

To: Gulf Coast Workforce Board Members

From: Mike Temple
Carol Kimmick
David Baggerly
Michelle Ramirez
Brenda Williams

Date: September 27, 2016

Subj: Board Meeting Materials for Tuesday, October 4, 2016

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, October 4, 2016** in H-GAC's second floor conference rooms A, B and C, 3555 Timmons Lane, Houston.

October is National Disability Employment Awareness Month, and we will be updating members on Workforce Solutions' participation in various activities during the month. We would also like to remind you that our annual event for veterans – Hiring Red White and You – is scheduled for November 10th from 9:00 a.m. to 1:00 p.m. at Minute Maid Park in downtown Houston. We hope you'll join us if your schedule permits.

For the third year in a row, the Texas Veterans Commission staff – working in and with our career offices and Employer Service – has won an award for placement. TVC Regional Director Ray Wilburn will provide a brief update.

Reports. Chair Guthrie will provide a report to members on items of interest. Audit/Monitoring Committee Chair Joe Garcia will report on the committee's September review of monitoring activities, and Early Education Committee Chair Bobbie Henderson will discuss topics from the committee's last meeting.

Action. Committee Chair Carl Bowles will present results from the Strategic Planning Committees review of performance and the committee's recommendations for 2017 performance targets. Chair Bowles will also discuss the development of a Board measure to judge progress on meeting the need to fill middle-skill jobs.

Information. We will report on our performance/production and expenditures to-date. Ron Borski will update us on the employment numbers.

We look forward to seeing you on October 4th. 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

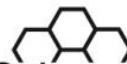
Tuesday, October 4, 2016 at 10:00 a.m.

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 August 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 results from the committee's September meeting.
 - c. *Early Education & Care.* The Committee Chair will provide an update on policy discussions from the committee's September meeting.
7. **Take Action**
 - a. *Strategic Planning.* The Committee Chair will present recommendations to update performance targets for the Board's strategic plan and discuss the addition of performance measures relating to middle skills jobs.
8. **Receive Information**
 - a. *Performance and Production.* Report on performance and a briefing on new production requirements.
 - b. *Expenditures.* Report on expenditures.
 - c. *Updates.* Information on upcoming activities.
9. **Look at the Economy**

Report on current economic data and trends in the Houston-Gulf Coast Area.
10. **Take Up Other Business**
11. **Adjourn**



Workforce Solutions

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, AUGUST 2, 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
Guy Robert Jackson	Sarah Janes	Tony Jones
Doug Karr	Paulette King	Kendrick McCleskey
Linda O'Black	Janice Ruley	Allene Schmitt
Richard Shaw	Connie Smith	Gil Staley
Evelyn Timmins	Fred Welch	Sarah Wrobleski

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, August 2, 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

Former Board member Mr. John Hebert, who served almost 20 years on the Workforce Board announced that he had resigned earlier this year, and he expressed his pleasure in serving and noted that he wanted to say his goodbyes.

Chair Guthrie expressed that Mr. Hebert was an original Board member who has given so much to the Board in service and leadership and that Mr. Hebert's replacement would have big shoes to fill. Chair Guthrie invited Mr. Hebert to visit anytime and sit at the Board table.

Mr. John Hebert received a standing ovation.

No one else signed up for public comment.

MINUTES FROM JUNE 7, 2016 MEETING

Chair Guthrie asked if there were any additions or corrections to minutes for the June 7, 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. Mr. Guy Robert Jackson and Dr. Sarah Janes both declared a conflict of interest with item #7a on the agenda – the procurement item. 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 recognized a special guest visiting from Liberty County, County Judge Jay Knight and welcomed Judge Knight to the meeting.

Chair Guthrie reported that he and Mr. Temple would be leaving in the afternoon for the quarterly Texas Association of Workforce Boards (TAWB) meetings in San Antonio.

Chair Guthrie reported that he attended a Greater Houston Business Leadership Network (GHBLN) breakfast yesterday morning that had presentations on best practices on hiring and managing people with disabilities. Chair Guthrie said the GHBLN is a wonderful organization and recommended that other Board member attend their meetings if possible. Chair Guthrie also noted that Board members Mr. Doug Karr and Ms. Cheryl Gudio started this local chapter of the United States Business Leadership Network several years ago and are currently serving as Chair and Vice Chair of it respectively and that they are also assisting a few other Texas cities in establishing local chapters of this national organization. Chair Guthrie invited Mr. Karr to speak about the breakfast. Mr. Karr stated that he also attended the GHBLN breakfast and there were approximately 31 different organizations in attending, mostly private businesses. Mr. Karr noted that the conversations about hiring and managing people with disabilities was very productive. Mr. Karr noted that many organizations are concerned or need guidance on self-disclosure by people with disabilities of their disability, and available adaptive and assistive technologies along with how to keep tenured valuable employees who develop disabilities in the workforce.

Chair Guthrie noted that he was honored along with Mr. Karr to spend a Sunday morning a few weeks ago at a DARS Vision/Blind Services Apprenticeship conference. Chair Guthrie explained that he and Doug along with another person judged teams of visually

impaired apprentices who gave presentations on solutions to business problems. Chair Guthrie noted that this Apprenticeship program was a very innovative program and he gave kudos to Board member Ms. Cheryl Guido, DARS Blind Services Field Director and her team who conceived and implemented the program. He explained that the Apprenticeship program is for young adults between the ages of 16 and 24 and includes both private business mentors and advisors and a paid work experience for the participants.

Chair Guthrie stated that he also attended an Early Education Matters luncheon at the end of June sponsored by the Children at Risk organizations which discussed the opportunities and barriers to implementing more pre-K in the region. Chair Guthrie noted that there is still a lot of political opposition to providing a full day pre-K and funding issues. There are groups around the State that are identifying solutions and hopefully there will be more progress in the next legislative session. Chair Guthrie said that pre-K, especially for under-privileged children is extremely important and the future of our Texas workforce depends on it.

Chair Guthrie asked Board members to consider writing letters of support for the EARNS Act (Effective Apprenticeships Rebuild National Skills)- Senate Bill S2945 and the Strengthening Career and Technical Education for the 21st Century – HR5587. The EARNS Act bill is to strengthen and support preapprenticeship programs and expansion of apprenticeship programs that provide a nationally recognized credential. The Strengthening Career and Technical Education for the 21st Century legislation would reauthorize and reform the Carl Perkins Career and Technical Education legislation and would allow states more flexibility in using federal dollars for career and technical education and improve the alignment of the programs with the in-demand jobs and streamlines performance measures. Mr. Guthrie noted that Mr. Temple is working with the Greater Houston Partnership and other area organizations to generate letters of support for these two bills.

Chair Guthrie explained that he was very pleased with the attendance at the Audit/Monitoring and Procurement Committees' joint meeting on July 21, 2016. He noted that the report will be discussed later in the agenda.

Ms. Cheryl Guido asked to be recognized and told the Board that Chair Guthrie asked to have and had lunch with a few students from the Apprenticeship program following the conference he reported on. Ms. Guido explained that Chair Guthrie spent time with the students discussing their futures and stories about his time in law school.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Committee Chair Joe Garcia reported that the Audit/Monitoring Committee met on July 21, 2016 to review monitoring results from the year and to make recommendations to the Procurement Committee about contract renewals. Chair Garcia provided a summary of the information from the meeting:

Trends

- We note an improvement in the quality assurance rankings for career offices.
 - Five offices attained Above Average in 2016 that had been rated Average in 2015. A total of ten offices attained an Above Average rating.
 - All 24 offices rated Average or Above Average in 2016.
 - Three offices dropped from Above Average to Average due to:
 - customer service issues such as long wait time and insufficient help in the resource area,
 - achievement of outcomes
 - record keeping errors for cash substitutes.
- The Financial Aid Call Center, Financial Aid Payment Office, and Employer Service continue to provide an acceptable level of service.
- Early Education quality improvement activities have resulted in a record number of providers with Texas Rising Star certification.
- Adult education providers reached enrollment targets.
- Within the offices and operating units, we note significantly increased attention to the security of customers' personal information from previous years. Based on the procedures we have implemented, there were few instances of non-compliance during 2016.
- All three youth contractors, Gulf Coast Trades Center, SER – Jobs for Progress, Dynamic Education Systems, Inc. have acceptable ratings from quality assurance reviews. The record keeping and eligibility records are adequate.

Opportunities for Improvement

- The QA team identified some recurring issues with eligibility documentation for youth, both in the career offices and the adult education providers.
- The QA team also saw a need to improve documentation surrounding financial aid/cash substitutes in the career offices.
- Adult education providers as a whole can improve with delivering attractive career pathways and transitions classes for students and ensuring flexible, year-round classes.
- The Financial Aid Call Center must improve processes and internal controls to manage the volume of work and required reporting.
- All contractors and providers must ensure positions are filled timely and that required staffing levels are maintained.

Financial Systems

The QA team has reviewed contractors’ accounting policies and procedures, financial system controls and transactions, personnel policies and procedures, payroll, procurement, inventory, financial reporting/billing, cost allocation, and cash management. The QA team will conduct an annual systems review and more frequent billings reviews.

Our contractors are subject to rules and procedures that generally govern federal/state dollars, as well as some requirements specific to a particular funding source or grant. Findings and observations in financial monitoring reports have been responded to timely and with a plan to improve by contractors.

To authorize contract extensions to the contractors named above, we took steps to review the fiscal integrity of each organization. Our requirements to determine fiscal integrity include a review of:

- The most recent Workforce Solutions contracted financial monitoring report (completed or issued in the last year)
- The most recent independent audit or certified financial statements
- Verifying that contractors are not debarred or suspended from receiving public funds

All contractors passed the fiscal integrity evaluation.

Ratings Summary

Attached is a summary of ratings for contractors and units from the QA team’s visits.

	2014	2015	2016
Interfaith			
Bay City	Average	Average	Average
Columbus	Average	Above	Above
Conroe	Average	Average	Average
Cypress Station	Above	Average	Average
Humble	Below	Average	Average
Huntsville	Average	Average	Average
Katy Mills	Average	Above	Above
Liberty	Average	Above	Average
Sealy	Above	Above	Above
Waller	Above	Above	Average
Westheimer	Average	Average	Above
Wharton	Average	Above	Average
Willowbrook	Above	Average	Average
NCI			
Astrodome	Average	Average	Above
Baytown	Below	Average	Above
East End	Above	Average	Above
Lake Jackson	Average	Above	Above

	2014	2015	2016
Northeast	Average	Average	Average
Northline	Average	Average	Average
Northshore	Average	Average	Average
Southeast	Average	Above	Above
Rosenberg	Below	Average	Above
Southwest	Average	Average	Average
Texas City	Below	Average	Average
Call Center	Acceptable	Acceptable	Acceptable
Payment Office	Acceptable	Acceptable	Acceptable
Employer Service	Acceptable	Acceptable	Acceptable

	2014	2015	2016
Adult Education			
Brazosport College			Acceptable
College of the Mainland			Acceptable
Harris County Department of Education			Acceptable
Houston Community College			Acceptable
Lone Star College			Minimally Acceptable
San Jacinto College			Acceptable
Wharton County Junior College			Minimally Acceptable
Region 6 Education Service Center			Acceptable

Chair Garcia concluded his report and no action was taken.

TAKE ACTION – ITEM 7

- a. Procurement. Committee Chair will present recommendations to fund final year Workforce Solutions contracts in an amount not to exceed \$201,518,414.

Chair Timmins explained that the Procurement Committee also met on July 21, 2016 following the Audit and Monitoring Committee meeting to consider recommendations for renewing existing contracts for the operation of Workforce Solutions and the Gulf Coast Adult Education Consortium for the last year of this cycle to begin October 1, 2016.

Chair Timmins noted that the Gulf Coast Workforce Board solicited contracts for its Workforce Solutions operating affiliate in 2013 and this will be the fourth and final year of this procurement cycle for system contracts. The Workforce Innovation and Opportunity Act limits the procurement cycle to four years.

Chair Timmins stated that contracts for Workforce Solutions operations will be re-procured in early 2017 and the contracts for adult basic education beginning in late 2016 for contracts that would begin in October 2017.

Performance and Production

Chair Timmins stated that our region's unemployment rate was at 4.8% in April, which is up seven-tenths of a point from this time last year. Increased unemployment continues to be attributed to the economic down-turn in oil and gas. Despite the economic conditions facing the region, there was some improvement in performance associated with people returning to work. Chair Timmins reported that:

- Through June 2016, 78.6% of our customers were employed by the first quarter after exiting from Workforce Solutions – above the 75.8% performance last year and exceeding the 2016 target of 73%.
- Through June 2016, 34.5% of our customers had earnings gains of 20% or more after exit, which is above the 33.8% performance from last year. The target is 35%.
- There has been an increase in the number of customers visiting career offices. The average monthly traffic for 2016 is expected to reach 220,415. In 2015, the average monthly traffic was 202,304. A 6% increase is expected in customer traffic from 2015 to 2016.
- There has been a drop in the number of job postings. The average number of monthly job postings through June 2016 was 10,804.
- We are behind on production for two of the ten state measures. We are not meeting:
 1. Claimants reemployed within 10 weeks. Our region has 30% of the State's unemployment insurance claimants. Previously, our percentage was 24%.
 2. Youth Literacy/Numeracy. We have had difficulty meeting this measure in the past. However, going forward, we will no longer have this in our production requirements – the new federal legislation has replaced it with measures better aligned to our mission.

The Workforce Solutions System

Chair Timmins explained that the operating system includes several related, interlocking parts that work together to help employers meet their human resource needs and individuals build careers:

- The **Employer Service** group – Dedicated to getting employers what they need in the way of skilled workers and HR support, Employer Service is the sales and marketing arm of Workforce Solutions.

Information Centers: Houston Public Library-
Downtown, City of Houston Metropolitan Multi-
Service Center, Winnie, Cuney Homes, Salvation
Army, Star of Hope Men's Shelter, Star of Hope
Women's Shelter, Covenant House

Interfaith of the Woodlands
manages 214 staff and operates
13 offices:

Bay City, Columbus, Conroe, Cypress Station,
Humble, Huntsville, Katy Mills, Liberty, Sealy,
Waller, Westheimer, Wharton and Willowbrook

Information Centers: Houston Public Library –
Ring Branch, Palacios HUB

By the end of September, staff expects that the offices will have seen 2.6 million visits and recorded service for 256,713 individuals. The offices work with a full range of people, including youth, adults, and dislocated workers; unemployed and employed individuals; and anyone looking to get a job, keep a job, or get a better job. The Cuney Homes information center is part of our project with the Houston Housing Authority, and the Salvation Army, Star of Hope, and Covenant House locations are connected to our work with the Coalition for the Homeless.

Call Center. Interfaith of The Woodlands operates the Financial Aid Call Center, employing 96 staff. The Call Center receives applications for financial aid from Workforce Solutions customers, determines the eligibility for financial aid and communicates with our customers regarding the status of their applications.

Each month, the Call Center receives about 28,000 phone calls and processes about 3,200 new financial aid applications.

Payment Office. Neighborhood Centers, Inc. employs 35 staff to operate our payment office and manage Workforce Solutions' vendor networks. This unit tracks, manages, and pays out financial aid to vendors on behalf of our customers.

For 2016, we expect the Payment Office to process more than \$127 million in financial aid payments for customers including scholarships; child care and transportation costs; and other types of education, work and work search expenses. The Payment Office works with about 2,200 vendors throughout the year.

Youth. SER Jobs for Progress (SER), Dynamic Educational Systems, Inc. (DESI) and Gulf Coast Trades Center together employ 13 staff who provides specialized service for opportunity youth, including: education and training, career coaching and guidance, and work experience.

SER works in Brazoria, Chambers, Fort Bend, Galveston, Harris and Liberty counties.

Dynamic Educational Systems works in Austin, Colorado, Matagorda, Montgomery, Walker, Waller and Wharton counties.

Gulf Coast Trades Center works with young people referred from county Juvenile Probation Departments across the region.

By the end of the year, we expect these contractors to have helped 221 youth.

Staff Training and Development

Learning Designs, Inc. provides training and support to staff working within our system. LDI provides critical support to the system and frequently helps address ways to improve services to our customers.

With eight staff, LDI has developed and delivered 214 instructor-led classes, ranging from one-half day to five days in length. These classes include a multi-week supervisor training series and a week-long onboarding academy for new system staff. LDI has also provided structure technical assistance to system units, local offices, and individual groups of staff.

Early Education Quality

Collaborative for Children, Inc. employs 35 staff to provide quality resources to early education providers. The Collaborative offers assessment, mentoring, technical assistance and support to providers interested in achieving a Texas Rising Star designation for quality. The Collaborative also provides technical assistance and support to improve the quality of care with providers in our network through scholarships and equipment grants, education for parents, and help in securing matching resources for our system to fully draw federal funds for early education.

This year, the Collaborative has helped increase the number of providers with a Texas Rising Star quality certification to a record 201 and secured more than \$9.3 million in matching resources from contributors across the region.

Texas Association for the Education of Young Children employs three staff who provides scholarships to child care teachers working to obtain Associate Degrees in Child Development or Child Development Associate credentials.

TAEYC has provided scholarships to 45 teachers this year.

Adult Education

The adult education consortium includes seven providers and one managing partner that deliver literacy instruction, English language and civics classes, adult basic and adult secondary education, preparation for the high school equivalency exam, integrated basic and occupational skills classes, and transition into post-secondary skills training across the region.

Brazosport College, College of the Mainland, Harris County Department of Education, Houston Community College, Lone Star College, San Jacinto College, Wharton County Junior College, and Region 6 Education Service Center together employ 280 staff.

This year the seven direct instruction providers will have had 26,502 students in class.

Adult Education Consortium

There are seven contractors which deliver adult education and literacy throughout our service area. The Region 6 Education Service Center acts as the lead agency to provide coordination services for the regional consortium.

Provider	Service Area	Staff
Brazosport College	Brazoria County	55
College of the Mainland	Chambers and Galveston counties	81
Harris County Department of Education	Harris and Liberty counties	283
Houston Community College System	Fort Bend and Harris counties	269
Lone Star College System	Harris, Montgomery, and Walker counties	65
San Jacinto College	Harris and Galveston counties	33
Wharton County Junior College	Austin, Colorado, Fort Bend, Matagorda, Waller, and Wharton counties	41
Region 6 Education Service Center	All 13 counties	6
System		833

Providers deliver service through 175+ different sites throughout the region, including their own campuses and locations, community organizations, and some Workforce Solutions offices. Staff includes instructors, a majority of whom are part-time, as well as administrative personnel.

For the system as a whole, including adult education, we estimate a drop of about 2% in funds available for contracts – from \$204.9 million to \$201.5 million.

- The basic system revenue comes from multiple federal sources – all of which are allocated to us using the various different formulas that bring those dollars to the state.
- For most of the funding streams, our 2017 allocations are roughly equal to the 2016 dollars. The Workforce Innovation & Opportunity funds, however, are notably lower – the result of the data which is used in the allocation formula for these funds.
 - Staff has applied for, and include in our estimates, additional Workforce Innovation funds specifically to help workers who have lost jobs in the energy and related industries.

- As usual, we have included our best guess for carry-over – or unspent 2016 contract funds that can be re-programmed for 2017.
- The Board will have about 6% more in adult education dollars available to us in 2017 – the result of a slightly higher allocation and additional funds we received for integrated education and training activities.
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Investments

Chair Timmins reported that Board staff proposed the following level of investments for 2017 and made the following recommendations:

	2016 Investment	Proposed 2017 Investment	Change
Total	\$204,950,990	\$201,518,414	-2%
Employer Service	6,507,000	6,376,860	-2%
Career Office Network	179,115,515	174,961,473	-2%
Training & Development	848,175	831,212	-2%
Early Education Quality	3,979,500	3,978,510	0%
Adult Education	14,500,800	15,370,359	6%

Within the overall investments, staff recommended the following:

- A general reduction in operating expenses for the system – this largely means somewhat less funds for facilities and staff
- A reduction in overall financial aid while shifting priority for how these funds are spent.
 Staff recommended a substantial increase for work-based learning activities (work experience, on-the-job training, apprenticeships) while decreasing the dollars for scholarships and other work, work search, and education support.
- To reflect the Board’s continuing commitment to early education, essentially level funding for quality efforts.

staff believes we will have sufficient financial aid dollars to maintain our assistance to parents for help with child care expenses – and keep our efforts to improve the quality of early education at the 2016 level.

