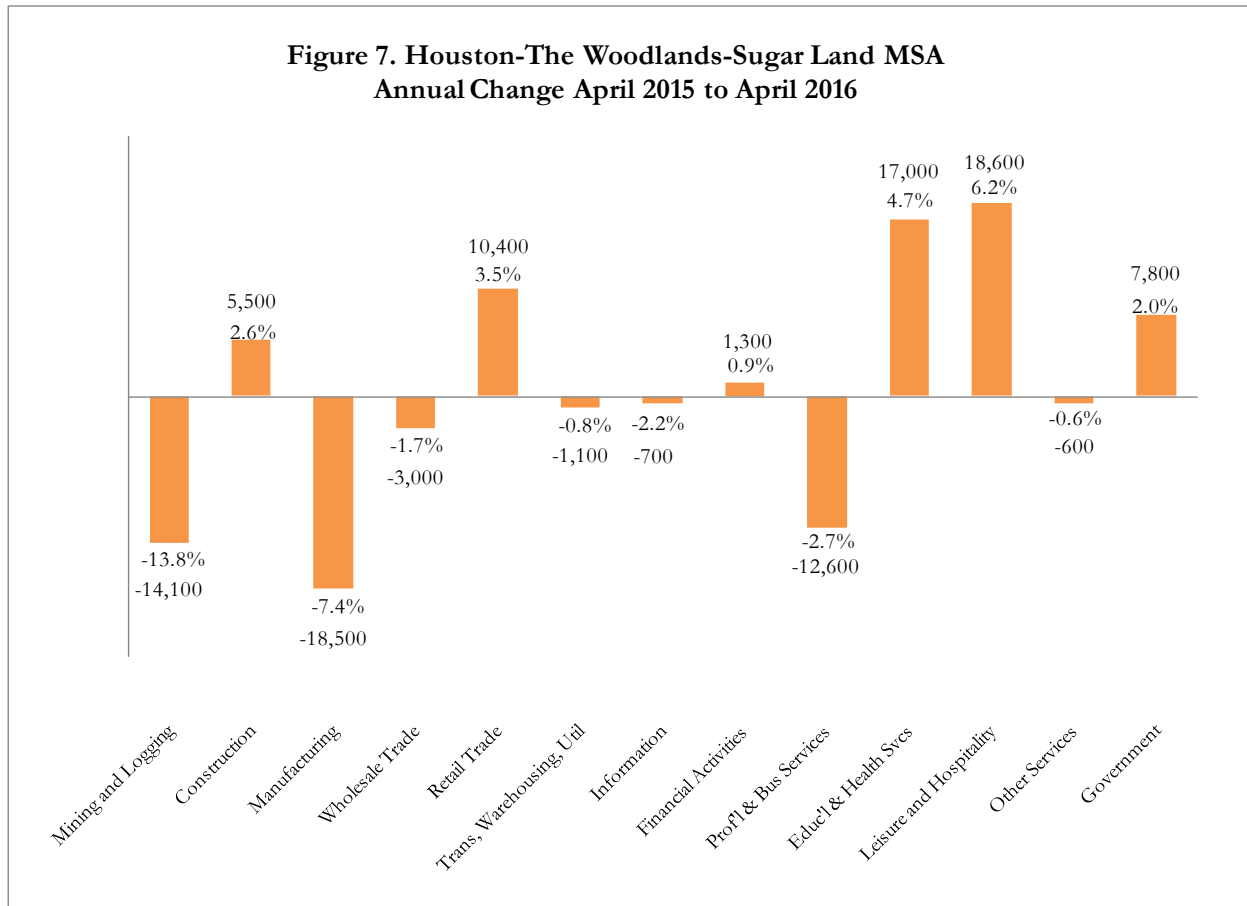


Trade Transportation & Utilities increased payrolls by 1,900 jobs over the month. April increases were driven by gains in Retail Trade and Transportation Warehousing & Utilities. Job growth remains weak but positive in the super sector with payrolls up 6,300 jobs or 1.0 percent over the year. All of the job growth was due to gains in Retail Trade, up 10,400 jobs or 3.5 percent. More than half of the new jobs have been at General Merchandise Stores and Food and Beverage Stores which have added a combined total of 6,200 jobs over the year. Fastest growth has been at Building Material and Garden Equipment and Supplies Dealers, up 1,500 jobs or 6.8 percent. Weak global demand and a strong dollar has impacted Wholesale Trade, down 3,000 jobs or 1.7 percent over the year, and Transportation, Warehousing, and Utilities, down 1,100 jobs or 0.8 percent over the year. Truck transportation companies have been hit particularly hard with payrolls down 1,100 jobs or 4.2 percent over the year.

Information added 700 jobs in April and over the year, up 2.2 percent. About half of the MSA's employment in information resides in telecommunications where payrolls were up 200 jobs or 1.4 percent over the year. The remainder of jobs in the industry sector are found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Financial Activities reported a loss of 400 jobs in April resulting from declines in Real Estate and Rental and Leasing. The super sector added 1,300 jobs over the year representing a 0.9 percent

increase. Job gains were found throughout most of the super sector with the exception of Credit Intermediation and Related Activities where payrolls were down 900 jobs or 2.0 percent. The largest increase was in Insurance Carriers and Related Activities, up 900 jobs or 2.8 percent. The pace of job growth in Real Estate and Rental and Leasing fell to 0.9 percent, an increase of 500 jobs.