- Increasing the investment in adult education.

Staff recommended some substantial increases for providers that have delivered during 2016 – and increasing the resources dedicated to integrated education and training, transitioning adult

education students into post-secondary training, and employer-site-based projects.

Recommendations

Chair Timmins reported that Board staff recommended renewing contracts for all 17 Workforce Solutions and adult education providers in 2017 and made the following additional recommendations:

- Staff recommended a cut in Gulf Coast Trades Centers' contract amount to better reflect the level of expenditure and activity this contractor had demonstrated over the past several years.
- The level funding recommended for Collaborative for Children represents our commitment to continued support for early education quality improvement efforts – and to growing the number of network providers who achieve Texas Rising Star certification. The staff recommendation for TAEYC reflects this contractor's level of expenditure over the past several years.
- The staff proposed an overall 2% decrease in financial aid funds, but there are larger decreases recommended in the scholarships and other financial support categories to redirect resources to work-based learning.
- The 6% increase staff recommended in adult education funding includes the slight increase in our base allocation and the additional funds for integrated education and training.

The staff made the following additional recommendations for adult basic education contract funding:

- Staff has proposed substantial increases for Brazosport College, College of the Mainland, and San Jacinto College that reflects their efforts to meet enrollment targets, insure funds are spent timely, improve outcomes, and invest in integrated education, career pathways, and transitions classes.
- Staff has proposed less substantial increases for Harris County Department of Education and Houston Community College.
- Staff has proposed level funding for Lone Star College and Wharton County Junior College, both of whom have struggled with different aspects of service delivery this last year. With this level funding, we also propose increased levels of technical assistance for both.
- Staff has proposed the same level of funding for Region 6 Education Service Center as our lead partner in the consortium.
- The changes in funding for 2017 do not represent a significant shift in providers' share of total regional funds.

- Staff will negotiate final contract budgets and look to find efficiencies and reduce cost where possible.

Results

Chair Timmins reported that with the recommendations, the Board should plan to achieve the following:

- Provide service for 25,000 employers and 425,000 individuals
- Spend \$12 million on scholarships for more than 3,300 individuals in high-skill, high-growth occupational training
- Provide adult education for 20,000 individuals
- Support about 20,000 families and 38,000 children with early education
- Ensure 60% of our employers return for additional services
- Assist in creating 1,500 new jobs
- Help more than 300,000 individuals go to work
- Raise the incomes of 110,000 by at least 20%
- Help 78% of individuals pursuing a post-secondary education attain a credential (certificate or degree)

The staff recommendations for the 2017 contracts for the regional workforce system in total of \$201,518,414 in the amounts shown below.

Contractor	2016	Proposed 2017	Change
Total	\$204,950,990	\$201,518,414	-2%
Employment & Training Centers, Inc.	6,507,000	6,376,860	-2%
Neighborhood Centers	158,782,615	155,152,950	-2%
Interfaith of the Woodlands	19,291,000	18,866,598	-2%
SER-Jobs for Progress	603,200	591,136	-2%
Dynamic Educational Systems, Inc.	232,700	228,046	-2%
Gulf Coast Trades Center	206,000	122,743	-40%
Learning Designs, Inc.	848,175	831,212	-2%
Collaborative for Children	3,930,000	3,930,000	0%
Texas Association for the Education of Young Children	49,500	48,510	-2%
Brazosport College	580,400	754,520	30%
College of the Mainland	673,300	875,290	30%
San Jacinto College	447,500	581,750	30%
Harris County Department of Education	3,976,100	4,115,264	4%
Houston Community College	6,286,700	6,506,735	4%
Lone Star College System	1,261,100	1,261,100	0%
Wharton County Junior College System	652,900	652,900	0%
Region 6 Education Service Center	622,800	622,800	0%

Chair Timmins reported that the Procurement Committee adopted staff recommendations above and recommended that the Board approve the staff and Procurement Committee recommendations. A motion was made and seconded to approve the staff and Procurement Committee recommendations for the 2017 contracts for the regional workforce system in an amount not to exceed \$ 201,518,414 and not to exceeds the amounts for each contractor in the table shown immediately above. The motion carried. Dr. Sarah Janes and Mr. Guy Robert Jackson abstained from voting.

Chair Guthrie asked and received confirmation from staff that they will insure all insurance and bonding requirements and all required certifications are in place for the contractors.

Chair Timmins concluded her report and no further action was taken.

- b. Budget. The Committee Chair will present a revision to the current year Board budget.

Chair Willie Alexander reported that periodically the Board's budget is updated mid-year to account for changes in revenue. The budget describes how the Board will use its resources to both operate Workforce Solutions and leverage results in the region.

The Budget Committee met on Wednesday, July 20, 2016 with Committee Chair Willie Alexander, Mark Guthrie, Gerald Andrews, Scott Marshall, and Doug Karr attending. Chair Alexander noted that the Committee is proposing the Board approve a small increase in the overall budget.

The proposed revision to the 2016 budget places total available revenue just under \$212 million, which results in a 1.5% increase from the original budget. The additional revenue is largely financial aid dollars – direct assistance to customers – and includes:

- Additional revenue for early education and care;
- Anticipated additional federal funds to help workers displaced from the downturn in the energy sector; and
- Additional adult education dollars for integrated education and training activities.

Staff has adjusted proposed 2016 system operations costs to incorporate additional resources and reflect actual performance during the first six months of the year which include:

- Added money to the financial aid pool for customers;
- Reduced budget for career office operations to reflect actual expenditures;
- Increased the availability of resources for work-based learning and customized training for employers; and

- Increased funds for financial monitoring in Board operations.

Staff also proposed and the Committee recommended adding one position to the Board staff: a special projects manager. As our work with employer-driven sector panels and other organizations in the community expands, there is a need for better coordination with the increasing number of special efforts we have engaged. This additional position brings the Board staff total to 34 full-time equivalents.

There are no proposed changes to the Board's targets for 2016 performance or production.

Chair Alexander reported that the Budget Committee had approved the staff recommendations for the budget and that with this budget, we plan to achieve the following:

- Provide service for 25,757 employers and 360,000 individuals
- Spend \$12 million on scholarships for more than 3,700 individuals in high-skill, high-growth occupational training
- Provide adult education and literacy for 25,873 individuals
- Support about 21,500 families and 41,000 children with their early education expenses
- Ensure 63% of our employers return for additional services
- Assist in creating 3,000 new jobs
- Help more than 300,000 individuals go to work
- Raise the incomes of 110,000 by at least 20%
- Help 68% of individuals pursuing a post-secondary education attain a credential (certificate or degree)

GULF COAST WORKFORCE BOARD				
PROPOSED 2016 BUDGET REVISION				
REVENUE SUMMARY				
	2016 Revision	2016	Dollar Change	% Change
General Revenue	191,085,760	189,103,936	1,981,824	1.0%
Child Care & Development Block Grant	130,866,662	128,866,662	2,000,000	1.6%
Workforce Investment	31,026,407	30,941,407	85,000	0.3%
Temporary Assistance for Needy Families	14,803,840	14,803,840	-	0.0%
Employment Service	6,103,864	6,103,864	-	0.0%
Supplemental Nutrition Assistance	4,006,013	4,118,989	- 112,976	-2.7%
Non-Custodial Parents	932,115	932,115	-	0.0%
Trade Adjustment Act	2,984,859	2,984,859	-	0.0%
Veterans Employment & Training	362,000	352,200	9,800	2.8%
Special Federal & State Revenue	20,055,758	18,805,758	1,250,000	6.6%
Adult Education and Literacy	15,505,557	15,005,557	500,000	3.3%
Disconnected Youth Project	1,740,090	1,740,090	-	
National Emergency Grants	2,468,000	1,718,000	750,000	43.7%
Skills Certification Initiative	342,111	342,111	-	0.0%
Other	720,525	921,024	- 200,499	-21.8%
Coalition for the Homeless	660,525	661,024	- 499	
Houston Housing Authority	60,000	260,000	- 200,000	
	211,862,043	208,830,718	3,031,325	1.5%

A motion was made and seconded to approve the Budget Committee’s recommendations for a revised 2016 Board budget in amount of \$211,862,043. The motion carried.

Chair Alexander concluded his report and no further action was taken.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2015 through June 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 19,616 employers through June 2016.

Employer Loyalty – Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,147 employers, 11,583 returned to The Workforce Solutions for additional services through June 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 June 2016.

Customers employed by the 1st Quarter after exit – 177,095 of the 219,892 customers who exited service in the three quarters ending June 2015 were employed by the quarter after exit.

Higher Real Incomes –

Earnings Gains of at least 20% - 75,044 of the 217,405 customers who exited in the three quarters ending December 2014 had earnings gains of at least 20%.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - 1,077 of 1,1596 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 seven of nine common measures. The common measures we are not meeting are:

- Claimant Reemployment within 10 weeks – The target for this measure is 53.4%. Our performance through March 2016 was 46.5%.
- Youth Literacy/Numeracy – The target for this measure is 53%. Our performance through June 2016 was 44.4%.

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	26,674
12+ Hour Enrollments	25,151	24,649
Transitions	1,257	1,023
Career Pathways	1,377	881

- 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%	51.6%
Adult Basic Education – Beginning Basic Education	63%	42.2%
Adult Basic Education – Intermediate Low	63%	42.4%
Adult Basic Education – Intermediate High	56%	35.0%
English as a Second Language – Beginning Literacy	64%	42.2%
English as a Second Language – Beginning Low	70%	46.1%
English as a Second Language – Beginning High	72%	49.1%
English as a Second Language – Intermediate Low	74%	50.1%
English as a Second Language – Intermediate High	64%	36.9%
Advanced English as a Second Language	66%	33.3%
Adult Secondary Education	64%	40.9%

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

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for six months ending June 30, 2016 and stated that we are spending below budget at this time, but everything should be fine by the end of the year. Mr. Temple explained that there will be a drop in revenues for 2017.

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

Updates

Ms. Michelle Ramirez explained that the Strategic Planning Committee will meet on Wednesday, August 17, 2016 at 2:00 pm – all Board members are invited to attend.

Report Card Roundtable discussions - The Texas City- LaMarque Chamber of Commerce has invited the Board to present on Thursday, October 6, 2016 at 10:00 am. All Board members are invited. It has been very enlightening and is a great opportunity to interact with the local communities.

Ms. Ramirez reported that this is the second year that we hosted a teacher externship project. 17 teachers and counselors in middle and high school from Spring Branch ISD, CyFair ISD, and KIPP Academy participated in a Health Care externship. Over a two-week period, they were able to get first-hand knowledge of careers in the health care industry and create a lesson or activity plan. Ms. Ramirez thanked our partners – Harris Health System and ER Katy.

Ms. Ramirez explained that this is the third summer we have participated with ProjectGrad, JPMorgan Chase and Summer Institutes for high school students that focus on careers. This year there were 800 high school students that had intense career exploration with occupations that are high skill – high growth and can also be attained with a community college degree or certificate. There were 50 employer volunteers from over 25 different companies spend one on one time with the students. This year this service was also expanded into Liberty County thanks to Lee College. HCC opened their technology center at the Stafford campus which assist students in Fort Bend. There were 8 different summer institutes that lasted 2 weeks. Sixteen school districts participated in the program.

The Board viewed a video a video of the Project GRAD College and Career Institute for healthcare at HCC's Coleman College. The video was created by one of the participating teachers (Michael Ortiz) who works as a film and photography instructor for Spring Branch Independent School District.

Ms. Ramirez explained that several other videos will be available soon and all will be posted on our website.

Several Board members had questions and discussion followed.

Ms. Ramirez concluded her 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) rose to 5.5% in June. The current rate of unemployment in the H-W-S MSA was seven-tenths of a percentage point higher than one year earlier and higher than the state's 4.8 percentage rate and the nation's 5.1 percentage rate. May estimates were revised indicating total nonagricultural employment in the H-W-S MSA was down 1,900 jobs over the month. The revision makes it the first May decline ever according to records dating back to 1990. The H-W-S MSA added 5,500 jobs in June, up 0.2 percent. In addition to the typical seasonal ups and downs for June, there was an especially strong seasonal increase in Leisure and Hospitality that helped offset a substantial loss of 4,400 jobs in Construction. The H-W-S MSA added 5,200 jobs over the year, up 0.2 percent. Job gains are found in industry sectors that serve the H-W-S MSA's growing population such as Leisure & Hospitality, Educational & Health Services, Retail Trade, and Government. Job losses continue in several sectors with deepest declines in Mining & Logging, Manufacturing, and Professional and Business Services. 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 1.8 percent over the year compared to the H-W-S MSA's increase of 0.1 percent.

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

Workforce Solutions and Houston's Labor Market

Mr. Ron Borski reviewed the Houston Labor Market Overview which included:

- Economy
- Population
- The structure of Houston's labor market
- Drivers of recent job growth and losses
- Short-term outlook for job growth
- Long-term outlook for job growth

Houston is the Fourth Largest Economy – 2014 Gross Domestic Product of 525.4 billion and 31st largest economy if it were a country.

Home to Houston MSA – 2015 population 6.7 million which leads the Nation in population growth. Houston added 159,000 residents from July 2014 to July 2015.

Makeup of Houston's economy – the highest concentration of jobs related to oil and gas are Professional and Business Services, Manufacturing and Mining and Logging which is approximately 26% of our total employment. There was strong job growth until 2015 when oil and gas prices dropped. As of June 2016 there was approximately 3 million jobs related to oil & gas in the region.

Drivers of Houston job growth – Houston added 54,400 jobs over the past year

- 38.4% from Leisure and Hospitality
- 34.4% from Educational and Health Services
- 15.1% from Government

Houston lost 49,200 jobs over the past year

- 31.5% from Professional and Business Services
- 30.9% from Manufacturing
- 27.6% from Mining and Logging

54,400 – 49,200 = Net Gain of 5,200 jobs

Since the oil price collapse in late 2014 the energy job losses are accumulating:

Mining and Logging	25,300
Durable Goods Manufacturing	33,500
Professional and Business Services	<u>17,400</u>
Total	76,200

The unemployment rate has continued to increase and has now surpassed the rate of unemployment at the national level. Oil prices are expected to remain weak - around \$40/barrel level. Futures in oil are hoping for \$50/barrel with some projections around \$60/barrel.

What does the future hold - 712,000 new jobs over a 10-year period with approximately 141,000 job openings each year. And our region population will continue to grow regardless of oil prices. Recovery is expected, but it will be long and slow.

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

OTHER BUSINESS

Ms. Sara Bouse stated that in 1994 the Federal Government banned the use of Pell Grants for higher education inside of TDCJ (Texas Department of Criminal Justice) in the United States. In our Gulf Coast region - Alvin College and Lee College are currently participating in a pilot program to bring the Pell Grant back inside the prison system both locally and nationally. Ms. Bouse explained that Lee College has one of the largest higher education prison programs in the country and was received one of the largest awards from the 67 colleges participating for this project in the fall. Re-entry is a large piece of this project and Ms. Bouse suggested that the Board consider providing more services for those who stepped up while incarcerated and assist in their transition into gainful employment which reduces their chances of being incarcerated again.

Mr. Tony Jones reported that a disability community leader Jay Stiteley recently passed away – Mr. Stiteley was the Director of the Houston Mayor’s Office for People with Disabilities and said that his many years of service and efforts will be missed.

ADJOURN

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 11:20 am.

Mr. John Hebert received a standing ovation.

No one else signed up for public comment.

MINUTES FROM JUNE 7, 2016 MEETING

Chair Guthrie asked if there were any additions or corrections to minutes for the June 7, 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. Mr. Guy Robert Jackson and Dr. Sarah Janes both declared a conflict of interest with item #7a on the agenda – the procurement item. 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 recognized a special guest visiting from Liberty County, County Judge Jay Knight and welcomed Judge Knight to the meeting.

Chair Guthrie reported that he and Mr. Temple would be leaving in the afternoon for the quarterly Texas Association of Workforce Boards (TAWB) meetings in San Antonio.

Chair Guthrie reported that he attended a Greater Houston Business Leadership Network (GHBLN) breakfast yesterday morning that had presentations on best practices on hiring and managing people with disabilities. Chair Guthrie said the GHBLN is a wonderful organization and recommended that other Board member attend their meetings if possible. Chair Guthrie also noted that Board members Mr. Doug Karr and Ms. Cheryl Gudio started this local chapter of the United States Business Leadership Network several years ago and are currently serving as Chair and Vice Chair of it respectively and that they are also assisting a few other Texas cities in establishing local chapters of this national organization. Chair Guthrie invited Mr. Karr to speak about the breakfast. Mr. Karr stated that he also attended the GHBLN breakfast and there were approximately 31 different organizations in attending, mostly private businesses. Mr. Karr noted that the conversations about hiring and managing people with disabilities was very productive. Mr. Karr noted that many organizations are concerned or need guidance on self-disclosure by people with disabilities of their disability, and available adaptive and assistive technologies along with how to keep tenured valuable employees who develop disabilities in the workforce.

Chair Guthrie noted that he was honored along with Mr. Karr to spend a Sunday morning a few weeks ago at a DARS Vision/Blind Services Apprenticeship conference. Chair

Guthrie explained that he and Doug along with another person judged teams of visually impaired apprentices who gave presentations on solutions to business problems. Chair Guthrie noted that this Apprenticeship program was a very innovative program and he gave kudos to Board member Ms. Cheryl Guido, DARS Blind Services Field Director and her team who conceived and implemented the program. He explained that the Apprenticeship program is for young adults between the ages of 16 and 24 and includes both private business mentors and advisors and a paid work experience for the participants.

Chair Guthrie stated that he also attended an Early Education Matters luncheon at the end of June sponsored by the Children at Risk organizations which discussed the opportunities and barriers to implementing more pre-K in the region. Chair Guthrie noted that there is still a lot of political opposition to providing a full day pre-K and funding issues. There are groups around the State that are identifying solutions and hopefully there will be more progress in the next legislative session. Chair Guthrie said that pre-K, especially for under-privileged children is extremely important and the future of our Texas workforce depends on it.

Chair Guthrie asked Board members to consider writing letters of support for the EARNS Act (Effective Apprenticeships Rebuild National Skills)- Senate Bill S2945 and the Strengthening Career and Technical Education for the 21st Century – HR5587. The EARNS Act bill is to strengthen and support preapprenticeship programs and expansion of apprenticeship programs that provide a nationally recognized credential. The Strengthening Career and Technical Education for the 21st Century legislation would reauthorize and reform the Carl Perkins Career and Technical Education legislation and would allow states more flexibility in using federal dollars for career and technical education and improve the alignment of the programs with the in-demand jobs and streamlines performance measures. Mr. Guthrie noted that Mr. Temple is working with the Greater Houston Partnership and other area organizations to generate letters of support for these two bills.

Chair Guthrie explained that he was very pleased with the attendance at the Audit/Monitoring and Procurement Committees' joint meeting on July 21, 2016. He noted that the report will be discussed later in the agenda.

Ms. Cheryl Guido asked to be recognized and told the Board that Chair Guthrie asked to have and had lunch with a few students from the Apprenticeship program following the conference he reported on. Ms. Guido explained that Chair Guthrie spent time with the students discussing their futures and stories about his time in law school.

Chair Guthrie concluded his report and no action was taken.

Audit/Monitoring Committee Report

Committee Chair Joe Garcia reported that the Audit/Monitoring Committee met on July 21, 2016 to review monitoring results from the year and to make recommendations to the Procurement Committee about contract renewals. Chair Garcia provided a summary of

the information from the meeting:

Trends

- We note an improvement in the quality assurance rankings for career offices.
 - Five offices attained Above Average in 2016 that had been rated Average in 2015. A total of ten offices attained an Above Average rating.
 - All 24 offices rated Average or Above Average in 2016.
 - Three offices dropped from Above Average to Average due to:
 - customer service issues such as long wait time and insufficient help in the resource area,
 - achievement of outcomes
 - record keeping errors for cash substitutes.
- The Financial Aid Call Center, Financial Aid Payment Office, and Employer Service continue to provide an acceptable level of service.
- Early Education quality improvement activities have resulted in a record number of providers with Texas Rising Star certification.
- Adult education providers reached enrollment targets.
- Within the offices and operating units, we note significantly increased attention to the security of customers' personal information from previous years. Based on the procedures we have implemented, there were few instances of non-compliance during 2016.
- All three youth contractors, Gulf Coast Trades Center, SER – Jobs for Progress, Dynamic Education Systems, Inc. have acceptable ratings from quality assurance reviews. The record keeping and eligibility records are adequate.

Opportunities for Improvement

- The QA team identified some recurring issues with eligibility documentation for youth, both in the career offices and the adult education providers.
- The QA team also saw a need to improve documentation surrounding financial aid/cash substitutes in the career offices.
- Adult education providers as a whole can improve with delivering attractive career pathways and transitions classes for students and ensuring flexible, year-round classes.
- The Financial Aid Call Center must improve processes and internal controls to manage the volume of work and required reporting.
- All contractors and providers must ensure positions are filled timely and that required staffing levels are maintained.

Financial Systems

The QA team has reviewed contractors’ accounting policies and procedures, financial system controls and transactions, personnel policies and procedures, payroll, procurement, inventory, financial reporting/billing, cost allocation, and cash management. The QA team will conduct an annual systems review and more frequent billings reviews.

Our contractors are subject to rules and procedures that generally govern federal/state dollars, as well as some requirements specific to a particular funding source or grant. Findings and observations in financial monitoring reports have been responded to timely and with a plan to improve by contractors.

To authorize contract extensions to the contractors named above, we took steps to review the fiscal integrity of each organization. Our requirements to determine fiscal integrity include a review of:

- The most recent Workforce Solutions contracted financial monitoring report (completed or issued in the last year)
- The most recent independent audit or certified financial statements
- Verifying that contractors are not debarred or suspended from receiving public funds

All contractors passed the fiscal integrity evaluation.

Ratings Summary

Attached is a summary of ratings for contractors and units from the QA team’s visits.

	2014	2015	2016
Interfaith			
Bay City	Average	Average	Average
Columbus	Average	Above	Above
Conroe	Average	Average	Average
Cypress Station	Above	Average	Average
Humble	Below	Average	Average
Huntsville	Average	Average	Average
Katy Mills	Average	Above	Above
Liberty	Average	Above	Average
Sealy	Above	Above	Above
Waller	Above	Above	Average
Westheimer	Average	Average	Above
Wharton	Average	Above	Average
Willowbrook	Above	Average	Average
NCI			
Astrodome	Average	Average	Above
Baytown	Below	Average	Above
East End	Above	Average	Above

	2014	2015	2016
Lake Jackson	Average	Above	Above
Northeast	Average	Average	Average
Northline	Average	Average	Average
Northshore	Average	Average	Average
Southeast	Average	Above	Above
Rosenberg	Below	Average	Above
Southwest	Average	Average	Average
Texas City	Below	Average	Average
Call Center	Acceptable	Acceptable	Acceptable
Payment Office	Acceptable	Acceptable	Acceptable
Employer Service	Acceptable	Acceptable	Acceptable

	2014	2015	2016
Adult Education			
Brazosport College			Acceptable
College of the Mainland			Acceptable
Harris County Department of Education			Acceptable
Houston Community College			Acceptable
Lone Star College			Minimally Acceptable
San Jacinto College			Acceptable
Wharton County Junior College			Minimally Acceptable
Region 6 Education Service Center			Acceptable

Chair Garcia concluded his report and no action was taken.

TAKE ACTION – ITEM 7

- a. Procurement. Committee Chair will present recommendations to fund final year Workforce Solutions contracts in an amount not to exceed \$201,518,414.

Chair Timmins explained that the Procurement Committee also met on July 21, 2016 following the Audit and Monitoring Committee meeting to consider recommendations for renewing existing contracts for the operation of Workforce Solutions and the Gulf Coast Adult Education Consortium for the last year of this cycle to begin October 1, 2016.

Chair Timmins noted that the Gulf Coast Workforce Board solicited contracts for its Workforce Solutions operating affiliate in 2013 and this will be the fourth and final year of this procurement cycle for system contracts. The Workforce Innovation and Opportunity Act limits the procurement cycle to four years.

Chair Timmins stated that contracts for Workforce Solutions operations will be re-procured in early 2017 and the contracts for adult basic education beginning in late 2016 for contracts that would begin in October 2017.

Performance and Production

Chair Timmins stated that our region's unemployment rate was at 4.8% in April, which is up seven-tenths of a point from this time last year. Increased unemployment continues to be attributed to the economic down-turn in oil and gas. Despite the economic conditions facing the region, there was some improvement in performance associated with people returning to work. Chair Timmins reported that:

- Through June 2016, 78.6% of our customers were employed by the first quarter after exiting from Workforce Solutions – above the 75.8% performance last year and exceeding the 2016 target of 73%.
- Through June 2016, 34.5% of our customers had earnings gains of 20% or more after exit, which is above the 33.8% performance from last year. The target is 35%.
- There has been an increase in the number of customers visiting career offices. The average monthly traffic for 2016 is expected to reach 220,415. In 2015, the average monthly traffic was 202,304. A 6% increase is expected in customer traffic from 2015 to 2016.
- There has been a drop in the number of job postings. The average number of monthly job postings through June 2016 was 10,804.
- We are behind on production for two of the ten state measures. We are not meeting:
 1. Claimants reemployed within 10 weeks. Our region has 30% of the State's unemployment insurance claimants. Previously, our percentage was 24%.
 2. Youth Literacy/Numeracy. We have had difficulty meeting this measure in the past. However, going forward, we will no longer have this in our production requirements – the new federal legislation has replaced it with measures better aligned to our mission.

The Workforce Solutions System

Chair Timmins explained that the operating system includes several related, interlocking parts that work together to help employers meet their human resource needs and individuals build careers:

- The **Employer Service** group – Dedicated to getting employers what they need in the way of skilled workers and HR support, Employer Service is the sales and marketing arm of Workforce Solutions.

Information Centers: Houston Public Library-
Downtown, City of Houston Metropolitan Multi-
Service Center, Winnie, Cuney Homes, Salvation
Army, Star of Hope Men's Shelter, Star of Hope
Women's Shelter, Covenant House

Interfaith of the Woodlands
manages 214 staff and operates
13 offices:

Bay City, Columbus, Conroe, Cypress Station,
Humble, Huntsville, Katy Mills, Liberty, Sealy,
Waller, Westheimer, Wharton and Willowbrook

Information Centers: Houston Public Library –
Ring Branch, Palacios HUB

By the end of September, staff expects that the offices will have seen 2.6 million visits and recorded service for 256,713 individuals. The offices work with a full range of people, including youth, adults, and dislocated workers; unemployed and employed individuals; and anyone looking to get a job, keep a job, or get a better job. The Cuney Homes information center is part of our project with the Houston Housing Authority, and the Salvation Army, Star of Hope, and Covenant House locations are connected to our work with the Coalition for the Homeless.

Call Center. Interfaith of The Woodlands operates the Financial Aid Call Center, employing 96 staff. The Call Center receives applications for financial aid from Workforce Solutions customers, determines the eligibility for financial aid and communicates with our customers regarding the status of their applications.

Each month, the Call Center receives about 28,000 phone calls and processes about 3,200 new financial aid applications.

Payment Office. Neighborhood Centers, Inc. employs 35 staff to operate our payment office and manage Workforce Solutions' vendor networks. This unit tracks, manages, and pays out financial aid to vendors on behalf of our customers.

For 2016, we expect the Payment Office to process more than \$127 million in financial aid payments for customers including scholarships; child care and transportation costs; and other types of education, work and work search expenses. The Payment Office works with about 2,200 vendors throughout the year.

Youth. SER Jobs for Progress (SER), Dynamic Educational Systems, Inc. (DESI) and Gulf Coast Trades Center together employ 13 staff who provides specialized service for opportunity youth, including: education and training, career coaching and guidance, and work experience.

SER works in Brazoria, Chambers, Fort Bend, Galveston, Harris and Liberty counties.

Dynamic Educational Systems works in Austin, Colorado, Matagorda, Montgomery, Walker, Waller and Wharton counties.

Gulf Coast Trades Center works with young people referred from county Juvenile Probation Departments across the region.

By the end of the year, we expect these contractors to have helped 221 youth.

Staff Training and Development

Learning Designs, Inc. provides training and support to staff working within our system. LDI provides critical support to the system and frequently helps address ways to improve services to our customers.

With eight staff, LDI has developed and delivered 214 instructor-led classes, ranging from one-half day to five days in length. These classes include a multi-week supervisor training series and a week-long onboarding academy for new system staff. LDI has also provided structure technical assistance to system units, local offices, and individual groups of staff.

Early Education Quality

Collaborative for Children, Inc. employs 35 staff to provide quality resources to early education providers. The Collaborative offers assessment, mentoring, technical assistance and support to providers interested in achieving a Texas Rising Star designation for quality. The Collaborative also provides technical assistance and support to improve the quality of care with providers in our network through scholarships and equipment grants, education for parents, and help in securing matching resources for our system to fully draw federal funds for early education.

This year, the Collaborative has helped increase the number of providers with a Texas Rising Star quality certification to a record 201 and secured more than \$9.3 million in matching resources from contributors across the region.

Texas Association for the Education of Young Children employs three staff who provides scholarships to child care teachers working to obtain Associate Degrees in Child Development or Child Development Associate credentials.

TAEYC has provided scholarships to 45 teachers this year.

Adult Education

The adult education consortium includes seven providers and one managing partner that deliver literacy instruction, English language and civics classes, adult basic and adult secondary education, preparation for the high school equivalency exam, integrated basic and occupational skills classes, and transition into post-secondary skills training across the region.

Brazosport College, College of the Mainland, Harris County Department of Education, Houston Community College, Lone Star College, San Jacinto College, Wharton County Junior College, and Region 6 Education Service Center together employ 280 staff.

This year the seven direct instruction providers will have had 26,502 students in class.

Adult Education Consortium

There are seven contractors which deliver adult education and literacy throughout our service area. The Region 6 Education Service Center acts as the lead agency to provide coordination services for the regional consortium.

Provider	Service Area	Staff
Brazosport College	Brazoria County	55
College of the Mainland	Chambers and Galveston counties	81
Harris County Department of Education	Harris and Liberty counties	283
Houston Community College System	Fort Bend and Harris counties	269
Lone Star College System	Harris, Montgomery, and Walker counties	65
San Jacinto College	Harris and Galveston counties	33
Wharton County Junior College	Austin, Colorado, Fort Bend, Matagorda, Waller, and Wharton counties	41
Region 6 Education Service Center	All 13 counties	6
System		833

Providers deliver service through 175+ different sites throughout the region, including their own campuses and locations, community organizations, and some Workforce Solutions offices. Staff includes instructors, a majority of whom are part-time, as well as administrative personnel.

For the system as a whole, including adult education, we estimate a drop of about 2% in funds available for contracts – from \$204.9 million to \$201.5 million.

- The basic system revenue comes from multiple federal sources – all of which are allocated to us using the various different formulas that bring those dollars to the state.
- For most of the funding streams, our 2017 allocations are roughly equal to the 2016 dollars. The Workforce Innovation & Opportunity funds, however, are notably lower – the result of the data which is used in the allocation formula for these funds.
 - Staff has applied for, and include in our estimates, additional Workforce Innovation funds specifically to help workers who have lost jobs in the energy and related industries.

- As usual, we have included our best guess for carry-over – or unspent 2016 contract funds that can be re-programmed for 2017.
- The Board will have about 6% more in adult education dollars available to us in 2017 – the result of a slightly higher allocation and additional funds we received for integrated education and training activities.
-

Investments

Chair Timmins reported that Board staff proposed the following level of investments for 2017 and made the following recommendations:

	2016 Investment	Proposed 2017 Investment	Change
Total	\$204,950,990	\$201,518,414	-2%
Employer Service	6,507,000	6,376,860	-2%
Career Office Network	179,115,515	174,961,473	-2%
Training & Development	848,175	831,212	-2%
Early Education Quality	3,979,500	3,978,510	0%
Adult Education	14,500,800	15,370,359	6%

Within the overall investments, staff recommended the following:

- A general reduction in operating expenses for the system – this largely means somewhat less funds for facilities and staff
- A reduction in overall financial aid while shifting priority for how these funds are spent.
 Staff recommended a substantial increase for work-based learning activities (work experience, on-the-job training, apprenticeships) while decreasing the dollars for scholarships and other work, work search, and education support.
- To reflect the Board’s continuing commitment to early education, essentially level funding for quality efforts.

staff believes we will have sufficient financial aid dollars to maintain our assistance to parents for help with child care expenses – and keep our efforts to improve the quality of early education at the 2016 level.

- Increasing the investment in adult education.

Staff recommended some substantial increases for providers that have delivered during 2016 – and increasing the resources dedicated to integrated education and training, transitioning adult

education students into post-secondary training, and employer-site-based projects.

Recommendations

Chair Timmins reported that Board staff recommended renewing contracts for all 17 Workforce Solutions and adult education providers in 2017 and made the following additional recommendations:

- Staff recommended a cut in Gulf Coast Trades Centers' contract amount to better reflect the level of expenditure and activity this contractor had demonstrated over the past several years.
- The level funding recommended for Collaborative for Children represents our commitment to continued support for early education quality improvement efforts – and to growing the number of network providers who achieve Texas Rising Star certification. The staff recommendation for TAEYC reflects this contractor's level of expenditure over the past several years.
- The staff proposed an overall 2% decrease in financial aid funds, but there are larger decreases recommended in the scholarships and other financial support categories to redirect resources to work-based learning.
- The 6% increase staff recommended in adult education funding includes the slight increase in our base allocation and the additional funds for integrated education and training.

The staff made the following additional recommendations for adult basic education contract funding:

- Staff has proposed substantial increases for Brazosport College, College of the Mainland, and San Jacinto College that reflects their efforts to meet enrollment targets, insure funds are spent timely, improve outcomes, and invest in integrated education, career pathways, and transitions classes.
- Staff has proposed less substantial increases for Harris County Department of Education and Houston Community College.
- Staff has proposed level funding for Lone Star College and Wharton County Junior College, both of whom have struggled with different aspects of service delivery this last year. With this level funding, we also propose increased levels of technical assistance for both.
- Staff has proposed the same level of funding for Region 6 Education Service Center as our lead partner in the consortium.
- The changes in funding for 2017 do not represent a significant shift in providers' share of total regional funds.

- Staff will negotiate final contract budgets and look to find efficiencies and reduce cost where possible.

Results

Chair Timmins reported that with the recommendations, the Board should plan to achieve the following:

- Provide service for 25,000 employers and 425,000 individuals
- Spend \$12 million on scholarships for more than 3,300 individuals in high-skill, high-growth occupational training
- Provide adult education for 20,000 individuals
- Support about 20,000 families and 38,000 children with early education
- Ensure 60% of our employers return for additional services
- Assist in creating 1,500 new jobs
- Help more than 300,000 individuals go to work
- Raise the incomes of 110,000 by at least 20%
- Help 78% of individuals pursuing a post-secondary education attain a credential (certificate or degree)

The staff recommendations for the 2017 contracts for the regional workforce system in total of \$201,518,414 in the amounts shown below.

Contractor	2016	Proposed 2017	Change
Total	\$204,950,990	\$201,518,414	-2%
Employment & Training Centers, Inc.	6,507,000	6,376,860	-2%
Neighborhood Centers	158,782,615	155,152,950	-2%
Interfaith of the Woodlands	19,291,000	18,866,598	-2%
SER-Jobs for Progress	603,200	591,136	-2%
Dynamic Educational Systems, Inc.	232,700	228,046	-2%
Gulf Coast Trades Center	206,000	122,743	-40%
Learning Designs, Inc.	848,175	831,212	-2%
Collaborative for Children	3,930,000	3,930,000	0%
Texas Association for the Education of Young Children	49,500	48,510	-2%
Brazosport College	580,400	754,520	30%
College of the Mainland	673,300	875,290	30%
San Jacinto College	447,500	581,750	30%
Harris County Department of Education	3,976,100	4,115,264	4%
Houston Community College	6,286,700	6,506,735	4%
Lone Star College System	1,261,100	1,261,100	0%
Wharton County Junior College System	652,900	652,900	0%
Region 6 Education Service Center	622,800	622,800	0%

Chair Timmins reported that the Procurement Committee adopted staff recommendations above and recommended that the Board approve the staff and Procurement Committee recommendations. A motion was made and seconded to approve the staff and Procurement Committee recommendations for the 2017 contracts for the regional workforce system in an amount not to exceed \$ 201,518,414 and not to exceeds the amounts for each contractor in the table shown immediately above. The motion carried. Dr. Sarah Janes and Mr. Guy Robert Jackson abstained from voting.

Chair Guthrie asked and received confirmation from staff that they will insure all insurance and bonding requirements and all required certifications are in place for the contractors.

Chair Timmins concluded her report and no further action was taken.

- b. Budget. The Committee Chair will present a revision to the current year Board budget.

Chair Willie Alexander reported that periodically the Board's budget is updated mid-year to account for changes in revenue. The budget describes how the Board will use its resources to both operate Workforce Solutions and leverage results in the region.

The Budget Committee met on Wednesday, July 20, 2016 with Committee Chair Willie Alexander, Mark Guthrie, Gerald Andrews, Scott Marshall, and Doug Karr attending. Chair Alexander noted that the Committee is proposing the Board approve a small increase in the overall budget.

The proposed revision to the 2016 budget places total available revenue just under \$212 million, which results in a 1.5% increase from the original budget. The additional revenue is largely financial aid dollars – direct assistance to customers – and includes:

- Additional revenue for early education and care;
- Anticipated additional federal funds to help workers displaced from the downturn in the energy sector; and
- Additional adult education dollars for integrated education and training activities.

Staff has adjusted proposed 2016 system operations costs to incorporate additional resources and reflect actual performance during the first six months of the year which include:

- Added money to the financial aid pool for customers;
- Reduced budget for career office operations to reflect actual expenditures;
- Increased the availability of resources for work-based learning and customized training for employers; and

- Increased funds for financial monitoring in Board operations.

Staff also proposed and the Committee recommended adding one position to the Board staff: a special projects manager. As our work with employer-driven sector panels and other organizations in the community expands, there is a need for better coordination with the increasing number of special efforts we have engaged. This additional position brings the Board staff total to 34 full-time equivalents.

There are no proposed changes to the Board's targets for 2016 performance or production.