Professional and Business Services continues to experience job losses in sectors affected by the decline in oil and gas exploration and production with payrolls down 400 jobs or 0.1 percent over the month. This was the weakest April since 2009 when payrolls fell 1.1 percent. While several industry sectors managed increases they were offset by declines in Architectural Engineering and Related Services, Accounting Tax Preparation Bookkeeping and Payroll Services, and Legal Services. The pace of declines in the super sector increased to 2.7 percent, a loss of 12,600 jobs over the year. The sectors most heavily impacted by the current slump in the energy industry have been Architectural, Engineering and Related Services, down 5,900 jobs or 8.2 percent, and Employment Services, down 4,400 jobs or 5.5 percent. The only substantial job growth in the industry sector has been in Services to Buildings and Dwellings, where businesses perform services such as extermination and pest control, cleaning, landscaping and carpet and upholstery cleaning, up 2,900 jobs or 5.7 percent, and Accounting Tax Preparation Bookkeeping and Payroll Services, up 900 jobs or 3.6 percent. Declines in Professional and Business Services are expected to continue in the up and coming months as demand for services decline and businesses continue to restructure.

Education and Health Services added 4,600 jobs to payrolls over the month as a result of gains that spread across all areas of the super sector. The 1.2 percent increase was the strongest on record

dating back to 1990. Education and Health Services is the second largest contributor of job growth in the H-W-S MSA with payrolls up 17,000 jobs or 4.7 percent over the year. All subsectors were reporting healthy over-the-year increases with strongest gains at Hospitals, up 5,200 jobs or 6.4 percent.

Leisure and Hospitality added 4,000 jobs in April. The 1.3 percent seasonal increase was slightly weaker than a 1.5 percent increase in 2015. Leisure and Hospitality continues to be the fastest growing super sector in the H-W-S MSA although the pace of job growth has fallen nearly two percent from 8.0 percent in January to 6.2 percent. The super sector is also the largest contributor of new jobs with payrolls up 18,600 jobs over the year. While all subsectors were reporting increases, most of the new jobs are found in Food Services and Drinking Places, up 15,700 jobs or 6.5 percent.

Employment in **Other Services** was unchanged in April with payrolls down 600 jobs or 0.6 percent over the year. Other Services is partially comprised of various repair service companies (industrial equipment, mining machinery and equipment, and many others related to the oil and gas industry). Additional establishments in this category include personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government reduced payrolls by 600 in April as a result of declines in Local Government Educational Services. Government payrolls were up 7,800 jobs or 2.0 percent over the year. Most of the increase has been in Local Government Educational Services with payrolls up 6,100 jobs or 3.1 percent over the year.

NONAGRICULTURAL EMPLOYMENT
Houston-The Woodlands-Sugar Land MSA

Month Change
Year Change

	APR 2016	Net	Percent	Net	Percent
Total Nonfarm	2,993,500	6,000	0.2%	10,000	0.3%
Total Private	2,600,100	6,600	0.3%	2,200	0.1%
Goods Producing	540,400	-3,800	-0.7%	-27,100	-4.8%
..Mining and Logging	88,200	-2,300	-2.5%	-14,100	-13.8%
...Oil and Gas Extraction	50,400	-300	-0.6%	-2,600	-4.9%
...Support Activities for Mining	37,000	-1,300	-3.4%	-11,000	-22.9%
..Mining, Logging, and Construction	308,100	-1,400	-0.5%	-8,600	-2.7%
..Construction	219,900	900	0.4%	5,500	2.6%
...Construction of Buildings	58,300	1,200	2.1%	-1,100	-1.9%
...Heavy and Civil Engineering Construction	53,300	-800	-1.5%	5,700	12.0%
...Specialty Trade Contractors	108,300	500	0.5%	900	0.8%
..Manufacturing	232,300	-2,400	-1.0%	-18,500	-7.4%
...Durable Goods	148,300	-2,300	-1.5%	-22,300	-13.1%
...Fabricated Metal Product Manufacturing	52,300	-500	-0.9%	-8,800	-14.4%
...Machinery Manufacturing	46,400	-700	-1.5%	-10,000	-17.7%
....Agriculture, Construction, and Mining Machinery Manufacturing	32,400	-500	-1.5%	-8,300	-20.4%
...Computer and Electronic Product Manufacturing	15,700	-100	-0.6%	-1,500	-8.7%
..Non-Durable Goods	84,000	-100	-0.1%	3,800	4.7%
...Petroleum and Coal Products Manufacturing	9,700	100	1.0%	200	2.1%
...Chemical Manufacturing	37,600	0	0.0%	600	1.6%
Service Providing	2,453,100	9,800	0.4%	37,100	1.5%
..Private Service Providing	2,059,700	10,400	0.5%	29,300	1.4%
..Trade, Transportation, and Utilities	612,600	1,900	0.3%	6,300	1.0%
...Wholesale Trade	170,200	-700	-0.4%	-3,000	-1.7%
....Merchant Wholesalers, Durable Goods	97,200	-100	-0.1%	-2,700	-2.7%
.....Professional and Commercial Equipment and Supplies Merchant Wholesalers	13,100	0	0.0%	600	4.8%
....Merchant Wholesalers, Nondurable Goods	44,700	0	0.0%	-400	-0.9%
...Retail Trade	304,800	1,900	0.6%	10,400	3.5%
....Motor Vehicle and Parts Dealers	41,800	200	0.5%	1,900	4.8%
....Building Material and Garden Equipment and Supplies Dealers	23,500	100	0.4%	1,500	6.8%
....Food and Beverage Stores	67,300	600	0.9%	3,400	5.3%
....Health and Personal Care Stores	19,100	-200	-1.0%	300	1.6%
....Clothing and Clothing Accessories Stores	25,700	-1,100	-4.1%	-2,000	-7.2%
....General Merchandise Stores	61,500	500	0.8%	2,800	4.8%
.....Department Stores	23,200	100	0.4%	1,000	4.5%
.....Other General Merchandise Stores	38,300	400	1.1%	1,800	4.9%
...Transportation, Warehousing, and Utilities	137,600	700	0.5%	-1,100	-0.8%
...Utilities	16,100	-100	-0.6%	300	1.9%
....Air Transportation	21,800	0	0.0%	100	0.5%
....Truck Transportation	24,800	100	0.4%	-1,100	-4.2%
....Pipeline Transportation	10,800	200	1.9%	300	2.9%
..Information	31,700	700	2.3%	-700	-2.2%
...Telecommunications	14,100	-100	-0.7%	200	1.4%
..Financial Activities	151,800	-400	-0.3%	1,300	0.9%
...Finance and Insurance	96,100	0	0.0%	800	0.8%
....Credit Intermediation and Related Activities	43,200	0	0.0%	-900	-2.0%
.....Depository Credit Intermediation	28,700	0	0.0%	-100	-0.3%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	19,000	100	0.5%	800	4.4%
...Insurance Carriers and Related Activities	33,600	0	0.0%	900	2.8%
...Real Estate and Rental and Leasing	55,700	-400	-0.7%	500	0.9%

NONAGRICULTURAL EMPLOYMENT**Month Change****Year Change****Houston-The Woodlands-Sugar Land MSA****APR 2016****Net Percent****Net Percent**

	APR 2016	Net	Percent	Net	Percent
..Professional and Business Services	459,100	-400	-0.1%	-12,600	-2.7%
...Professional, Scientific, and Technical Services	216,000	-3,700	-1.7%	-4,400	-2.0%
...Legal Services	23,700	-700	-2.9%	-600	-2.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	25,900	-300	-1.1%	900	3.6%
....Architectural, Engineering, and Related Services	66,400	-2,100	-3.1%	-5,900	-8.2%
....Computer Systems Design and Related Services	33,500	100	0.3%	200	0.6%
...Management of Companies and Enterprises	35,200	-100	-0.3%	-1,400	-3.8%
...Administrative and Support and Waste Management and Remediation Services	207,900	3,400	1.7%	-6,800	-3.2%
....Administrative and Support Services	196,200	3,600	1.9%	-7,300	-3.6%
.....Employment Services	76,300	1,800	2.4%	-4,400	-5.5%
.....Services to Buildings and Dwellings	53,900	1,800	3.5%	2,900	5.7%
..Educational and Health Services	381,900	4,600	1.2%	17,000	4.7%
...Educational Services	58,600	800	1.4%	2,500	4.5%
...Health Care and Social Assistance	323,300	3,800	1.2%	14,500	4.7%
....Ambulatory Health Care Services	150,300	2,200	1.5%	4,100	2.8%
....Hospitals	86,700	800	0.9%	5,200	6.4%
..Leisure and Hospitality	316,900	4,000	1.3%	18,600	6.2%
...Arts, Entertainment, and Recreation	33,000	900	2.8%	2,100	6.8%
...Accommodation and Food Services	283,900	3,100	1.1%	16,500	6.2%
....Accommodation	25,900	100	0.4%	800	3.2%
....Food Services and Drinking Places	258,000	3,000	1.2%	15,700	6.5%
..Other Services	105,700	0	0.0%	-600	-0.6%
Government	393,400	-600	-0.2%	7,800	2.0%
..Federal Government	28,000	-100	-0.4%	100	0.4%
..State Government	74,600	0	0.0%	700	0.9%
...State Government Educational Services	41,000	0	0.0%	600	1.5%
..Local Government	290,800	-500	-0.2%	7,000	2.5%
...Local Government Educational Services	205,300	-700	-0.3%	6,100	3.1%

UNEMPLOYMENT RATE**APR 2016****MAR 2016****APR 2015**

H-W-S MSA	4.8	4.9	4.1
Texas (Actual)	4.2	4.5	4.1
United States (Actual)	4.7	5.1	5.1

Houston-The Woodlands-Sugar Land MSA: Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and 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.



Employment Trends among Workers 65 and Over in the Gulf Coast

Prepared May 2016

Data Source(s):

*Data Source(s): EMSI proprietary estimates based on the Quarterly Census of Employment and Wages (QCEW) from the Bureau of Labor Statistics (BLS) and the Bureau of Economic Analysis (BEA).
Census Bureau: Quarterly Workforce Indicators (QWI)*

Workforce Solutions is an affiliate of the Gulf Coast Workforce Board, which manages a regional system that helps employers solve their workforce problems and residents build careers so both can compete in the global economy. The workforce system serves the City of Houston and the surrounding 13 Texas Gulf Coast counties including: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton.