Chair Alexander reported that the Budget Committee had approved the staff recommendations for the budget and that with this budget, we plan to achieve the following:

- Provide service for 25,757 employers and 360,000 individuals
- Spend \$12 million on scholarships for more than 3,700 individuals in high-skill, high-growth occupational training
- Provide adult education and literacy for 25,873 individuals
- Support about 21,500 families and 41,000 children with their early education expenses
- Ensure 63% of our employers return for additional services
- Assist in creating 3,000 new jobs
- Help more than 300,000 individuals go to work
- Raise the incomes of 110,000 by at least 20%
- Help 68% of individuals pursuing a post-secondary education attain a credential (certificate or degree)

GULF COAST WORKFORCE BOARD				
PROPOSED 2016 BUDGET REVISION				
REVENUE SUMMARY				
	2016 Revision	2016	Dollar Change	% Change
General Revenue	191,085,760	189,103,936	1,981,824	1.0%
Child Care & Development Block Grant	130,866,662	128,866,662	2,000,000	1.6%
Workforce Investment	31,026,407	30,941,407	85,000	0.3%
Temporary Assistance for Needy Families	14,803,840	14,803,840	-	0.0%
Employment Service	6,103,864	6,103,864	-	0.0%
Supplemental Nutrition Assistance	4,006,013	4,118,989	- 112,976	-2.7%
Non-Custodial Parents	932,115	932,115	-	0.0%
Trade Adjustment Act	2,984,859	2,984,859	-	0.0%
Veterans Employment & Training	362,000	352,200	9,800	2.8%
Special Federal & State Revenue	20,055,758	18,805,758	1,250,000	6.6%
Adult Education and Literacy	15,505,557	15,005,557	500,000	3.3%
Disconnected Youth Project	1,740,090	1,740,090	-	
National Emergency Grants	2,468,000	1,718,000	750,000	43.7%
Skills Certification Initiative	342,111	342,111	-	0.0%
Other	720,525	921,024	- 200,499	-21.8%
Coalition for the Homeless	660,525	661,024	- 499	
Houston Housing Authority	60,000	260,000	- 200,000	
	211,862,043	208,830,718	3,031,325	1.5%

A motion was made and seconded to approve the Budget Committee’s recommendations for a revised 2016 Board budget in amount of \$211,862,043. The motion carried.

Chair Alexander concluded his report and no further action was taken.

RECEIVE INFORMATION

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2015 through June 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 19,616 employers through June 2016.

Employer Loyalty – Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,147 employers, 11,583 returned to The Workforce Solutions for additional services through June 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 June 2016.

Customers employed by the 1st Quarter after exit – 177,095 of the 219,892 customers who exited service in the three quarters ending June 2015 were employed by the quarter after exit.

Higher Real Incomes –

Earnings Gains of at least 20% - 75,044 of the 217,405 customers who exited in the three quarters ending December 2014 had earnings gains of at least 20%.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - 1,077 of 1,1596 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 seven of nine common measures. The common measures we are not meeting are:

- Claimant Reemployment within 10 weeks – The target for this measure is 53.4%. Our performance through March 2016 was 46.5%.
- Youth Literacy/Numeracy – The target for this measure is 53%. Our performance through June 2016 was 44.4%.

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	26,674
12+ Hour Enrollments	25,151	24,649
Transitions	1,257	1,023
Career Pathways	1,377	881

- 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%	51.6%
Adult Basic Education – Beginning Basic Education	63%	42.2%
Adult Basic Education – Intermediate Low	63%	42.4%
Adult Basic Education – Intermediate High	56%	35.0%
English as a Second Language – Beginning Literacy	64%	42.2%
English as a Second Language – Beginning Low	70%	46.1%
English as a Second Language – Beginning High	72%	49.1%
English as a Second Language – Intermediate Low	74%	50.1%
English as a Second Language – Intermediate High	64%	36.9%
Advanced English as a Second Language	66%	33.3%
Adult Secondary Education	64%	40.9%

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

Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for six months ending June 30, 2016 and stated that we are spending below budget at this time, but everything should be fine by the end of the year. Mr. Temple explained that there will be a drop in revenues for 2017.

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

Updates

Ms. Michelle Ramirez explained that the Strategic Planning Committee will meet on Wednesday, August 17, 2016 at 2:00 pm – all Board members are invited to attend.

Report Card Roundtable discussions - The Texas City- LaMarque Chamber of Commerce has invited the Board to present on Thursday, October 6, 2016 at 10:00 am. All Board members are invited. It has been very enlightening and is a great opportunity to interact with the local communities.

Ms. Ramirez reported that this is the second year that we hosted a teacher externship project. 17 teachers and counselors in middle and high school from Spring Branch ISD, CyFair ISD, and KIPP Academy participated in a Health Care externship. Over a two-week period, they were able to get first-hand knowledge of careers in the health care industry and create a lesson or activity plan. Ms. Ramirez thanked our partners – Harris Health System and ER Katy.

Ms. Ramirez explained that this is the third summer we have participated with ProjectGrad, JPMorgan Chase and Summer Institutes for high school students that focus on careers. This year there were 800 high school students that had intense career exploration with occupations that are high skill – high growth and can also be attained with a community college degree or certificate. There were 50 employer volunteers from over 25 different companies spend one on one time with the students. This year this service was also expanded into Liberty County thanks to Lee College. HCC opened their technology center at the Stafford campus which assist students in Fort Bend. There were 8 different summer institutes that lasted 2 weeks. Sixteen school districts participated in the program.

The Board viewed a video a video of the Project GRAD College and Career Institute for healthcare at HCC's Coleman College. The video was created by one of the participating teachers (Michael Ortiz) who works as a film and photography instructor for Spring Branch Independent School District.

Ms. Ramirez explained that several other videos will be available soon and all will be posted on our website.

Several Board members had questions and discussion followed.

Ms. Ramirez concluded her 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) rose to 5.5% in June. The current rate of unemployment in the H-W-S MSA was seven-tenths of a percentage point higher than one year earlier and higher than the state's 4.8 percentage rate and the nation's 5.1 percentage rate. May estimates were revised indicating total nonagricultural employment in the H-W-S MSA was down 1,900 jobs over the month. The revision makes it the first May decline ever according to records dating back to 1990. The H-W-S MSA added 5,500 jobs in June, up 0.2 percent. In addition to the typical seasonal ups and downs for June, there was an especially strong seasonal increase in Leisure and Hospitality that helped offset a substantial loss of 4,400 jobs in Construction. The H-W-S MSA added 5,200 jobs over the year, up 0.2 percent. Job gains are found in industry sectors that serve the H-W-S MSA's growing population such as Leisure & Hospitality, Educational & Health Services, Retail Trade, and Government. Job losses continue in several sectors with deepest declines in Mining & Logging, Manufacturing, and Professional and Business Services. 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 1.8 percent over the year compared to the H-W-S MSA's increase of 0.1 percent.

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

Workforce Solutions and Houston's Labor Market

Mr. Ron Borski reviewed the Houston Labor Market Overview which included:

- Economy
- Population
- The structure of Houston's labor market
- Drivers of recent job growth and losses
- Short-term outlook for job growth
- Long-term outlook for job growth

Houston is the Fourth Largest Economy – 2014 Gross Domestic Product of 525.4 billion and 31st largest economy if it were a country.

Home to Houston MSA – 2015 population 6.7 million which leads the Nation in population growth. Houston added 159,000 residents from July 2014 to July 2015.

Makeup of Houston's economy – the highest concentration of jobs related to oil and gas are Professional and Business Services, Manufacturing and Mining and Logging which is approximately 26% of our total employment. There was strong job growth until 2015 when oil and gas prices dropped. As of June 2016 there was approximately 3 million jobs related to oil & gas in the region.

Drivers of Houston job growth – Houston added 54,400 jobs over the past year

- 38.4% from Leisure and Hospitality
- 34.4% from Educational and Health Services
- 15.1% from Government

Houston lost 49,200 jobs over the past year

- 31.5% from Professional and Business Services
- 30.9% from Manufacturing
- 27.6% from Mining and Logging

54,400 – 49,200 = Net Gain of 5,200 jobs

Since the oil price collapse in late 2014 the energy job losses are accumulating:

Mining and Logging	25,300
Durable Goods Manufacturing	33,500
Professional and Business Services	<u>17,400</u>
Total	76,200

The unemployment rate has continued to increase and has now surpassed the rate of unemployment at the national level. Oil prices are expected to remain weak - around \$40/barrel level. Futures in oil are hoping for \$50/barrel with some projections around \$60/barrel.

What does the future hold - 712,000 new jobs over a 10-year period with approximately 141,000 job openings each year. And our region population will continue to grow regardless of oil prices. Recovery is expected, but it will be long and slow.

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

OTHER BUSINESS

Ms. Sara Bouse stated that in 1994 the Federal Government banned the use of Pell Grants for higher education inside of TDCJ (Texas Department of Criminal Justice) in the United States. In our Gulf Coast region - Alvin College and Lee College are currently participating in a pilot program to bring the Pell Grant back inside the prison system both locally and nationally. Ms. Bouse explained that Lee College has one of the largest higher education prison programs in the country and was received one of the largest awards from the 67 colleges participating for this project in the fall. Re-entry is a large piece of this project and Ms. Bouse suggested that the Board consider providing more services for those who stepped up while incarcerated and assist in their transition into gainful employment which reduces their chances of being incarcerated again.

Mr. Tony Jones reported that a disability community leader Jay Stiteley recently passed away – Mr. Stiteley was the Director of the Houston Mayor’s Office for People with Disabilities and said that his many years of service and efforts will be missed.

ADJOURN

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 11:20 am.

Audit/Monitoring Committee

Update for October 2016

The Audit/Monitoring Committee met Thursday, September 22, 2016 at the Financial Aid Call Center. Committee Chair Joe Garcia, Committee Vice Chair Guy Jackson, and members Karlos Allen, Allene Schmitt, Sara Bouse, and Evelyn Timmins attended the meeting.

Operations

- Committee members reviewed data from quality assurance monitoring visits made from May through August, including information previously provided at the committee's July meeting.
- The Employer Service unit and both early education quality contractors rated as acceptable operations.
- All of the career offices rated average or above average and the number of offices rating above average increased this past year. Both the Financial Aid Call Center and Financial Aid Payment Office rated as acceptable.
- The quality assurance team found work-based learning activities (mostly summer jobs) to be acceptable, with minor suggestions for attention to supervision at worksites, payroll, and supervisor and participant orientations.
- As the committee noted in July, reviews of adult education providers resulted in acceptable ratings for five of the seven contractors. The quality assurance team identified two providers as minimally acceptable – Lone Star College and Wharton County Junior College – and staff have been working with both these providers and Region 6 Education Service Center on improvement plans for the new year.

Financial Systems

We contract with outside audit firms to conduct financial system reviews for all our contractors that include: accounting policies and procedures, accounting systems, procurement, accounts payable, personnel (human resources and payroll), cash management, property management and inventory, cost allocation and budget, financial reporting, complaints, subcontracts and insurance. We also review a sample of billings for each contractor.

At least once a year, we also conduct a review of financial aid payments that is separate from the annual systems review. This review tests financial aid payments made on behalf of customers. Reviews were conducted for the contractors listed with no findings or minimal findings that have been resolved.

- Employment and Training Centers, Inc.
- Gulf Coast Trades Center
- Neighborhood Centers, Inc. – Financial Aid Payments
- Interfaith of the Woodlands – Financial Aid Payments
- Texas Association for the Education of Young Children
- Region 6 Education Service Center
- Houston Community College
- Wharton County Junior College
- SER Jobs for Progress of the Texas Gulf Coast, Inc.

Early Education & Care Updates

The Early Education & Care Committee met Tuesday, September 13, 2016 with Committee Chair Bobbie Henderson, Committee Vice Chair Linda O'Black, Board Chair Mark Guthrie, and members Scott Marshall, Allene Schmitt, Sarah Janes, Birgit Kamps and Bill Crouch attending.

The committee discussed several topics, including new state rules for child care financial aid, the early education/child care provider network, the Texas Rising Star state quality rating system, and information on child care center staffing ratios and safety.

Financial Aid

The Workforce Commission establishes the rules governing the use of federal Child Care and Development Block grant funds that power Workforce Solutions' financial aid for child care. In response to recent changes in the federal legislation, the Commission has altered its rules. These changes will have an effect on how we determine families eligible for assistance and how long they can continue to receive assistance – both of which may impact our ability to serve the number of families we have assisted in the past several years.

- Changes to eligibility for financial aid, the duration of financial aid, and the parent share of cost will, we believe, allow families to maintain Workforce Solutions financial aid for longer periods of time and reduce our turnover.
- This, in turn, will most likely limit our ability to serve the number of families we have served in previous years, although we are uncertain by how much.
- We do expect to spend less on administering this form of financial aid as a result of the state's rule changes.
- We will provide more information to the committee and the Board on the effect of changes later in 2016 and early 2017.

The Workforce Commission has asked Boards throughout the state to limit enrollments and forgo rate increases until the impact of the rule changes becomes clear.

Provider Networks

Parents receiving our child care financial aid select early education providers from a list of in-network centers and family homes. In limited cases, parents may select a relative to provide care for their children. We maintain our provider network through the Financial Aid Payment Office and the efforts of our early education quality improvement project. Our financial aid can only be used at an in-network provider, although we can and do add providers to the network.

The Board sets the rates at which we reimburse network providers, taking into account local market data, the type of provider, and the availability of funds.

Periodically the Board reviews the provider network and network rates, and with the release of the 2016 Texas Child Care Market Rate Survey Report, we recommend the committee consider several issues relating to our provider network and network rates.

- Overall, Workforce Solutions maintains a significant share of the region's early education providers in our network – about 45% of all providers.
- We have a larger share of all the region's licensed child care centers (57%) in our network than other provider types. Fully 68% of our network is licensed centers.
- As might be expected, the overwhelming majority of families receiving our financial aid use licensed centers (about 95%).
- The largest number of Texas Rising Star providers are licensed centers (90%).
- The rate structure for licensed centers has a proportionately greater effect on our overall funding.
- While our network is robust, we do have a smaller percentage of the market for registered family homes. In Fort Bend and Matagorda counties, we have a less-than-average share of the licensed center market, and in Brazoria, Fort Bend, Montgomery and Wharton counties, we have a less-than-average share of the licensed home market.
- The Board last raised network rates in 2010, at the time increasing rates for infants and toddlers and holding other rates steady. The latest market survey shows that our rates for preschoolers and school-age children in general are at or below the 40th percentile in the market, making them generally low for our market.
- Our Board tends to have preschool and school age rates in lower market percentiles than other boards across the state.

As we noted earlier in the discussion about changes to the state's rules, the Workforce Commission has asked us to delay substantive action with respect to our financial aid enrollments and rates until we have more experience with how the rule changes will affect our expenditures. We expect to provide information to the Board in November-December about those affects.

Our review of the provider network and rates leads us to recommend that the committee and Board consider several actions for the future.

- We suggest working with the Financial Aid Payment Office and Collaborative for Children to expand our network of providers throughout the region and particularly in the counties where our share of licensed centers and licensed homes is below the regional average share of that market.

- We also suggest reviewing the market for registered family homes and the reasons our network share may be low.
- We do not recommend raising our network rates at this time, however, we believe if possible in the future, the Board should consider increasing rates for the preschool and school age population.

Texas Rising Star

Texas Rising Star is the early education quality rating system for Texas. Changes to the system several years ago strengthened the rating process, introduced an enhanced assessment and mentoring process for providers considering the rating, and ensured higher payments to network providers with a Rising Star rating. The Board has long supported improving the quality of early education and care through its annual investments in quality activities, and we supported the enhancements to Texas Rising Star.

We currently have 203 network providers with a Rising Star rating. This represents an historic high for us.

- 90% of the providers with a rating are licensed child care centers.
- Providers can achieve a 2-star, 3-star, or 4-star rating, with 4-star representing a higher level of quality. As of August 2016:
 - 51% of providers are 2-star rated
 - 25% of providers are 3-star rated
 - 24% of providers are 4-star rated
- Of our 49 4-star rated providers:
 - 37 or 75% are also accredited by an outside quality-rating organization which allows them to certify at the 4-star level (National Association for the Education of Young Children, National Accreditation Commission for Early Care and Education Programs, AdvancED)
 - 12 or 25% received their 4-star ratings through our assessment process
- We regularly check on providers with Texas Rising Star ratings and sometimes a provider may go through regular re-assessment and lose a rating level. During this year, seven providers have experienced a decrease in level.
- We also periodically see providers lose their ratings altogether. This year 21 providers have dropped from the rating. The most common reason for the loss of certification is the presence of a licensing deficiency found by the Texas Department of Family and Protective Services or the closure of a home or center.

Staff Ratios and Safety

Representatives from Collaborative for Children presented findings from a review of data regarding staffing ratios and safety in licensed child care centers. Committee members discussed the possibility of supporting a broader study to determine optimal staffing levels that ensure child safety.

Next Steps

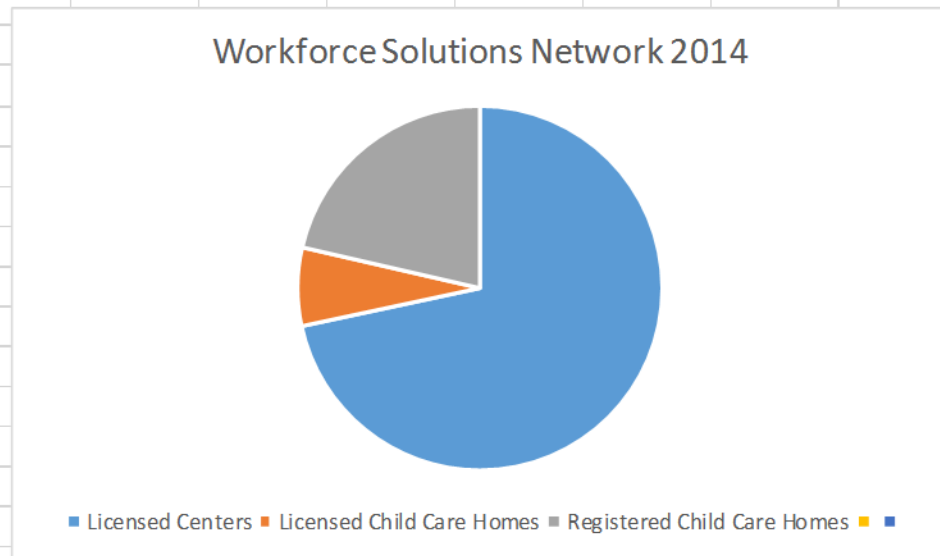
The Committee will meet later this year to review the impact of changes to the child care financial aid system.

Following are attachments to the sections on the provider network, Texas Rising Star, and the staffing ratios/safety discussion.