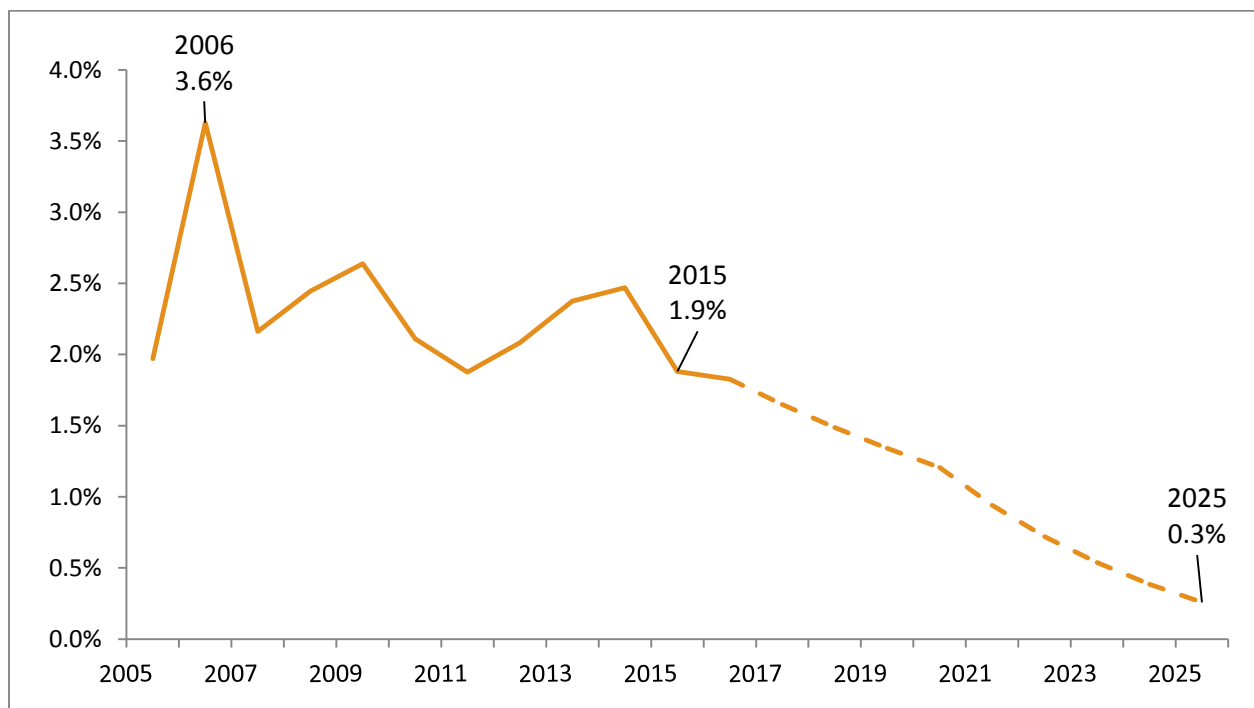
Overview

One of the most profound implications for the workforce has been the rise in life expectancy over the last century. According to the Centers for Disease Control, average life expectancy in the United States in 1901 stood at 54.4 years. By 1951 this had risen to 68.4 years and by 2011 had reached a high of 78.7 years. Improvements in living conditions and access to higher quality health care has resulted in individuals living longer and therefore remaining in the workforce beyond what has typically been viewed as “retirement age.” Furthermore, the lingering effects of the 2008 recession on retirement savings has prompted many individuals to continue working out of necessity. Given our awareness of these forces, it is important to understand the role of older individuals in the workforce so that we may identify current and future opportunities for this segment of the population.

Past and Future Population Growth in the Gulf Coast

As of 2015 there were 6.8 million residents within the 13-county Gulf Coast region. 1.4 million of these individuals were added between 2005 and 2015 for 10-year growth rate of 26 percent. Estimates produced by Economic Modeling Specialists International (EMSI) predict that our region will be home to 7.5 million residents by 2025 for an 11-percent increase. This indicates that growth is likely to continue yet at a slower pace than over the previous decade. This is reconfirmed by observing past and predicted year-over-year growth rates which indicate that the fastest growth was recorded in 2006 with a 3.6-percent increase, slowing to 1.9 percent in 2015 and projected to further slow to as little as 0.3 percent by 2025 (see Chart 1).

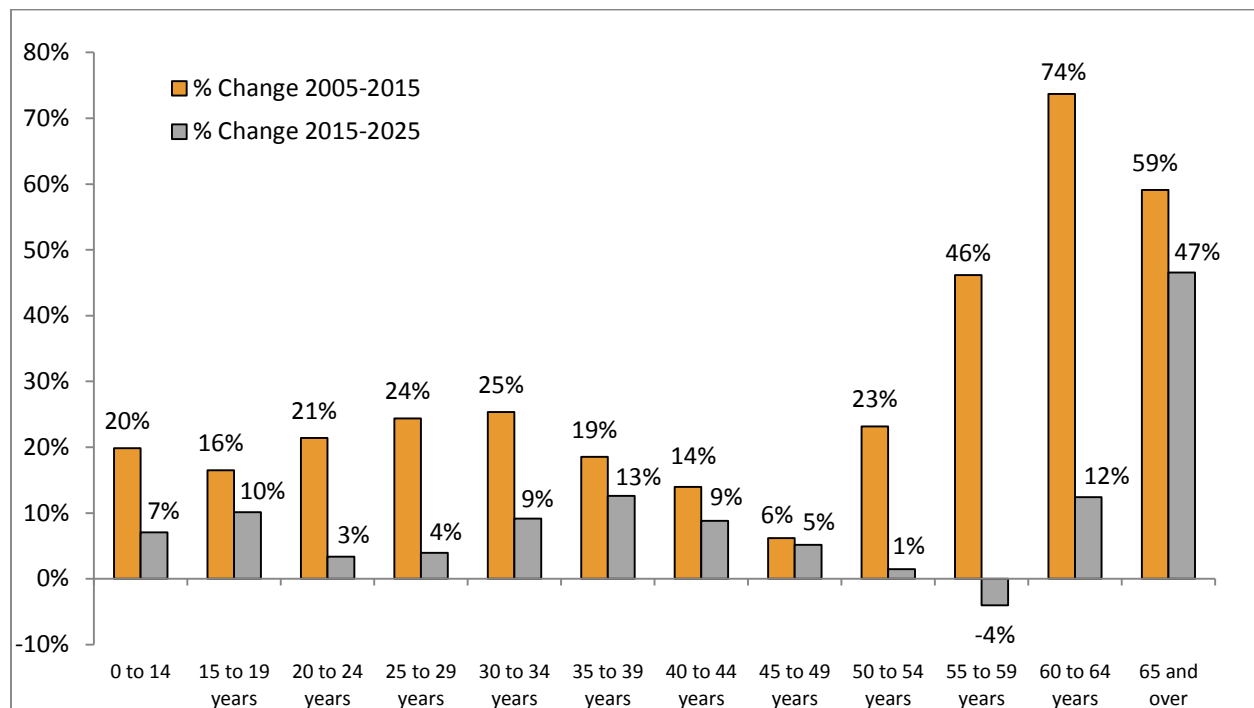
Chart 1. Gulf Coast Region Year-Over-Year Percent Change in Population, 2005 to 2025



While overall population growth is projected to slow, a look at past and future growth by age group provides a more nuanced take on this trend. Between 2005 and 2015, the number of residents in the eight age brackets between 0 to 14 years and 50 and 54 years grew approximately 14 percent to 25 percent with the exception of residents 45 to 49. The growth rate of this latter group was the slowest of all, up only 6 percent over the 10-year period. In contrast, individuals 55 to 59 years, 60 to 64 years, and 65 and over grew substantially faster than all other age groups, up 46 percent, 74 percent, and 59 percent, respectively, over the decade.

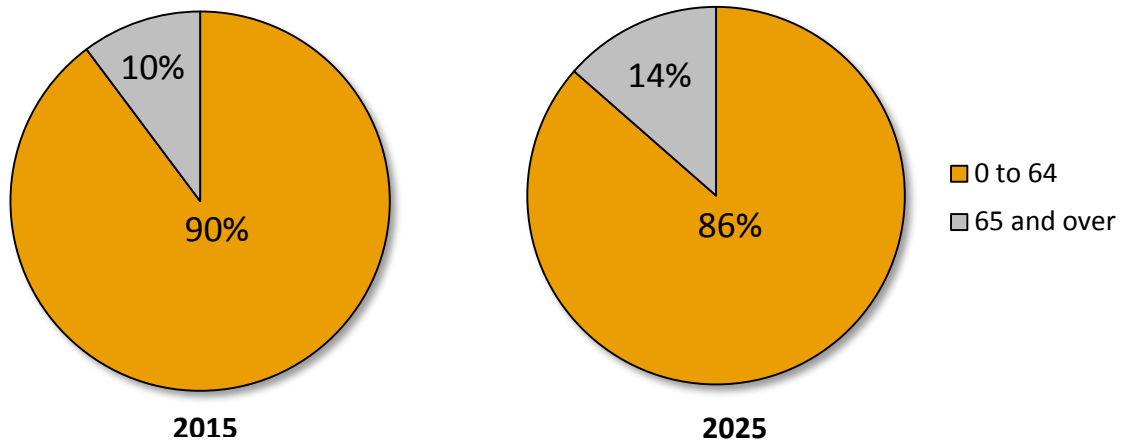
A look at projected growth rates between 2015 and 2025 by age group reveals two trends. First, growth rates for every age group are forecast to be slower than the previous decade with one group, age 55 to 59, predicted to register an absolute decline of 4 percent. Second, the aging of each group into the next age bracket over time shifts the highest growth rate into the oldest cohort, individuals 65 and over. This group’s rate of increase at 47 percent is predicted to outpace the next fastest-growing age group of individuals 35 to 39 by more than three times over the coming decade (see Chart 2).

Chart 2. Gulf Coast Region Percent Change in Population by Age Group, 2005 to 2015 and 2015 to 2025



However, despite the prediction that residents 65 and over are to become the *fastest-growing* segment of the Gulf Coast population, their *share* of the total population is not expected to increase dramatically. In 2015, individuals 65 and over comprised 10 percent of the region’s population which equates to approximately 693,000 residents. By 2025 this segment is expected to make up just 14 percent of the population, rising to slightly more than 1 million residents by 2025. Even broadening the scope of analysis to include the two previous age brackets of 55 to 59 and 60 to 64, which roughly correspond to what many consider to be “retirement age,” collectively these residents will only see their share of the population rise from 21 to 24 percent (see chart 3).

Chart 3. Gulf Coast Region Share of Workers 65 and Over as Percentage of All Workers, 2015 and 2025



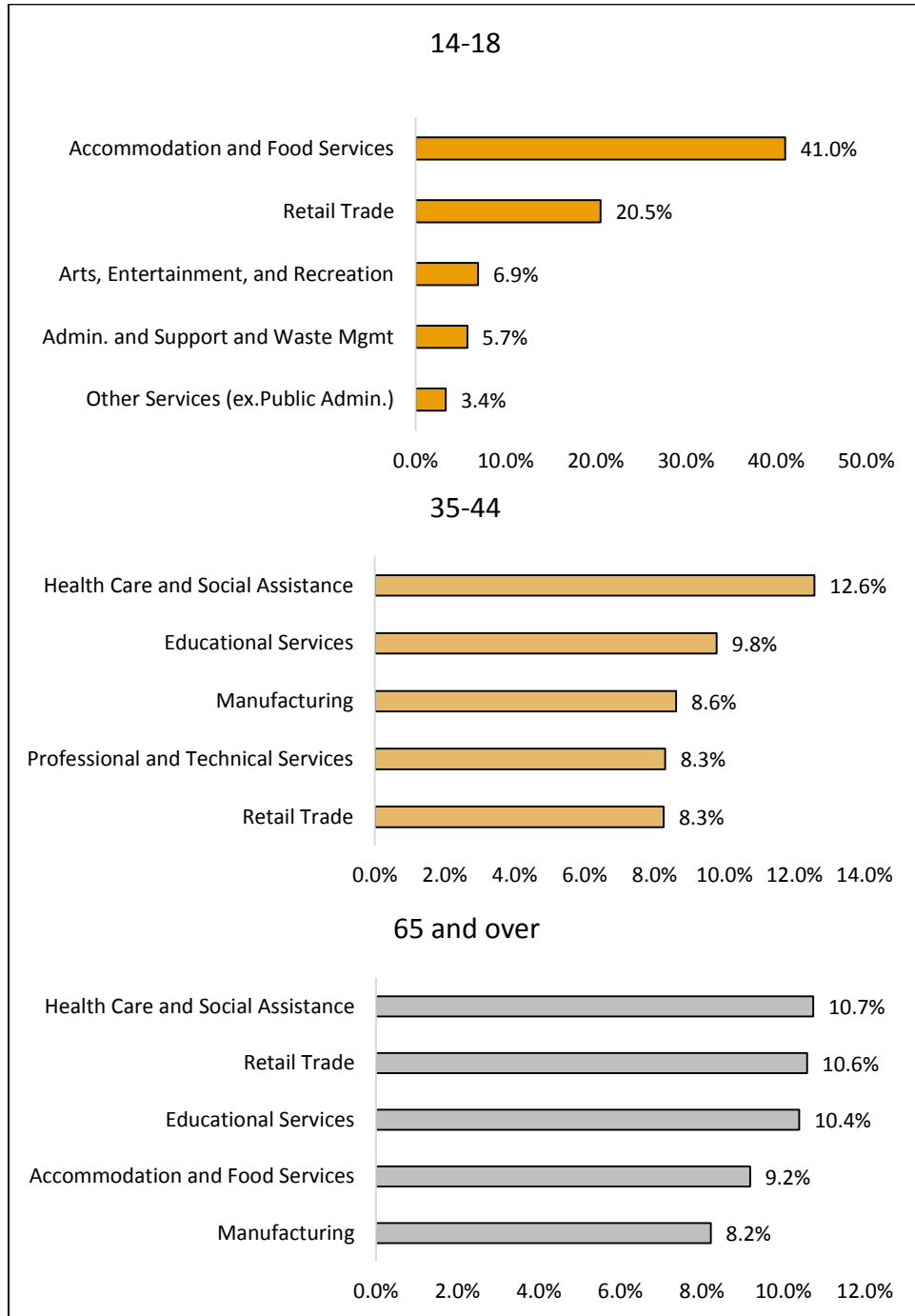
Industry Employment Trends among Workers 65 and Over