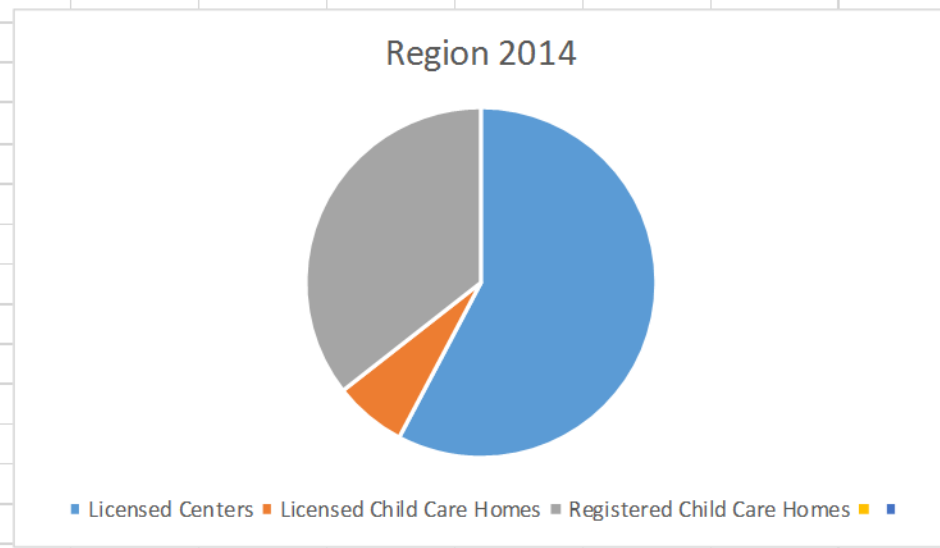
Early Education Providers									
Region and Workforce Solutions Network									
2014 to 2016									
	2014 ²			2015 ²			2016		
	Workforce Solutions Network	Gulf Coast Region		Workforce Solutions Network	Gulf Coast Region		Workforce Solutions Network	Gulf Coast Region	
Total	1,915	4,365	44%	1,898	4,137	46%	1,810	4,173	43%
Licensed Centers	1,372	2,520	54%	1,384	2,358	59%	1,353	2,371	57%
Licensed Child Care Homes	133	292	46%	137	292	47%	133	296	45%
Registered Child Care Homes	410	1,553	26%	377	1,487	25%	324	1,506	22%
Youth Camps ¹	20	-	0%	22	-	0%	18	359	5%
Listed Homes ¹	197	-	0%	161	-	0%	154	783	20%
¹ Historical data on youth camps and listed homes regionwide not available for 2014 and 2015 ² 2014 and 2015 data as of 12/31 each year; 2016 data as of 3/31									

Distribution of Early Education Providers
 Region and Workforce Solutions Network
 2014

Workforce Solutions Network 2014		
Total	1,915	100%
Licensed Centers	1,372	72%
Licensed Child Care Homes	133	7%
Registered Child Care Homes	410	21%

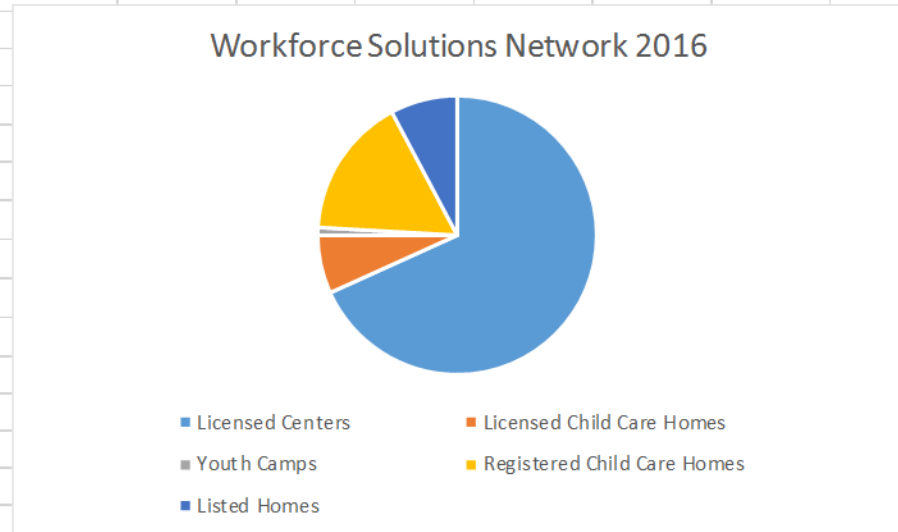


Region 2014		
Total	4,365	100%
Licensed Centers	2,520	57.7%
Licensed Child Care Homes	292	6.7%
Registered Child Care Homes	1,553	35.6%

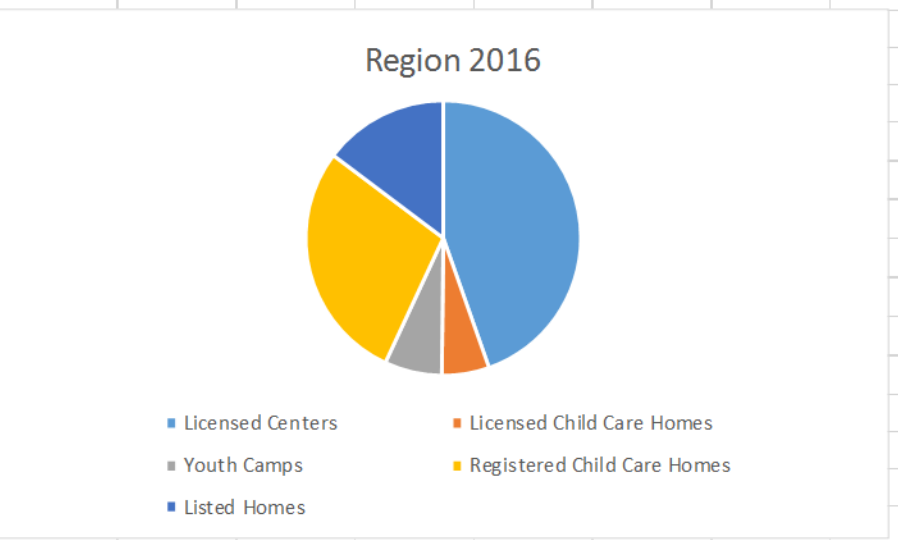


Distribution of Early Education Providers
Region and Workforce Solutions Network
2016

Workforce Solutions Network 2016		
Total	1,983	100%
Licensed Centers	1,353	68%
Licensed Child Care Homes	134	7%
Youth Camps	18	1%
Registered Child Care Homes	324	16%
Listed Homes	154	8%



Region 2016		
Total	5,315	100%
Licensed Centers	2,371	44.6%
Licensed Child Care Homes	296	5.6%
Youth Camps	359	6.8%
Registered Child Care Homes	1,506	28.3%
Listed Homes	783	14.7%



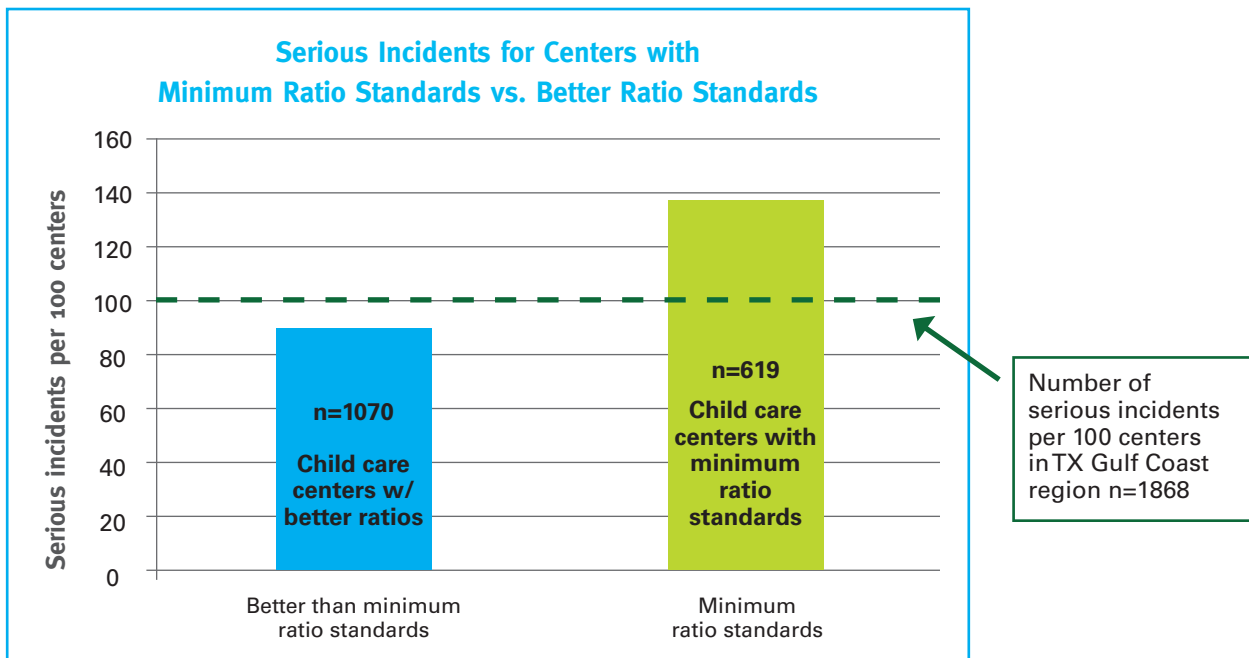
GULF COAST WORKFORCE BOARD													
WORKFORCE SOLUTIONS FINANCIAL AID													
EARLY EDUCATION/CARE RATES BY PROVIDER, AGE AND TYPE													
	Provider Distribution	Customer Distribution	Age	Type	Current Board Rate	Board Percentile	2016 Market Survey Rates						
							Mean	30th percentile	40th percentile	Median	60th percentile	70th percentile	75th percentile
Licensed Child Care Centers (rates from 156 of 2268 facilities in area)	68% of all providers in network (90% of TRS providers)	11.5% children	Infant	Full-time	32.91	65	30.73	26.48	28.34	30.14	32.01	34.04	35.2
				Part-time	25.06	50	25.69	21.77	23.45	25.1	26.8	28.67	29.73
		16.2% children	Toddler	Full-time	28.31	52	28.53	24.42	26.2	27.94	29.73	31.7	32.81
				Part-time	23.4	50	24.04	20.24	21.87	23.46	25.1	26.91	27.94
		30.8% children	Preschool	Full-time	23.43	32	27.08	23.07	24.8	26.49	28.24	30.16	31.25
				Part-time	16.22	36	18.82	15.41	16.83	18.23	19.69	21.29	22.2
		37.3% children	School age	Full-time	20.76	23	26.03	22.09	23.78	25.44	27.15	29.03	30.1
				Part-time	13.71	24	17.87	14.54	15.92	17.28	18.7	20.26	21.15
Licensed Child Care Homes (rates from 21 of 301 facilities in area)	7% of all providers in network (5% of TRS providers)	0.1% children	Infant	Full-time	26.13	54	26.02	22.08	23.77	25.43	27.15	29.02	30.09
				Part-time	19.28	37	19.38	15.92	17.37	18.79	20.26	21.89	22.82
		0.3% children	Toddler	Full-time	24.91	53	25.05	21.17	22.83	24.46	26.14	27.98	29.03
				Part-time	19.48	25	24.11	20.3	21.92	23.52	25.17	26.97	28.01
		0.3% children	Preschool	Full-time	18.54	22	23.74	19.96	21.57	23.15	24.79	26.58	27.6
				Part-time	16.22	44	17.68	14.37	15.74	17.09	18.5	20.06	20.95
		0.5% children	School age	Full-time	15.67	19	21.12	17.53	19.05	20.53	22.08	23.77	24.74
				Part-time	11.03	17	16.18	12.99	14.3	15.59	16.94	18.43	19.28
Registered Child Care homes (rates from 71 of 1628 facilities in area)	16% of all providers in network (5% of TRS providers)	0.3% children	Infant	Full-time	25.76	51	26.18	22.22	23.92	25.59	27.31	29.19	30.26
				Part-time	19.28	37	21.77	18.13	19.67	21.18	22.74	24.46	25.45
		0.4% children	Toddler	Full-time	24.16	51	24.51	20.68	22.32	23.93	25.59	27.41	28.45
				Part-time	21.18	52	21.48	17.87	19.39	20.89	22.45	24.16	25.13
		0.6% children	Preschool	Full-time	17.51	18	23.56	19.79	21.4	22.97	24.6	26.39	27.41
				Part-time	12.36	24	16.48	13.27	14.59	15.89	17.26	18.76	19.62
		0.9% children	School age	Full-time	14.5	14	20.96	17.39	18.89	20.37	21.91	23.6	24.56
				Part-time	10.3	15	15.62	12.48	13.76	15.03	16.35	17.82	18.66

Safety Data on Child Care Ratios in Licensed Child Care Centers

What we know about the relationship between safety and ratio standards from a preliminary analysis of DFPS data on licensed child care centers:

Child care centers with ratio standards better than those Texas currently requires have significantly fewer reported serious incidents¹

- The term “serious” indicates that the alleged violation has resulted in or may result in impairment to the child’s overall health or well-being. Serious incidents can include:
 - Death of a child
 - Serious physical or emotional harm or death caused by abuse or neglect
 - Inappropriate discipline, inappropriate physical restraint
 - Serious accidental injury or medical incident

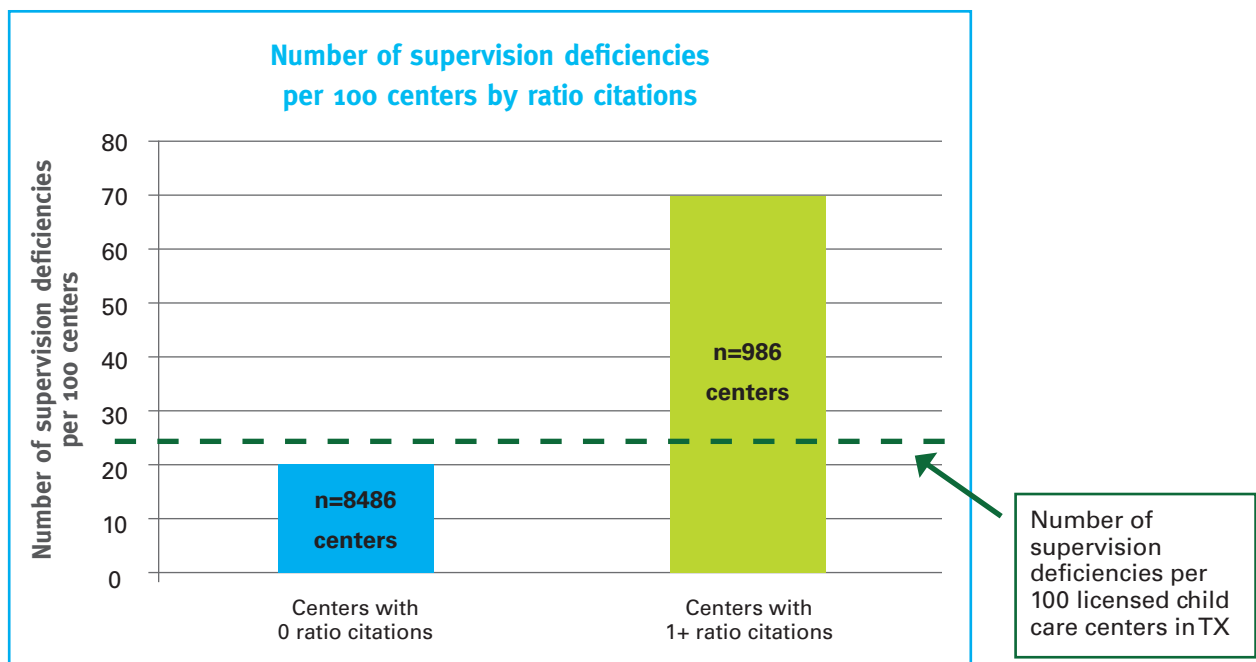


- Centers that voluntarily implement **ratios that are better than state minimum standards** have **41% fewer reported serious incidents**.

¹Data on child care centers that voluntarily implement ratio standards better than TX minimum standards is available for 1689 of 1868 total licensed child care centers in the 13 county Gulf Coast Region from Collaborative for Children’s QualiFind database. This data is self-reported by child care centers and then confirmed through random assessment.

Ratio standards are strongly correlated with safety: Centers cited for violating ratio standards are associated with more violations for inadequately supervising children

- The number of centers that violate these standards is small as a total percentage of centers, but they disproportionately drive the number of supervision deficiencies:
- Centers that have had ratio **deficiencies represent only 10% of all centers, but 30% of all supervision deficiencies**



- From 2013-2015, there were **3.5 times as many safety issues** (as measured by inadequate supervision deficiencies cited by DFPS) per center in **centers that had ratio deficiencies** cited compared to those that did not have ratio deficiencies.

This data indicate that the serious risks children in licensed child care centers face are associated with poor ratio standards. This analysis should be replicated statewide as part of a data-driven process to assess current ratio standards.

For more information, please contact Collaborative for Children:

Christina Triantaphyllis

713-600-1122

ctriantaphyllis@collabforchildren.org

www.collabforchildren.org

Strategic Planning Committee

Report on Achieving the Board's Results

August 2016

Strategic Planning Committee met on Wednesday, August 17, 2016 at H-GAC to review community feedback from the Report Card Roundtables and review progress on achieving the Board's strategic results. The meeting was led by Committee Chair Carl Bowles. Other members in attendance included Board Chair Mark Guthrie, Betty Baitland, Doug Karr, Sally Kay Janes, Kendrick McCleskey, Linda O'Black, Richard Shaw and Evelyn Timmons.

Workforce Report Card

Board staff provided an overview of the Workforce Report Card using the same presentation from the roundtable sessions. Following the presentation, Richard Shaw, Chair of the Report Card Committee shared common themes from the community discussions:

- Emphasis on early childhood education
- The need to change perceptions about technical certifications and degrees
- The need to build and expand connections between industry and education
- The need to provide better career counseling for students
- The need to teach essential skills
- The need to encourage parental involvement

The Board's Plan and Performance

The Committee reviewed progress on achieving the desired results identified in the Board's Strategic Plan – More Competitive Employers; A Better Educated Workforce, More and Better Jobs and Higher Incomes.

We use ten strategic measures and 13 sub-measures to assess performance and progress towards annual targets and longer-term goals. Of the ten measures, four are for the region as a whole, and the remain six are for Workforce Solutions. We met or exceeded seven of the ten measures. We fell short on three:

- We missed the target for *Percentage of Customers with Earnings Gains of at Least 20%* by 1%. (34% actual, 35% target)
- We missed our target of 2,800 *New Jobs Created*. (Actual 2,446 jobs created)
- We missed our target for employer *Customer Loyalty* by less than 1% (61.5% actual, 62% target)

In reviewing the education measures, the Committee engaged in a discussion around measuring the availability of workers with “middle skills” credentials. Committee Chair Bowles directed staff to investigate a breakout of the awarded credentials above high school and below the

bachelor's degree. The committee will reconvene via conference call on Wednesday, September 28 at 1:30 pm to review staff recommendations.

Staff presented recommendations for modifying education targets as noted below.

- For the Region, we recommend increasing:
 - The percentage of the region's population (25 years and older) *holding an educational credential* in 2018 from 80% to 82%
 - The percentage of the region's population (25 years and older) *holding a postsecondary degree* in 2018 from 36% to 38%
 - The percentage of those *pursuing an education credential who earn one* in 2018 from 21% to 23%
- For Workforce Solutions, we recommend increasing:
 - The *percentage of those pursuing an education credential who earn one* in 2017 from 64% to 74% and from 66% to 74% in 2018
 - The higher targets reflect an improved method of data capture that more accurately represents the educational achievements of our customers.
- For Workforce Solutions, we recommend:
 - Reducing target for *Market Share* target from by 25,452 to 22,000
 - Decreasing *Customer Loyalty* from 62% to 60%
 - The decreased targets for *Market Share* and *Customer Loyalty* reflect an effort to focus on service quality for employers rather than volume.

Additionally, Chair Bowles asked staff to investigate the possibility of self-adjusting targets that allow for economic dynamics. After testing several methodologies, staff reported that the cost would be high and wouldn't add value to the target setting process.

Action

The Committee recommends that the Board approve adjustments to the targets in the Board's Strategic Plan as noted below. Additional adjustments related to middle skills credentials may follow.

- For the Region:
 - Increasing the percentage of the region's population (25 years and older) *holding an educational credential* in 2018 from 80% to 82%
 - Increasing the percentage of the region's population (25 years and older) *holding a postsecondary degree* in 2018 from 36% to 38%
 - Increasing the percentage of those *pursuing an education credential who earn one* in 2018 from 21% to 23%
- For Workforce Solutions:
 - Increasing the *percentage of those pursuing an education credential who earn one* in 2017 from 64% to 74% and from 66% to 74% in 2018
 - Reducing target for *Market Share* target from by 25,452 to 22,000
 - Decreasing *Customer Loyalty* from 62% to 60%




THE 2015 RESULTS

	Macroeconomy & Industry Dynamics	Employment & Unemployment	Labor Force Composition	Income, Wealth & Poverty	Quality of Life	Educational Achievement & Investment
GULF COAST	A	A	B	B	B	C
ATLANTA	C	C	B	B	B	A
DALLAS	B	A	B	B	B	B
DENVER	B	A	A	A	B	A
MIAMI	C	B	B	C	C	C
SAN ANTONIO	A	B	B	B	B	B
SAN DIEGO	B	B	B	B	B	A




EARLY CHILDHOOD & PRE-K


- Employers need educated workers with technical and workplace skills.
- Such learning begins with high-quality early childhood care.