As noted, increased life expectancy has resulted in individuals living longer and healthier, which has in turn extended their participation in the workforce. However, the industries in which an individual might be employed varies over time. For example, in 2015 the majority of workers aged 14 to 18 in the Gulf Coast were concentrated in just two industries: Accommodation and Food Services (41 percent) and Retail Trade (21 percent). This is to be expected given these industries relatively low educational and skill requirements. Naturally as workers acquire more skills, the range of employment opportunities increases dramatically and this is reflected in mix of industries in which we find workers aged 35 to 44. Here in the Gulf Coast nearly 13 percent of workers in this mid-career age group were employed in Health Care and Social Assistance followed by Educational Services both public and private (9.8 percent), Manufacturing (8.6 percent), and Professional and Technical Services and Retail Trade, which tied for 4th place with 8.3 percent of total employment. Accommodation and Food Service ranked several spots lower for this age cohort at 7th place and in contrast to workers 14 to 18. Note that these distributions more closely mirror those of the overall workforce in the Gulf Coast regardless of age.

When we look at workers aged 65 and over, we observe a mix of industries that shares similarities with both of the aforementioned age groups. As with workers 35 to 44, Health Care and Social Assistance was where we find the largest share of workers 65 and over in the Gulf Coast, albeit just barely, at 10.7 percent of total employment. However, like the youngest cohort of workers, those aged 14 to 18, Retail Trade was also the second-largest industry for older worker with 10.6 percent. Educational Services remained a top industry for workers 65 and over at 10.4 percent followed by Accommodation and Food Services (9.2 percent) and Manufacturing (8.2 percent). Note that a key industry in the Gulf Coast frequently associated with oil and gas and where many mid-career individuals aged 35 to 44 are found, Professional and Technical Services, drops to 7th place for workers 65 and over. In the case of Accommodation and Food Service and Retail Trade, it appears that these industries, thanks to their tendency towards part-time work arrangements and relatively low barriers to entry, re-emerge as

important sources of employment as workers enter their later years. In contrast, Health Care, Educational Services, and Manufacturing remain fairly constant whether mid or late-career. Given the moderate to highly specialized training needed for many occupations in these latter industries, it is likely that individuals already employed in these areas continue to work even after the age of 65 rather than select them for new careers (see chart 4).

Chart 4. Gulf Coast Region Percentage of Total Workers in Age Cohort by Industry, 2015



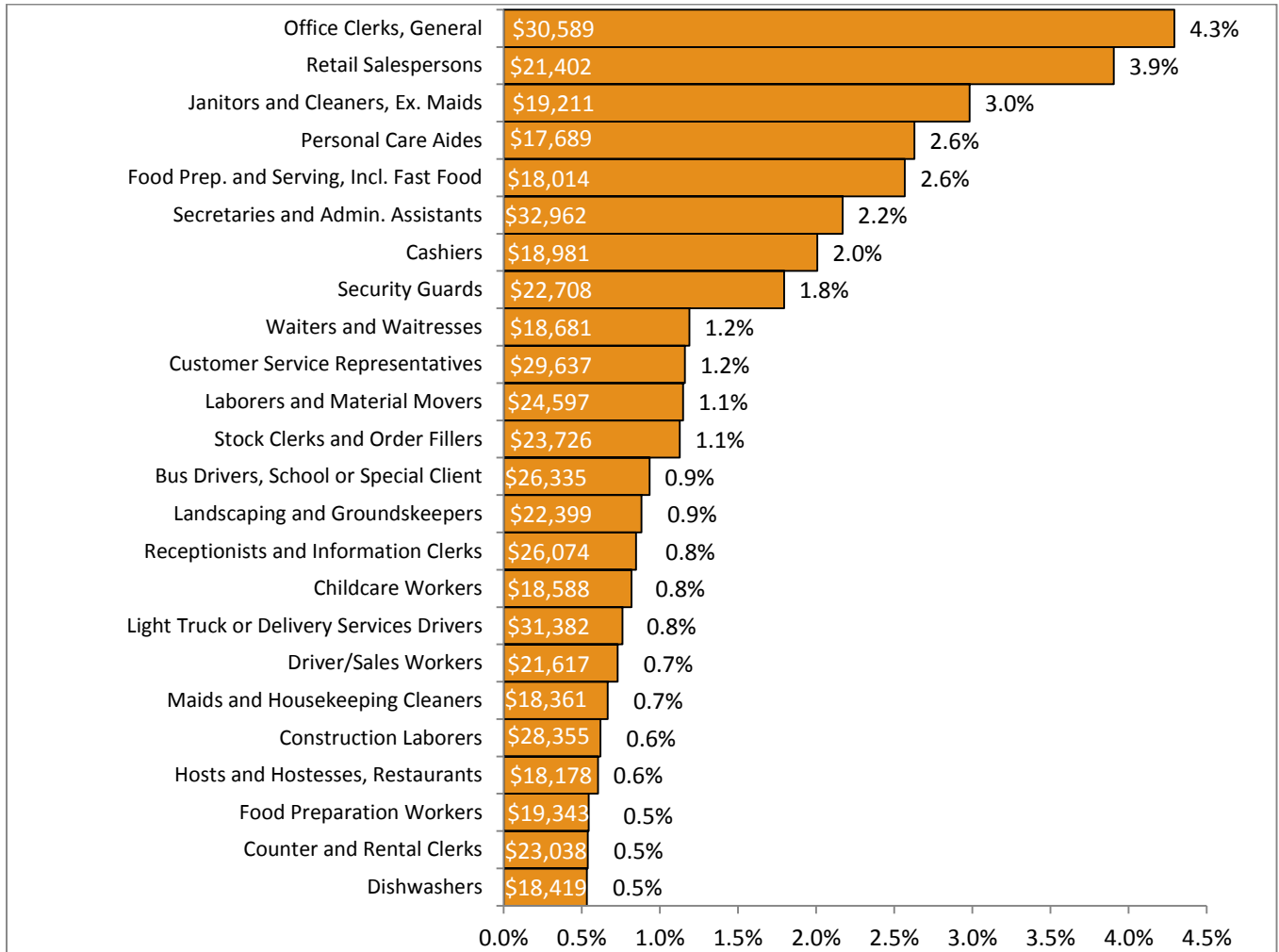
Occupational Employment Trends among Workers 65 and Over

Having examined the industries where we find the highest concentrations of workers 65 and over, it is not surprising that we find workers concentrated in occupations that reflect these industries. As before, it is instructive to compare older workers to early and mid-career individuals as context. Roughly half of all workers 65 and over were found in 41 out of a possible 800 or so occupations. In contrast, half of all workers aged 14-18 were found in just 7 occupations, echoing the limited range of opportunities available to this group, while workers 35-44 were relatively more dispersed with around half concentrated in 49 occupations.

A recurring challenge when analyzing large numbers of occupations is choosing the appropriate criteria for categorizing them. In the previous section we noted that workers 65 and over tend to be concentrated in two to three types of industries, low-skill and high-skill services and to a lesser extent Manufacturing. We also noted that the educational and skill requirements for these industries vary widely. For workers in the early to mid-stages of their careers, the educational requirements needed to enter a profession are an important consideration as they often dictate the type and amount of education pursued. However, for older workers who likely have many years of experience, the amount of on-the-job training required is a more useful means of evaluating occupations followed by education.

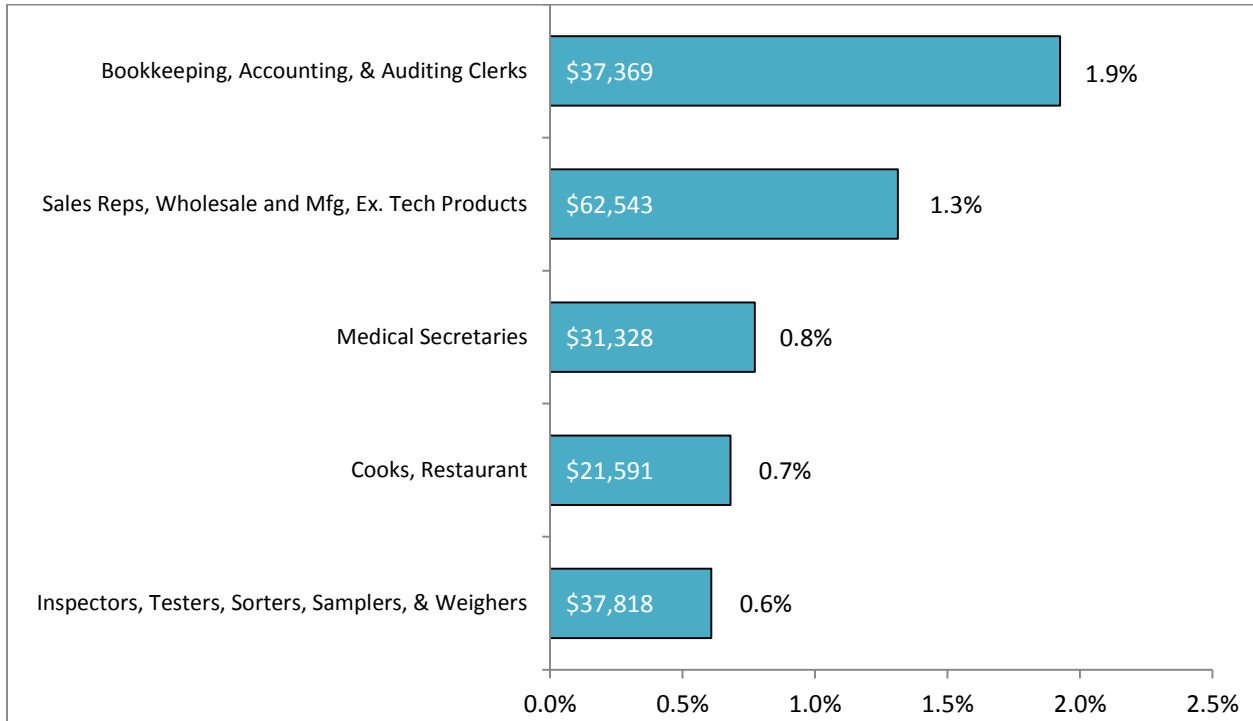
Based on the above criteria, a slight majority of the 41 occupations where we find half of all workers 65 and over require only short-term on-the-job training, which is defined as one month or less needed to acquire proficiency. The single-largest occupation for this age group of workers was General Office Clerks at 4.3 percent. Overall, many of these occupations are variations of clerical, retail, food preparation, and maintenance jobs and therefore wages are relatively low ranging from \$18,000 per year to \$33,000 per year. Nonetheless, for older individuals seeking to re-enter the workforce on a part-time or otherwise limited basis, these occupations may be worthy of consideration given their comparatively minimal time and skill investment in order to achieve proficiency (see chart 5).