ELEMENTARY SCHOOL




Students not reading on grade level by 4th grade are four times more likely to drop out of school.



ELEMENTARY SCHOOL

The ability to read, compute and develop cognitive skills is critical to a child's success in school, life-long earning potential and their ability to contribute to the state's economy and its security.




MIDDLE SCHOOL




MIDDLE SCHOOL


Eighth graders choose endorsement track that addresses academic and industry needs.

- Quality career information early in middle school.
- Trained guidance counselors with time to help.
- Learning experiences connecting classroom activities to career opportunities.



HIGH SCHOOL COMPLETION

Area	Graduation Rate	Continuation Rate	GED Rate	Dropout Rate
Texas	88.0	4.6	0.8	6.6
Austin	94.4	2.8	0.2	2.5
Brazoria	91.9	4.0	1.1	3.0
Chambers	97.9	1.7	0.2	0.2
Colorado	94.4	2.5	0.4	2.8
Fort Bend	91.1	3.9	0.5	4.5
Galveston	91.5	3.2	0.6	4.7
Harris	85.9	5.2	0.7	8.2
Liberty	91.2	2.6	1.2	5.0
Matagorda	90.4	1.7	0.2	7.7
Montgomery	91.3	3.2	0.9	4.6
Walker*	76.9	3.1	11.8	8.2
Waller	96.2	2.5	0.2	1.1
Wharton	96.2	1.7	0.2	1.9



HIGH SCHOOL



- CTE
- AP/Dual Credit




HIGH SCHOOL

The best career opportunities for our young people will require post-secondary education. Therefore, we must be committed to supporting students through high school completion.




POST-SECONDARY IN THE GULF COAST

Area Community Colleges		Area Universities	
Alvin Community College	Houston Community College	Houston Baptist University	University of Houston System • UH Main Campus • UH Clear Lake • UH Downtown
Blinn College	Lee College	Prairie View A&M University	
Brazosport College	Lone Star College	Rice University	Sam Houston State University
College of the Mainland	San Jacinto College	Sam Houston State University	
Galveston College	Wharton County Junior College	Texas Southern University	University of St. Thomas
Health Care and Bioscience Universities			
Baylor College of Medicine		The University of Texas Health Science Center at Houston	
Texas A&M University Health Science Center Institute of Biosciences and Technology		The University of Texas Medical Branch of Galveston	
Texas Women's University Institute of Health Sciences – Houston Center		The University of Texas M.D. Anderson Cancer Center	



POST-SECONDARY



We must continue to encourage successful completion of post-secondary education to ensure a trained and educated workforce in our region.




ADULT EDUCATION & LITERACY







ADULT EDUCATION & LITERACY

- Statewide, the average investment is \$189 per student in adult education; federal spending is \$567 per adult. Per student cost increases significantly for Accelerate Texas participants.
- Current funding serves less than 3% of adults without a high school credential.
- Additional funding to support more career pathways initiatives like Accelerate Texas.



APPRENTICESHIPS

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APPRENTICESHIPS


Increased awareness among employers of Registered Apprenticeship Programs and the associated benefits can provide another viable avenue to strengthen workforce education.



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THE 2015 RESULTS

	Macroeconomy & Industry Dynamics	Employment & Unemployment	Labor Force Composition	Income, Wealth & Poverty	Quality of Life	Educational Achievement & Investment
GULF COAST	A	A	B	B	B	C
ATLANTA	C	C	B	B	B	A
DALLAS	B	A	B	B	B	B
DENVER	B	A	A	A	B	A
MIAMI	C	B	B	C	C	C
SAN ANTONIO	A	B	B	B	B	B
SAN DIEGO	B	B	B	B	B	A



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Thank You!

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WORKFORCE

REPORT CARD 2015

Houston, Texas • August 17, 2016



How Are We Doing?

Report on Achieving the Board's Results

August 2016

Economic Considerations

The Gross Domestic Product (GDP) of the Houston-Sugar Land-Baytown MSA rose to 525.4 billion in 2014, the fourth largest economy in the United States. If it were a country it would be the 31st largest economy by Gross Domestic Product, larger than Norway, Austria, Thailand, Columbia, and Venezuela. The economy dominated by oil and gas exploration and production continues to become increasingly diversified due to growth in areas of manufacturing and health services.

Low oil prices and its effect on related business will challenge the region's economic growth through 2017. Growth in the chemical and health industries will not be strong enough to pick up the slack.

- West Texas Intermediate (WTI) oil prices are forecast to average \$40.32 per barrel in 2016 and \$50.65 per barrel in 2017 according to the U.S. Energy Administration but states there is high uncertainty in the price outlook. Any substantial recovery requires WTI around \$65 per barrel.
- Net cash flows in the upstream industry are expected to remain negative until mid-2017.
- Uncertainties surround the ability to ramp up drilling due to parts availability, lost workforce, and inability to acquire loans due to new regulations.
- Major chemical plant construction projects are expected to begin to wind down in mid-2017.
- The impact of low oil prices expected to spread into other industry sectors as discretionary spending declines.
- The strong dollar, weak oil prices and global economic growth have driven the value of trade passing through Houston/Galveston Customs District down 26.5 percent in first quarter 2016 compared to one year earlier.

Labor Market Considerations

The Gulf Coast region has always been known for its strength in energy. Energy and the associated businesses make up a large portion of employment. The recent shale boom had a profound impact on the region over the last several years until the more recent crash in oil prices. The energy industry in the Gulf Coast region is currently undergoing what is the largest oil bust in history with drilling activity falling to an all-time low according to available data. The job toll has already surpassed 65,000 jobs by April 2016.

In addition to energy, the region features other important industries. Its centrally southern location with easy access to the Port of Houston makes it an ideal distribution point for numerous maritime, railroad, airline, and motor freight companies.

The Eagle Ford Shale boom and the resulting easy access to natural gas are having a major impact on the region's petrochemical complex with numerous expansions underway helping soften the blow of the current oil bust. Most of the resulting job growth, however, has been in the construction industry consisting of temporary jobs that are expected to begin their decline in the second half of 2017. The region is currently under preparations to train additional workforce not only to operate and maintain the newly constructed plants but to replace a rapidly aging workforce.

Other industries such as education, trade, and healthcare that benefit from a population growth rate that more than doubles that of the nation experienced healthy job gains throughout 2014 and 2015. Only recently have these industries begun to show a slight slowing trend which will intensify over the next year as consumers are forced to reduce discretionary spending.

The Gulf Coast region's unemployment rate remained considerably lower than the nation's rate in all of 2014 but began a steady rise in the second half of 2015 surpassing the nation's rate by April 2016. The rate of unemployment in the region is expected to continue its rise throughout the remainder of 2016. Similar to the rate of unemployment, the pace of job growth in the Gulf Coast region was well above the nation's in all of 2014 also declining in the second half of 2015. By April of 2016 the region's 0.3 percent pace of job growth was well below the nation's 1.9 percent pace. Expectations are for declines in mining, manufacturing, and related areas of professional and business services to continue well into 2017.

Some Thoughts about Demographics

The numerous opportunities in the Gulf Coast region have attracted people from all over the world bringing its population to nearly seven million in 2015. Over the past several decades the region has gone through a significant demographic transformation and today it is one of the youngest, fastest growing, and most culturally diverse areas in the nation. The rapid increase in a Hispanic population continues to be the driving force for the region's population growth at a rate that is more than twice the nation's. Harris and Fort Bend County were two of the region's counties among the top 20 nationwide that gained the most population between 2014 and 2015. Projections indicate that by 2020 the Gulf Coast region's population:

- Will be more than 7.1 million
- 40 percent of the total population will be Hispanic
- 48 percent of the population under 25 will be Hispanic
- 57 percent of the population 65 and older will be Anglo

Some Thoughts about Education, Skills and the Workforce

Education continues to be a critical issue for the Gulf Coast region. The region's average graduation rate for high school freshman remains below the national average.

Although small gains have been made, the region continues to struggle to achieve educational achievements at all levels. We must encourage successful completion at the post-secondary level to ensure a trained and educated workforce in our region.

The ability to fill the region's skilled workforce needs has been particularly difficult in areas of construction, petrochemical manufacturing and associated plant maintenance as the demand for skilled workers increases at an unprecedented rate due to expansions and a rising number of individuals approaching retirement age. While employers with ties to oil and gas exploration, its supportive services, and their related manufacturing companies are reducing payrolls, the ability to replace workers when activity returns are a concern.

The Board's Plan and Performance

More than 13 years ago the Gulf Coast Workforce Board adopted a strategic plan that described and quantified results the Board expected the regional workforce system to achieve. It includes values, mission and vision statements that explain what its members value most, why they exist as a board, and where they want the regional workforce system to be in the future. The plan continues to guide our efforts to help employers meet their human resource needs and individuals build careers. In keeping with its key values — innovation, productivity, performance and results — the Board identified four results statements that describe the difference it intends to make in the Gulf Coast region.

- More competitive employers
- A better educated workforce
- More and better jobs
- Higher incomes

The Board's measures, developed from these statements, help determine progress towards achieving the results both for the region and for Workforce Solutions, our operating affiliate. 2015 was the second year of the five-year strategic planning period, 2014 – 2018. We used 10 strategic metrics to assess performance and progress towards annual targets and longer-term goals.

For the Regional Workforce System, we focused on total employment — a gauge of how well we create and keep jobs in the region — and education credentials of working-age residents — a gauge of the skill level of the region's workforce. For the part of the system we directly control, Workforce Solutions, we focus on outcomes for individuals — employment, education and earnings. We also looked at our contribution to employers' job creation, market share and customer loyalty.

For the part of the system we directly control, Workforce Solutions, we focus on outcomes for individuals — employment, education and earnings. We also looked at our contribution to employers' job creation, market share and customer loyalty.

Job Creation and Employment

We use four measures as indicators of our success at adding jobs in our region, getting people employed in those jobs and increasing their incomes.

JOB CREATION AND EMPLOYMENT									
<i>For the Region</i>					<i>For Workforce Solutions</i>				
Measure	2015 Performance	2016 Target	2017 Target	2018 Target	Measure	2015 Performance	2016 Target	2017 Target	2018 Target
Total number of individuals employed	2,926,788	2.87M	2.93M	2.99M	Number of new jobs created	2,446	3,000	3,200	3,300
					Customers employed after leaving Workforce Solutions	78%	75%	76%	76%
					Customers with earnings gains of at least 20%	34%	36%	36%	37%

- The most recent employment data is for 2015, in which we exceeded the target of 2.81 million individuals employed and represented an increase of 3.4%. We do not expect this pace to continue. Much of the increase in employment was related to the shale boom. With the continued low price of oil, growth will slow significantly, and we may see negative growth.
- In terms of new jobs created, we fell short of target by 354 jobs. However, we have re-focused the efforts of our contractor to focus on the Board's target industries and occupations.
- Our ability to help people find jobs and increase their income is increasing since the recession. We are showing slow, steady improvement in customers employed quickly and employed after leaving Workforce Solutions. We exceeded our target for customers employed by 5%. We missed our target for earnings gains by 1%.
- For Workforce Solutions, we recommend increasing only sub-measures:
 - The percentage of those employed in entrance quarter from 63% to 64% in 2017 and to 65% in 2018.

Education Credentials

We use four measures as indicators of our success at improving the education level of the region's workforce. Note that 2015 data is not yet available for the Regional Workforce System thus the measures shown are for 2014.

EDUCATION CREDENTIALS									
<i>For the Region</i>					<i>For Workforce Solutions</i>				
Measure	2015 Performance	2016 Target	2017 Target	2018 Target	Measure	2015 Performance	2016 Target	2017 Target	2018 Target
Percentage of those pursuing an education credential who earn one	21.58%	22%	22%	23%	Customers pursuing an education credential who earn one	70%	72%	74%	74%
Region's population (age 25+) holding a post-secondary degree	35.78%	37%	37%	38%					
Region's population (age 25+) holding an education credential	81.42%	81%	82%	82%					

In this current update we met all three Regional Workforce System education targets.

- The most recent educational credential data is for the 2013 to 2014 school year for all but one measure, the percentage of those taking a GED earning one which is for the 2014 calendar year.
- The number of people that have an education credential continues to rise and more notably the percentage of people holding a post-secondary credential rose by more than half of a percentage point.
- The number of people pursuing educational credentials declined by 2,724 from the prior year but the number of those earning an educational credential increased by 2,047. Several factors were responsible for the decline in the number of those pursuing an educational credential.
 - A change in GED testing requirements was implemented in January 2014 severely reducing passing rates discouraging individuals from taking the test.

- Lower numbers of individuals pursuing post-secondary education due to a tight labor market and availability of jobs.
- The percentage of people earning a post-secondary credential in a field that prepares them for work in a high-skill, high-growth occupation targeted by the Board increased by one-half of a percentage point from the prior year.
- We target our training dollars to helping customers prepare for high-wage, high-skill jobs in demand by our employers. We exceeded our target for credentials earned by 3%.
- Most of the customers pursuing an education credential are in post-secondary education programs. We missed our target for post-secondary certificate/degrees by 1%. We served fewer customers in education programs than prior year. However, the students were more successful at attaining a credential.
- For the Region, we recommend increasing:
 - The percentage of the region's population (25 years and older) holding an educational credential in 2018 from 80% to 82%
 - The percentage of the region's population (25 years and older) holding a postsecondary degree in 2018 from 36% to 38%
 - The percentage of those pursuing an education credential who earn one in 2018 from 21% to 23%
- For Workforce Solutions, we recommend increasing:
 - The percentage of those pursuing an education credential who earn one in 2017 from 64% to 74%
 - The percentage of those pursuing an education credential who earn one in 2018 from 66% to 74%

Market Share and Customer Loyalty

We use two measures as indicators of our system’s success at improving the competitive position of our region’s employers.

Market Share and Loyalty					
<i>For the Region</i>		<i>For Workforce Solutions</i>			
	Measure	2015 Performance	2016 Target	2017 Target	2018 Target
	Number of employers who use Workforce Solutions	27,292	25,757	22,000	22,000
	Percentage of employers using Workforce Solutions as repeat customers	61%	63%	60%	60%

(continued on next page)

Following are market penetration rates for the Board’s target industries. This information is a subset of the total market share shown above. The first chart compares year-to-year penetration rates for target industries.

Targeted Industry Title	2013 Penetration Rate	2014 Penetration Rate	2015 Penetration Rate
Oil and Gas Extraction	73.6%	77.3%	66.7%
Support Activities for Mining	9.0%	7.9%	8.3%
Nonresidential Building Construction	11.1%	10.1%	12.4%
Utility System Construction	12.1%	12.5%	14.2%
Building Equipment Contractors	13.2%	13.3%	19.3%
Petroleum and Coal Products Manufacturing	18.3%	20.0%	18.1%
Basic Chemical Manufacturing	17.8%	17.3%	20.0%
Other Fabricated Metal Product Manufacturing	14.1%	13.1%	11.6%
Agriculture, Construction, and Mining Machinery Manufacturing	14.6%	15.2%	13.2%
Architectural, Engineering, and Related Services	9.9%	9.3%	9.3%
Computer Systems Design and Related Services	7.5%	7.2%	6.8%
Management, Scientific, and Technical Consulting Services	5.2%	5.2%	6.3%
Elementary and Secondary Schools	45.3%	40.1%	51.1%
Offices of Physicians	4.2%	3.6%	5.5%
General Medical and Surgical Hospitals	32.6%	34.4%	44.6%

This second chart provides detailed breakdown for the 2015 penetration rate of target industries.

Targeted Industry Title	2015 Total Establishments	2015 Number Served	2015 Penetration Rate
Oil and Gas Extraction	83	55	66.7%
Support Activities for Mining	1,169	97	8.3%
Nonresidential Building Construction	1,122	139	12.4%
Utility System Construction	563	80	14.2%
Building Equipment Contractors	2,971	573	19.3%
Petroleum and Coal Products Manufacturing	94	17	18.1%
Basic Chemical Manufacturing	210	42	20.0%
Other Fabricated Metal Product Manufacturing	293	34	11.6%
Agriculture, Construction, and Mining Machinery Manufacturing	378	50	13.2%
Architectural, Engineering, and Related Services	3,315	308	9.3%
Computer Systems Design and Related Services	3,551	242	6.8%
Management, Scientific, and Technical Consulting Services	5,114	321	6.3%
Elementary and Secondary Schools	247	126	51.1%
Offices of Physicians	5,287	290	5.5%
General Medical and Surgical Hospitals	99	44	44.6%

- Our service to employers continued to rise with the number of employers we work with increasing by 2,385 from the previous year.
- We fell 1% short of our target for repeat customers. In 2015 we provided services to 13,970 employers we also serviced in 2014.
- For Workforce Solutions, we recommend:
 - Reducing target for market share target from by 25,452 to 22,000
 - Decreasing customer loyalty from 62% to 60%

Action

Recommend the Board approve modifications to Strategic Plan targets for 2017 and 2018.

The Gulf Coast Workforce Board
Bringing People and Jobs Together

STRATEGIC PLAN 2014 – 2018
FOR THE REGIONAL WORKFORCE SYSTEM

DRAFT
Update August 17, 2016

*The Gulf Coast workforce system is a regional network
of business, education, labor, government, and community organizations
serving the City of Houston and the 13-county Gulf Coast region of Texas.*

THE GULF COAST WORKFORCE BOARD
Bringing People and Jobs Together

Strategic Plan 2014 – 2018

<p>Core Values <i>(Our Strongly Held Beliefs)</i></p>	<p>Innovation — Productivity — Accountability — Results</p>
<p>MISSION <i>(The Reason We Exist)</i></p>	<p>The Gulf Coast workforce system helps employers meet their workforce needs and individuals build careers so both can compete in the global economy.</p>
<p>VISION <i>(The Future We Aspire To)</i></p>	<p>For the Gulf Coast region:</p> <p><i>The Gulf Coast of Texas ranks among the top ten economic regions in the world.</i></p> <p><i>Employers have an adequate supply of well-educated and well-trained people, which enables them to compete in the world economy.</i></p> <p><i>Individuals have the knowledge, skills, and aptitudes to work and earn incomes that make them self-sufficient.</i></p> <p><i>The region is among the most attractive places in the country to live and work.</i></p>

VISION
(continued)

For the regional workforce system:

A single, integrated workforce system helps employers meet their workforce needs and individuals build careers.

Employers access the system and use its services without leaving their place of business.

Individuals are able to learn and work in their homes, in schools, and on the job to realize their greatest potential.

People throughout the region know about the system and can access the same high-quality information and labor market services regardless of where they live or how they come in contact with the system.

Strong commitments to innovation, productivity, accountability, and results keep the system flexible and responsive to employers' and peoples' ever-changing workforce needs.

Life-long learning and skills development are integral parts of the regional workforce system.

Long-standing relationships between employers and educators keep education and training opportunities one step ahead of the needs of the market.

The system partners with those industries and employers that drive the regional economy. It also works with chambers of commerce and economic development entities to identify and support emerging industries vital to the region's continued growth and diversification.

Operating above reproach, the system is highly valued by employers and people alike.

VISION
(continued)

For the Gulf Coast Workforce Board:

The Gulf Coast Workforce Board sets the regional workforce agenda. It is widely recognized for its excellence as a leadership and governing board and for its commitment to making a difference.

Business, labor, and community leaders vie for board membership because they know it is:

- well-educated, innovative, disciplined, and high-performing*
- nationally and locally recognized for its stewardship of public funds and its commitment to results; it makes funding decisions solely on the basis of performance, not politics*
- accountable to its owners (the taxpayers) and their representatives (the elected officials who appointed its members)*

RESULTS
(The Difference We Will Make)

1. More Competitive Employers
2. A Better-Educated Workforce
3. More and Better Jobs
4. Higher Incomes

**MEASURES, BASELINES,
AND TARGETS**
*(How We Will Measure
Progress Toward
Achieving Results)*

For the Regional Workforce System in 2018:

Education Credentials

- 82 percent of the region's population 25 years and older will hold an education credential
- 38 percent of the region's population 25 years and older will hold a post-secondary degree
- 23 percent of those pursuing an education credential will earn one

Job Creation

- 2.99 million individuals will be employed in the region, reflecting the addition of 365,000 jobs created since 2012

For Workforce Solutions in 2018:

Market Share

- 23,000 of the region's employers will use Workforce Solutions

Customer Loyalty

- 60 percent of employers using Workforce Solutions will be repeat customers

Education Credentials

- 74 percent of individual customers pursuing an education credential will earn one

Job Creation

- 3,300 new jobs will be created as a direct result of Workforce Solutions' partnering with other business organizations

**MEASURES, BASELINES,
AND TARGETS**
(continued)

Employment

— 78 percent of individual customers will be employed after leaving Workforce Solutions

Income

— 37 percent of individual customers leaving Workforce Solutions will have earnings gains of at least 20 percent

STRATEGIES
*(How We Will Achieve
Results)*

1. Continually improve the quality of customer service
2. Provide high-quality labor market information
3. Provide skilled workers for employers in critical industries
4. Contribute to high-quality, life-long learning experiences
5. Use our resources to move the larger system to achieve Board-established results
6. Meet the requirements of our funding sources
7. Find additional revenue to support Board results

Result #1 More Competitive Employers

For Workforce Solutions	2014	2015	2016	2017	2018
Number of the region's employers who use Workforce Solutions	25,147	25,452	22,000	22,000	23,000

Percentage of the region's employers using Workforce Solutions as repeat customers	58%	62%	60%	60%	60%
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Result #2 A Better-Educated Workforce

For the Regional Workforce System	2014	2015	2016	2017	2018
Percentage of the region's population (25 years and older) holding an education credential	80.0%	80.0%	81.0%	82.0%	82.0%

Percentage of the region's population (25 years and older) holding a post-secondary degree	35.0%	35.0%	37.0%	37.0%	38.0%
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Percentage of those pursuing an education credential who earn one	21.0%	21.0%	22.0%	22.0%	23.0%
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Percentage of students enrolled in the 9th through 12th grades earning a high school diploma	21.0%	21.0%	21.0%	21.0%	21.0%
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	2014	2015	2016	2017	2018
Percentage of those enrolled in adult basic education who earn a GED	79%	79%	79%	79%	79%
Percentage of students enrolled in post-secondary institutions earning a certificate or degree	18.00%	18.00%	19.00%	20.00%	21.00%
Percentage of students earning post-secondary certificates or degrees who hold credentials in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board	32.0%	32.5%	34.5%	35.0%	35.5%

For Workforce Solutions

	2014	2015	2016	2017	2018
Percentage of resident customers pursuing an education credential who earn one.	73%	70%	72%	74%	74%
Percentage of resident customers enrolled in post-secondary education who earn certificate/degree	82%	83%	84%	84%	85%

Result # 3 More and Better Jobs - Job Creation

For the Regional Workforce System	2014	2015	2016	2017	2018
Total number of individuals employed.	2.75M	2.81M	2.87M	2.93M	2.99M

For Workforce Solutions	2014	2015	2016	2017	2018
Number of new jobs created as a direct result of Workforce Solutions' partnering with other business organizations	2,700	2,800	3,000	3,200	3,300

Percentage of new jobs created with employers in industries targeted by the Gulf Coast Workforce Board as a direct result of Workforce Solutions' partnerships	75%	75%	75%	75%	75%
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Percentage of new jobs created in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board as a direct result of Workforce Solutions' partnerships with employers	45%	45%	45%	45%	45%
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Result # 3 More and Better Jobs - Employment

For the Regional Workforce System	2014	2015	2016	2017	2018
Percentage of those employed who are working for employers in industries targeted by the Gulf Coast Workforce Board	27.5%	27.7%	28.3%	28.4%	28.6%

Percentage of those employed who are working in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board	19.3%	19.4%	16.8%	16.9%	16.9%
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For Workforce Solutions	2014	2015	2016	2017	2018
Percentage of resident customers employed after leaving Workforce Solutions	72%	73%	75%	76%	76%

Percent of resident customers unemployed at entry who are employed after leaving Workforce Solutions	70%	71%	73%	74%	74%
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Percentage of resident customers employed after leaving Workforce Solutions, also employed in both consecutive quarters	81%	81%	82%	82%	83%
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Percentage of resident customers employed in the quarter beginning services from Workforce Solutions	62%	62%	63%	64%	65%
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Result # 4 Higher Incomes

For Workforce Solutions	2014	2015	2016	2017	2018
Percentage of resident customers with earnings gains of at least 20 percent after leaving Workforce Solutions	35%	35%	36%	36%	37%
Percentage of resident customers employed with earnings gains after leaving Workforce Solutions	44%	44%	45%	45%	46%

The Regional Workforce System

A Results, Measures, Baselines,
And Targets Framework

THE FAMILY OF SYSTEM MEASURES

Gulf Coast Workforce Board

Updated August 2016

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Background

The Gulf Coast Workforce Board is accountable for leading and governing the regional workforce system in the 13-county Gulf Coast region of Texas. It is the one and only workforce board in the region and one of its primary responsibilities is strategic planning.

The results, measures, baselines, and targets that follow are products of the Gulf Coast Workforce Board's most recent strategic planning effort. Along with statements of the Board's core values, mission, and vision, they set the policy framework governing the regional workforce system. This system comprises both Workforce Solutions, that part of the system directly funded by the Board, and the larger workforce system, which falls within the Board's sphere of influence but outside its direct control. Because the workforce system's collective resources dwarf those controlled by the Board, it faces an enormous challenge: to set the direction and focus for all workforce activities in the region, regardless of how they are funded, and to use its limited resources as leverage to nudge the larger system, the one outside its direct control, to achieve Board-established results.

A daunting task under any circumstances, moving the bigger system would be impossible without a strategic plan that clearly describes and precisely quantifies what results the Board expects the regional workforce system to achieve. For this reason, the Gulf Coast Workforce Board's strategic plan is different from most others; it has to function as a management tool for the Board and its staff.

Values, mission, and vision statements introduce the regional workforce board and explain what its members value most, why they exist as a board, and where they want the regional workforce system to be at some point in the future. Nothing new here, these are the components of every weighty strategic plan ever written and then shelved or stacked somewhere, but the Gulf Coast Workforce Board's strategic plan goes further.

First, it states the Board's expected results in general terms that can be easily communicated to and supported by the entire community, not just those operating within traditional workforce professions. Second, it establishes measures, baselines, and targets (long-term and annual) that support the Board's desired results. Third, it identifies industries and high-skill, high-growth occupations that are critical to the region's economic future, and invests the bulk of the resources it controls to help employers in these industries solve their chronic labor shortages. Finally, it strongly encourages all education, training, and employment organizations in the regional workforce system — not just those controlled by the Board — to use Board-adopted industries and occupations lists to guide all their education, training, and job-finding activities.

In so doing, the plan strategically quantifies not only what the system currently produces, but also what the Board wants the system to be producing in 2018. Thus the Gulf Coast Workforce Board's strategic plan has become a tool for managing the regional workforce system. Board and staff will both use it to drive the regional workforce system toward five clear and highly desirable results:

- #1 more competitive employers
- #2 a better-educated workforce
- #3 more and better jobs
- #4 higher incomes

Contents

What follows is:

- A list of the outcome measures for managing the Gulf Coast workforce system (Section A)
- A description of the family of measures which gives details about each measure, baseline, and long-term target (Section B)
- Detailed documentation of the information sources and methodology used to develop each measure identified in Section B (Section C)
- A set of annual targets that align with the measures, baselines, and targets in the previous section (Section D)
- Lists of the targeted industries and high-skill, high-growth occupations adopted by the Gulf Coast Workforce Board (Appendices 1 and 2)

Definitions

Regional Workforce System — all private and public efforts dedicated to improving employer competitiveness, building a better-educated workforce, bringing more and better jobs and greater employment opportunities to the region, and improving the incomes of Gulf Coast individuals

Gulf Coast Workforce Board — the leadership and governing board for the regional workforce system

Workforce Solutions — that part of the regional workforce system directly funded by the Gulf Coast Workforce Board

Strategic plan — a management tool developed by the Gulf Coast Workforce Board and its corporate staff to drive all workforce activities in the region through 2018

Base year — the year used to set baselines and, indirectly, performance targets; defined as calendar year 2012 (or any 12-month period ending in 2012) except in a limited number of cases where either 2012 was an atypical year or new measures required board staff to develop supporting data before a baseline could be established

Notes

Measuring results. There are a total of 23 measures in the current family of outcome measures with Board-established baselines and performance targets: 10 for the system and 13 for Workforce Solutions. These measures are listed in Section A and those of strategic interest to the Board are clearly highlighted. The same measures are described in Section B, documented in Section C, and given annual targets in Section D.

The Board believes this family of 23 measures will move the regional workforce system to meet or exceed the performance expectations of its funding sources, and focus clearly on solving the workforce problems of its employer and individual customers.

Setting baselines and targets. It is important to note that staff is not tracking a cohort of individuals over time, whether they be enrollees or graduates of educational institutions or employees in the workforce. Rather, staff set baselines and targets (long-term and annual) by looking at the system's performance over time and at performance levels at different points in time. When, for example, analysts looked at the number of high-school enrollees and graduates in a given year and then considered the same numbers for a succeeding year, they were not tracking the same students.

Rounding the numbers. In many cases staff rounded the numbers for baselines and targets to make them easier to handle, so they will not exactly match the numbers given in the measures documentation in Section C. Especially when considering long-term targets, staff decided rounded numbers are best. Unless otherwise noted, the base year for all measures is 2012.

Section A
OUTCOME MEASURES

OUTCOME MEASURES FOR MANAGING THE REGIONAL WORKFORCE SYSTEM

For The Regional Workforce System in 2018

Education

- Percentage of the region's population (25 and older) holding an education credential ¹
- Percentage of the region's population (25 and older) holding a post-secondary degree
- Percentage of those pursuing an education credential who earn one
- Percentage of students enrolled in the 9th through 12th grades earning a high school diploma
- Percentage of those taking a GED who earn one
- Percentage of students enrolled in post-secondary institutions earning a certificate or degree
- Percentage of students earning post-secondary certificates or degrees in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board

Job Creation

- Total employment, number of new jobs created in the region

Employment

- Percentage of individuals employed working for employers in industries targeted by the Gulf Coast Workforce Board
- Percentage of individuals employed working in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board

¹ Shaded performance measures are Board-level measures; all others are staff-level measures.

For Workforce Solutions in 2018

Market Share

- Percentage of the region's employers using Workforce Solutions

Customer Loyalty

- Percentage of the region's employers using Workforce Solutions as repeat customers

Education

- Percentage of Workforce Solutions' individual customers pursuing an education credential who earn one
- Percentage of Workforce Solutions' individual customers enrolled in post-secondary education who earn a certificate or degree

Job Creation

- Number of new jobs created with employers as a direct result of Workforce Solutions partnering with other business organizations
- Percentage of new jobs created, as a direct result of Workforce Solutions partnering with business organizations, will be with employers in industries targeted by the Gulf Coast Workforce Board
- Percentage of new jobs created ,as a direct result of Workforce Solutions partnering with business organizations, will be with employers in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board

Employment

- Percentage of individual customers employed after leaving Workforce Solutions
- Percentage of individual customers employed in the quarter they enter the Workforce Solutions system
- Percentage of individual customers, unemployed at entrance, employed after leaving Workforce Solutions
- Percentage of individual customers, employed after leaving Workforce Solutions, also employed in both consecutive quarters

Income

- Percentage of individual customers with earnings gains of at least 20 percent after leaving Workforce Solutions
- Percentage of Workforce Solutions' individual customers employed with earnings gains after leaving Workforce Solutions

Section B
RESULTS, MEASURES, BASELINES, AND
TARGETS FRAMEWORK 2014 – 2018

The Family of System Measures

Regional Workforce System

RESULTS, MEASURES, BASELINES, AND TARGETS FRAMEWORK 2014 – 2018

The Family of System Measures

Measures and Targets

For the Regional Workforce System	For Workforce Solutions
<p>Education Credentials</p> <p>By 2018,</p> <ul style="list-style-type: none"> — 23 percent of those pursuing an education credential will earn one (<i>Target represents 169,557 individuals earning an education credential of some type, 23 percent over the 2012 level of 137,839, or an increase of some 31,718 people.</i>) — 38 percent of the region’s population 25 years and older will hold a post-secondary degree (<i>Target represents 1.7 million individuals with a post-secondary degree, 27.6 percent over the 2012 level of 1.32 million, or an increase of some 365,715 people.</i>) — 82 percent of the region’s population 25 years and older will hold an education credential (<i>Target represents 3.65 million individuals with an education credential, approximately 18.4 percent more than the 2012 level of 3.08 million or an increase of some 565,740 people.</i>) 	<p>Education Credentials</p> <p>By 2018,</p> <ul style="list-style-type: none"> — 74 percent of Workforce Solutions individual customers pursuing an education credential will earn one. (<i>Target represents 1,546 individuals with an education credential, approximately 3 percent more than the 2012 level of 1,396 or an increase of some 150 people.</i>) — 85 percent of Workforce Solutions individual customers enrolled in post-secondary education will earn a certificate or degree (<i>Target represents 1,333 individual customers earning a post-secondary credential, 2 percent over the 2012 level of 1,227, or an increase of some 106 people.</i>)

Measures and Targets

For the Regional Workforce System*	For Workforce Solutions
<p>Education Credentials (continued)</p> <p>By 2018,</p> <ul style="list-style-type: none"> —21 percent of students enrolled in the 9th through 12th grades will earn a high school diploma <i>(Target represents 73,403 individuals earning a high school diploma, 4.9 percent over the 2012 level of 70,004, or an increase of some 3,399 people.)</i> —79 percent of those who take the GED will earn one <i>(Target represents 8,591 individuals earning a GED, 38.2 percent over the 2012 level of 6,217, or an increase of some 2,374 people.)</i> —21 percent of students enrolled in post-secondary institutions will earn a certificate or degree <i>(Target represents 79,126 individuals earning a post-secondary credential, 28.4 percent over the 2012 level of 61,618, or an increase of some 17,508 people.)</i> —36 percent of students earning post-secondary certificates or degrees will hold credentials in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board <i>(Target represents 24,077 individuals earning credentials in fields preparing them for jobs in high-skill, high-growth occupations, 24.9 percent over the 2010 level of 19,279, or an increase of some 4,798 people.)</i> 	<p>Employment</p> <p>By 2018,</p> <ul style="list-style-type: none"> — 76 percent of the individual customers will be employed after leaving Workforce Solutions <i>(Target represents 289,250 individuals who leave the system and will become employed. This is approximately 5 percent more than the 2012 level of 256,132 or an increase of some 33,118 people.)</i> — 64 percent of individual customers will be employed in the quarter they enter the Workforce Solutions system <i>(Target represents 231,445 individual customers employed in the quarter they entered the system, a 4 percent increase over the 2012 level of 202,440, or an increase of 29,005 individuals.)</i> — 74 percent of the individual customers, unemployed at entrance, will be employed after leaving Workforce Solutions <i>(Target represents 246,482 individual customers, who were unemployed when they entered the system, leaving the system and employed in the quarter after the exit quarter, 29,725 more customers or a 5 percent increase over the 2012 level of 216,575.)</i> — 83 percent of the individuals customers who are employed after leaving the system will also be employed in both consecutive quarters <i>(Target represents 191,358 individual customers, who are employed after leaving the system, will also be employed in both quarters after the exit quarter, 16,131 more customers or a 2 percent increase over the 2012 level of 175,227.)</i>

Measures and Targets

For the Regional Workforce System	For Workforce Solutions
<p>Job Creation By 2018,</p> <ul style="list-style-type: none"> — 3.0 million individuals will be employed in the region, reflecting the creation of 365,000 new jobs <i>(Target represents an increase of 365,000 more jobs, or increase of 13.8 percent over 2012.)</i> <p>Employment By 2018,</p> <ul style="list-style-type: none"> — 28.6 percent of individuals employed will be working for employers in industries targeted by the Gulf Coast Workforce Board <i>(Target represents an increase of 186,432 individuals employed in industries targeted by the Gulf Coast Workforce Board, 26.1 percent over 2010 levels of 669,660 people.)</i> — 16.9 percent of individuals employed will be working in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board <i>(Target represents an increase of 34,860 individuals employed in high-skill, high-growth jobs targeted by the Gulf Coast Workforce Board, a 6.9 percent increase over 2010 levels of 472,120 people.)</i> 	<p>Job Creation By 2018,</p> <ul style="list-style-type: none"> — 2,000 new jobs will be created as a direct result of Workforce Solutions partnering with other business organizations <i>(Target represents the same number of jobs created as in 2012.)</i> — 75 percent of the new jobs created, as a result of Workforce Solutions partnering with business organizations, will be with employers in industries targeted by the Gulf Coast Workforce Board <i>(Target represents an increase of 15.4 percent over 2012, or an increase of 407 jobs created in our key industries in 2018.)</i> — 45 percent of the new jobs created, as a result of Workforce Solutions partnering efforts, will be with employers in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board <p>Market Share By 2018,</p> <ul style="list-style-type: none"> — 26,367 of the region’s employers will use Workforce Solutions <i>(Target represents an increase of 1,525 employer customers or about 6 percent over the 2013 level of 24,842.)</i>

Measures and Targets

For the Regional Workforce System	For The Workforce Solutions
	<p>Customer Loyalty</p> <p>By 2018,</p> <ul style="list-style-type: none"> — 65 percent of employers using Workforce Solutions will be repeat customers <i>(Target represents 13,159 employers using the system as repeat customers, 5.89 percent over the 2013 level of 11,290, or an increase of some 1,869 employer customers.)</i> <p>Income</p> <p>By 2018,</p> <ul style="list-style-type: none"> — 37 percent of individual customers will have earnings gains of at least 20 percent after leaving Workforce Solutions. <i>(Target represents 146,189 individual customers who have earnings gains of at least 20 percent, a 4.14 percent increase over the 2012 level of 122,477, or an increase of 23,712 people with earnings gains of at least 20 percent.)</i> — 46 percent individual customers, who are employed, will have earnings gains after leaving The Workforce Solutions. <i>(Target represents 181,748 individual customers who have earnings gains in the second and third quarters after the exit quarter, a 3.25 percent increase over the 2012 level of 159,338, or an increase of 22,410 people.)</i>

Section C
MEASURES DOCUMENTATION

For the Regional Workforce System

BOARD MEASURE

Education 2014 — 2018 (a stock measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 82 percent of the region's population (25 years and older) will hold an education credential.	80 percent	82 percent

PRIMARY DATA SOURCES

There are two primary sources of information: the U.S. Census Bureau's 2011 3-year American Community Survey and the Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario. Information is available anytime from either source. The American Community Survey is conducted annually, and results are available approximately nine months after the end of the calendar year surveyed.