Chart 5. Gulf Coast Region Percentage of Total Workers Aged 65 and Over by Occupation Requiring Short-term On-The-Job Training, and Average Annual Wages - 2015



The next group of occupations consists of those requiring “moderate on-the-job training.” Proficiency in this category of jobs typically requires more than one month up to a maximum of 12 months. Among all 800 or so official occupations, there are very few denoted as requiring this particular amount of training and this remains true for the subset examined here pertaining to workers 65 and over. In this instance there were only five occupations with Bookkeeping, Accounting, and Auditing Clerks as the largest at 1.9 percent. Excluding Wholesale and Manufacturing Sales Representatives, wages in this group were somewhat higher compared to those requiring short-term on-the-job training, ranging from \$22,000 per year to \$38,000 per year.

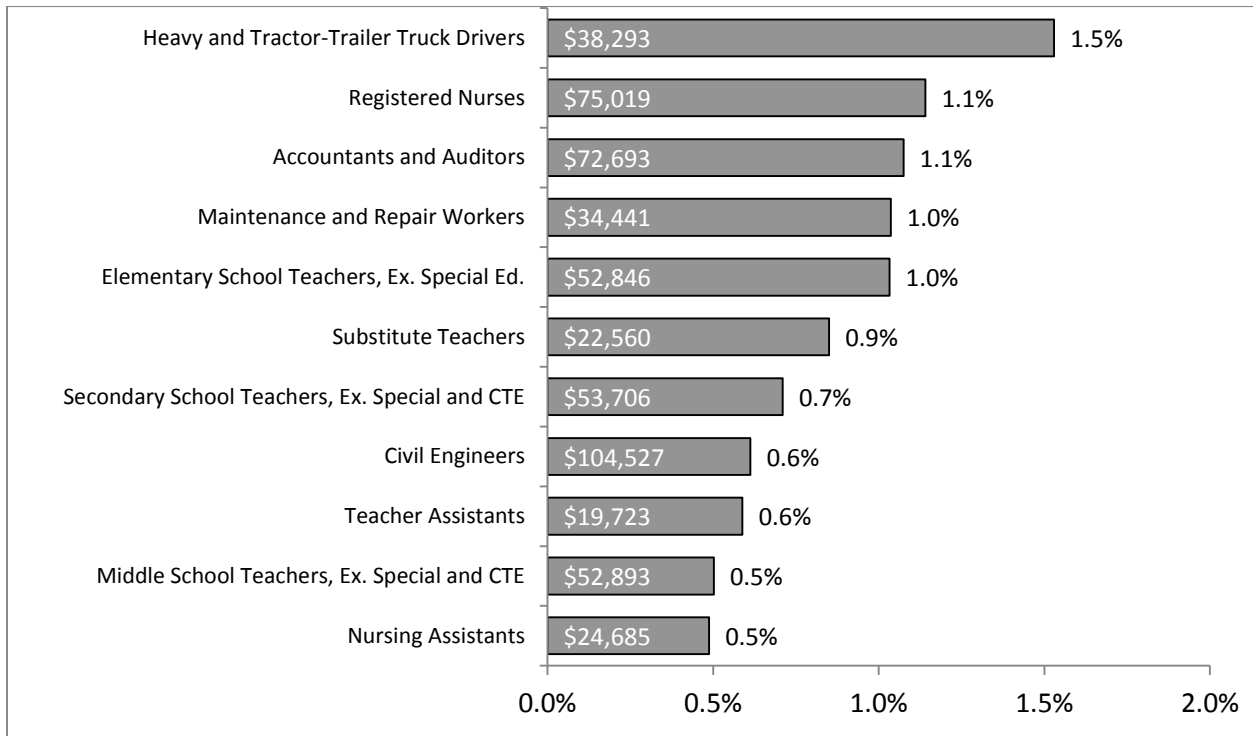
Chart 5. Gulf Coast Region Percentage of Total Workers Aged 65 and Over by Occupation Requiring Moderate On-The-Job Training, and Average Annual Wages - 2015



Occupations requiring long-term on-the-job training, defined as more than 12 months to attain proficiency, and/or some postsecondary education comprised the third and final category. Heavy and Tractor-Trailer Truck Drivers were the largest occupation in this group with 1.5 percent of all workers 65 and over in the Gulf Coast. Other occupations included two related to health care and five related to primary and secondary education with the remaining three representing a more diverse collection, namely Accountants and Auditors, Maintenance and Repair Workers, and Civil Engineers. Excluding the latter occupation given that its wages represent an outlier, wages for the other jobs in this category ranged from \$20,000 per year to as much as \$75,000 per year.

As noted previously, the relatively high concentrations of workers 65 and over in some of these occupations is likely the result of industry professionals continuing in their corresponding fields beyond the age of 65 rather than individuals entering them for the first time. This may also be true of the aforementioned education-related occupations however it is important to acknowledge the shift towards alternative teaching certificates. As an increasingly common tool used to address teacher shortages, these credentials allow for individuals to immediately begin teaching while simultaneously completing required training. As a result, the opportunity cost of achieving gainful employment versus the time spent in training is partially avoided. For workers 65 and over with many years of experience, this may allow them repurpose a lifetime of skills for a new career requiring a relatively short investment of time and resources.

Chart 5. Gulf Coast Region Percentage of Total Workers Aged 65 and Over by Occupation Requiring Long-term On-The-Job Training, and Average Annual Wages - 2015



Conclusion

As mentioned, there were nearly 700,000 residents in the Gulf Coast region age 65 or older in 2015. Of these, 167,000 were employed. As life expectancy continues to rise, we can expect both of these figures to increase accordingly. While many employers anticipate large waves of retirements in near to medium-term, the reality is that many older workers are fully capable of continuing in their existing careers, have a desire to explore new careers, or simply choose to work in order to remain active and/or supplement their retirement savings. For this reason, it is important to identify the industries and occupations where older workers are currently found as basis for determining where existing as well as future opportunities may lie for this growing segment of population.