METHODOLOGY: SETTING THE BASELINE AND TARGET

We used the US Census Bureau's 2011 American Community Survey (ACS) to estimate the education level of the Gulf Coast region's population 25 years of age and older for the 2011 base year. This is the best source of timely information on education levels of the region's population available anywhere.

The American Community Survey includes all those with a high school diploma, GED or post-secondary degree.

To set the baseline for this measure we identified those individuals 25 years of age and older in the counties surveyed who were at least high school graduates, had obtained a GED, or completed a post-secondary degree at the time of the 2011 survey. We used this number (3,081,641) as the numerator. For the denominator, we again looked at the 2011 ACS survey which estimates there are 3,824,824 people, aged 25 years and older, living in the six counties. Numerator divided by the denominator equals 80.57 percent. We rounded to 80 percent.

To set the 2018 performance target for this measure, we used population projections developed by the Texas State Data Center. The Data Center estimates there will 4,448,025 people 25 years of age and older living in the Gulf Coast Region in 2018.

We then multiplied that number (4,448,025) by our target (80 percent) to calculate the number of people (25 years of age and older) in the region that we expect to have an education credential (high school diploma, GED or post-secondary degree) in 2018. That number is 3,558,420, some 476,779 individuals more than 2012. *Target increased to 82 percent based on improved performance.*

This target is based on past trends and new strategies Workforce Solutions and its education partners will employ in the future.

SUPPORTING INFORMATION

The American Community Survey excludes those who have earned recognized certificates other than a GED, and therefore somewhat understates the number of residents with some type of education credential. The 2011 American Community Survey included all 13 counties in the region.

For the Regional Workforce System

BOARD MEASURE

Education 2014 — 2018 (a stock measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 38 percent of the region's population (25 years and older) will hold a post-secondary degree.	35 percent	38 percent

PRIMARY DATA SOURCES

There are two primary sources of information: the U.S. Census Bureau's 2011 3-year American Community Survey and the Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario. Information is available anytime from either source. The American Community Survey is conducted annually, and results are available approximately nine months after the end of the calendar year surveyed.

METHODOLOGY: SETTING THE BASELINE AND TARGET

We used the US Census Bureau's 2011 American Community Survey (ACS) to estimate the education level of the Gulf Coast region's population 25 years of age and older for the 2012 base year. This is the best source of timely information on education levels of the region's population available anywhere.

As with the measure above, the American Community Survey includes all those with a high school diploma, GED or post-secondary degree. For this measure, we count only those with a post-secondary degree, and this measure is a subset of the previous one that measures the percentage of the population with a high-school (or equivalent) or higher credential.

To set the baseline for this measure, we identified those individuals 25 years of age and older who had a post-secondary degree (an Associate, Bachelor's, Master's, Professional or Doctorate Degree) at the time of the 2011 survey. This number, 1,324,535, is our numerator.

Then, we used the ACS survey to estimate the total population 25 years of age and older and used this as our denominator. Numerator divided by denominator equals 34.6 percent. We rounded to 35 percent.

To set the 2018 performance target for this measure, we used population projections developed by the Texas State Data Center to estimate the number of people 25 years and older 2018, 4,448,025 people. We then multiplied that number (4,448,025) by our target (36 percent) to calculate the number of people (25 years of age and older) in the region that we expect to have a post-secondary degree in 2018. That number is 1,601,289, some 276,754 individuals above 2012 levels. *Target increased to 38 percent based on improved performance.*

This target is based on past trends and new strategies Workforce Solutions and its education partners will employ in the future.

SUPPORTING INFORMATION

The American Community Survey excludes those who have earned recognized certificates other than a GED and therefore somewhat understates the number of residents with some type of education credential. The 2011 American Community Survey included all 13 counties in the region.

For the Regional Workforce System

BOARD MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 23 percent of those pursuing an education credential will earn one.	20 percent	23 percent

PRIMARY DATA SOURCES

This measure is a composite of three more detailed measures that follow.

METHODOLOGY: SETTING THE BASELINE AND TARGET

We calculate the numerator for this measure by summing the number of individuals who obtain educational credentials in three categories: 1) students enrolled in 9th through 12th grades who earn high school diplomas from public schools including public charter schools; 2) individuals who earn a GED; and 3) students who earn certificates or degrees from public and private post-secondary institutions. The denominator is the sum of the individuals in the corresponding groups who were enrolled in the institutions and programs leading to credentials. Again, these groups are: 1) students enrolled in 9th through 12th grades in public schools including charter schools; 2) people taking GED tests; and 3) people enrolled in public or private post-secondary institutions. In contrast to the two measures regarding the total percentage of adults with education credentials above, this measure includes those earning occupation-specific credentials.

The percentage for this measure seems relatively low because we intentionally compare the number of people earning various credentials to the total number of people, that is, everyone pursuing those credentials. For example, the number of people graduating from high school is compared to the total number of people enrolled in high school, not just the number enrolled in 12th grade.

We calculated the baseline as the sum of those earning a high school diploma from a public institution (70,004) plus those earning a GED (6,217) plus those earning a post-secondary certificate or degree from either a public or private institution (61,618). We calculate a numerator of 137,839. We then calculated a denominator by summing the number of high school enrollments (330,271) plus those taking the GED test (9,629) plus those enrolled in post-secondary schools (340,989). The denominator is 685,027. The numerator (137,839) divided by the denominator (685,027) equals 20.12 percent. We rounded to 20 percent.

We calculated the 2018 target using the same formula by adding up each of the three denominators for projected for the next three sub-measures: Percentage of students enrolled in the 9th through 12th grades

earning a high school diploma; Percentage of individuals taking a GED that will earn one; Percentage of students enrolled in post-secondary institutions earning a certificate or degree. For 2018 this was $349,537 + 10,875 + 376,791 = 737,203$. The target number of individuals pursuing an educational credential for 2018 was 21% of 737,203 or 154,813. *Target increased to 23 percent based on improved performance.*

In tracking this data for the performance year —either baseline, long-term target, or any of the intervening years —enrollment data is for the fall semester of the academic year. Graduation data is for the entire academic year. For example, for the 2006 base year fall 2005 enrollments are compared to graduations for the period September 1, 2005, through August 31, 2006.

Adult basic education and GED data are reported for a calendar year.

SUPPORTING INFORMATION

This measure also includes those earning recognized certificates.

As used here, the term “pursuing an education credential” includes students enrolled in public high schools and public or private post-secondary institutions as well as those who are sign-up to take the GED. We include private career schools, colleges and universities in the totals for post-secondary institutions.

Measures of those earning high-school diplomas do not include those enrolled in or graduating from private schools.

For the Regional Workforce System

STAFF MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 21 percent of students enrolled in the 9 th through 12 th grades will earn a high school diploma.	21 percent	21 percent

PRIMARY DATA SOURCES

There are two primary sources of information for this measure: the Texas Education Agency (TEA) and Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario.

The latest public school enrollment data is available anytime on line from TEA at <http://www.tea.state.tx.us/adhocrpt/>. The latest population estimates are available anytime on line from the Texas State Data Center at <http://txsdc.utsa.edu/>

Information on enrollments and graduates for the latest academic year is available in March the following calendar year. Population projections from the Texas State Data Center are updated as new information becomes available, not on a regular schedule.

METHODOLOGY: SETTING THE BASELINE AND TARGET

We calculated the baseline for this measure by dividing the number of students graduating in academic year 2010-2011 from public secondary schools in the 13-county Gulf Coast region (numerator = 70,004) by the number of students enrolled in the 9th through the 12th grades in that same academic year (denominator = 330,271). Numerator divided by the denominator equals 21.2 percent. We rounded to 21 percent.

We calculated the 2018 performance target by, first, estimating public school enrollments in the 9th through 12th grade based on population projections from the Texas State Data Center. The Data Center estimates the number of people 18 years and under will increase by 5.5% from 2012 (our base year) to 2018 (our target year). Applying this growth rate to the base year denominator (330,271), we estimate the number of enrollments in 2018 (the 2017-2018 academic year) to be 349,537. We then multiplied that number (349,537) by our target (21 percent) to determine the number of those enrollees who will graduate in 2018 (73,403), some 3,399 additional graduates above the 2012 level.

This target is based on 1) past trends in enrollments and graduations, 2) an assessment of the impact of recent changes in public education policy in Texas, particularly as it relates to graduation requirements, 3)

changing demographics of public school enrollees, and 4) new strategies Workforce Solutions and its education partners will employ in the future.

SUPPORTING INFORMATION

The baseline and target percentages are low because we are comparing the number of graduates to enrollments in the 9th through the 12th grade for a given performance year. We believe that it is a much stronger measure of secondary school performance and accountability than simply comparing number of graduates to number enrolled in the 12th grade only.

For the Regional Workforce System

STAFF MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 79 percent of those taking a GED will earn one.	65 percent	79 percent

PRIMARY DATA SOURCES

There are two primary sources of information for this measure: a special report prepared for Workforce Solutions by the Texas Education Agency, and Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario. The GED information is only available by special request from TEA. Data on the number of people who take and pass the GED exam is available in March for the previous calendar year. Source: Ronald Heinrich 512-475-3541

METHODOLOGY: SETTING THE BASELINE AND TARGET

The year 2012 was an atypical year of results. The baseline for this measure was determined by dividing the number of people earning a GED by the number of people taking a GED. Although the baseline is shown as 65 percent a more realistic value is from 2013, 78.74%. However, the numerator for 2012 is 6,217 and the denominator is 9,629. Numerator divided by denominator equals a 64.57 percent rate. We rounded to 65 percent. The decision was made to target at the level of 79%, the active success rate of year 2011 and 2013.

We estimated the number of people who will take the GED in 2018. First, we calculated the ratio of people taking the GED (9,629) to the total population in 2012 (divided by 6,111,697 or .1576%). We applied this ratio to the Texas State Data Center's population projection for the region in 2018 (6,902,553) to yield an estimate of the number of people who will take the GED in 2018, or 10,875 people. We then multiplied this number by our target for 2018 (79 percent) to estimate the number of people we expected to earn the GED or 8,591 people, some 1,038 more than the base. Annual targets are based from the year 2013 to 2018 since the year 2012 was atypical.

This target is based on past trends, consultation with GED experts at the local, state, and national levels, and strategies Workforce Solutions and its education partners will employ in the future.

SUPPORTING INFORMATION

The TEA contact is Ronald Heinrich 512-475-3541, Ronald.Heinrich@tea.state.tx.us.

For the Regional Workforce System

STAFF MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 21 percent of students enrolled in post-secondary institutions will earn a certificate or degree.	18 percent	21 percent

PRIMARY DATA SOURCES

There are two primary sources of information for this measure: the National Center for Education Statistics (NCES) and the Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The 2012 baseline for this measure was determined by dividing the number of graduates (certificate or degrees granted in post-secondary institutions) during the 2010 – 2011 academic year by the number of people enrolled in the fall 2010 semester. According to data from the NCES, there were 61,618 graduates (the numerator) and 340,989 people enrolled (the denominator). Numerator divided by denominator equals a 18.07 percent graduation rate. We rounded this 18 percent.

The percentage of students enrolled in post-secondary institutions earning a certificate or degree has held steady around 18 percent for the last three years and the decision was made to try and maintain this level of completion.

To develop specific targets for 2018, we first estimated the number of people in our region that will be in enrolled in post-secondary institutions in 2018 (376,791), details below. We then set a target that 18 percent will earn a post-secondary credential in the target year. This target (18 percent) translates into 67,822 individuals, some 6,650 more people than the 2012 baseline. *Target increased to 21 percent based on improved performance.*

As with public secondary schools, the performance year in higher education is an academic year. Enrollment data for that year is the fall semester. Graduation data includes anyone earning a recognized certificate or post-secondary degree for that academic year. For example, for the 2012 base year, fall 2010 enrollments are compared to graduations for that academic year (September 1, 2010, through August 31, 2011).

Note: "Post-secondary institutions" refers to both public and private institutions in the region. We only count occupation-specific certificates.

SUPPORTING INFORMATION

A few of the independent schools in our region, such as the South Texas College of Law, are not included here, as data for them was not available.

Key Steps in the Process

For projections, staff used the Texas Higher Education Coordinating Board (THECB) enrollment projections from a publication entitled Enrollment Forecasts 2013-2020, Texas Institutions of Higher Education, published in January, 2013.

(<http://www.thecb.state.tx.us/reports/PDF/2964.PDF?CFID=35000351&CFTOKEN=54060917>).

THECB projects enrollments in public college and universities in our region to increase by 11.4% for the eight years between 2012 and 2020. We applied a simple growth rate to the actual number of enrollments obtained from the NCES ($340,989 * 1.114$) to determine the estimated enrollment in 2020 (388,727). From here we determined the estimated enrollment in 2018 ($340,989 + (6 * 5,967)$) to be 376,791.

Key staff contacts are Janice McIver at THECB (512) 427-6298, Nancy Ward at ICUT (512) 472-9522, Michael DeLong (512) 936-3100 and Kevin McClary (512) 936-9260 at TWC Career Schools.

For the Regional Workforce System

STAFF MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 36 percent of individuals earning post-secondary certificates or degrees will hold credentials in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board.	31 percent	36 percent

PRIMARY DATA SOURCE

There are three primary sources of information for this measure: the National Center for Education Statistics (NCES) Integrated Post-Secondary Data System (IPEDS) using the Peer Analysis Tool, 2011 (Academic Year 2010-2011); the Texas State Data Center's Population Projections for 2010-2050 obtained from their website April 2013, half the rate of the 2000-2010 Scenario; and the list of high-skill, high-growth occupations developed by Workforce Solutions and adopted by the Gulf Coast Workforce Board (copy in appendix 2).

Information from IPEDs, is always available, but not user friendly. Currently, IPEDs data is available two years after the end of the performance period. We used August 2010 through September 2011 data for the 2012 base year.

Population Data from the Texas State Data Center and the list of high-skill, high-growth occupations are available anytime. Both are updated regularly.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The baseline for this measure was computed by dividing the number of individuals earning post-secondary certificates or degrees in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board by the number of individuals earning post-secondary certificates or degrees in the performance year 2011 (academic year 2010-2011 in this case). The numerator for the 2012 base year is 19,279, and the denominator is 61,618. Numerator divided by denominator equals 31.29 percent. We rounded to 31 percent.

To determine the number of certificates or degrees in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board we cross walked the targeted, high-skill, high-growth occupations classified by SOC codes (Standard Occupational Classification) to CIP codes (the Classification of Instructional Programs), using a crosswalk found at the National Center for Education Statistics (NCES) <http://nces.ed.gov/ipeds/cipcode/resources.aspx?y=55>. We found all of the CIP codes

that aligned with the Board’s high-skill, high-growth occupations. We went to the National Center for Education Statistics’ (NCES) online education database called IPEDS (Integrated Post-Secondary Education Data System), the source dataset for this measure. IPEDS is a system that collects data from post-secondary educational institutions. The cohort includes post-secondary institutions - public community colleges, universities & technical school, private universities & colleges, and proprietary schools. Schools receiving federal financial aid are required to provide data to NCES. Other schools may voluntarily provide information. Schools can self-report data using IPEDS or it may be collected through a survey. All the data is then made available to users through IPEDS.

IPEDS recognizes 11 types of certificates or degrees, and we extracted data for all eleven. IPEDS provides several data elements for the number of completers. We selected “Grand Total”. For each CIP code, we extracted the number of people who earned any of the various types of certificates or degrees.

To calculate the data we first extracted data for all CIP codes for all institutions designated in our region. The direct steps to do this change frequently with upgrades to the IPEDS interface.

To calculate the denominator, we counted the number of completions for all CIP codes (61,618). To calculate the numerator we counted the total number of completions for CIP codes that crosswalk with HS HG occupations, (19,279).

The 2018 performance target was determined by projecting the number of individuals likely to earn post-secondary credentials in fields preparing them for jobs in the targeted, high-skill, high-growth occupations. We first used the same methodology of estimating the number of students earning post-secondary certificates or degrees in the Gulf Coast Region as used in the previous target: To develop specific targets for 2018, we first estimated the number of people in our region that will be enrolled in post-secondary institutions in 2018 (376,791), details in prior target explanation. We then set a target that 18 percent will earn a post-secondary credential in the target year. This target (18 percent) translates into 67,822 individuals, some 6,650 more people than the 2012 baseline. We applied our target of 34% to project some 23,060 individuals will earn post-secondary credentials in fields preparing them for jobs in the targeted, high-skill, high-growth occupations in 2018 (in this case, academic year 2017-2018). *Target increased to 35.5 percent rounded to 36 percent based on new targeted industries approved in 2015.*

This target is set based on past trends and new strategies Workforce Solutions, its contractors and education partners will employ in the future.

SUPPORTING INFORMATION

Post-secondary institutions include all public and private institutions in the Gulf Coast region.

IPEDS is not a user-friendly system; Staff contact at NCES is Frank Morgan 202.502.7413.

For the Regional Workforce System

BOARD MEASURE

Job Creation 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 3.0 million individuals will be employed, reflecting the creation of 300,000 new jobs	2.6 million	3.0 million

PRIMARY DATA SOURCE

The Texas Workforce Commission's Labor Market and Career Information Department is the primary source of data - the Quarterly Census of Covered Employment and Wages series (covered employment) and Long-term Employment Projections (2010-2020). Covered employment data is gathered quarterly. Data is released six to eight months after the end of the subject quarter. Long-term (10 year) employment projections by industry and occupation are done every 2 years. This information is available anytime at <http://www.tracer2.com>.

METHODOLOGY: SETTING THE BASELINE AND TARGET

TWC estimates covered employment for the first quarter of 2012 at 2,635,696, and we used this as our baseline.

We calculated the performance target for 2018 by developing annual projections of first quarter covered employment through 2018. To do this, we increased the actual reported employment estimate for 2012 (2,635,696) by TWC's long-term employment growth rate for 2010 to 2020 (22.7% or 59,830 jobs per year) to get projected first quarter covered employment for 2018 (2,994,676).

Note: We used first quarter employment for each calendar year because it is generally accepted as the most accurate quarter for estimating employment for a year.

SUPPORTING INFORMATION

See projections of employment on the following table.

**Gulf Coast Workforce Region
Total Employment**

Year	1st Quarter Covered Employment	Covered Employment Projection Source	Year Over Year Change
2010	2,499,053	Actual	
2011	2,551,290	Actual	52,237
2012	2,635,696	Actual	84,406
2013	2,695,526	1	59,830
2014	2,755,356	1	59,830
2015	2,815,186	1	59,830
2016	2,875,016	1	59,830
2017	2,934,846	1	59,830
2018	2,994,676	1	59,830
Total Chg 2012-2018			358,980

Source for projected change in covered employment

1. Based on long-term employment projections from Texas Workforce Commission LMCI Department. (2.27% annual change or 59,830 jobs per year)

Prepared by Workforce Solutions 04.24.13

BOARD MEASURE:

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 74 percent of individual customers pursuing an education credential will earn one.	71 percent	74 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. Data is complete within 30 days after the end of the performance period.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes Workforce Solutions customers expected to earn an education credential as a result of assistance from Workforce Solutions. We include customers seeking several types of education credentials: 1) high school diploma from either public or private institutions, 2) a high school equivalency degree and, 3) certificate or degree from public or private post-secondary institutions. We do not count continuing education units as education credentials.

We calculated the baseline by dividing the number of individual customers earning one or more of the above education credentials by the end of the first quarter after exit (1,396) by the number of individual customers pursuing an education credential (1,971) for the period July 2011 through June 2012 timeframe, or 70.83%. We rounded this to 71%.

We project 2,089 customers will pursue an education credential in the period July 2017 through June 2018.

SUPPORTING INFORMATION

None.

STAFF MEASURE

Education 2014 — 2018 (a flow measure)

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 85 percent of individual customers enrolled in post-secondary institutions will earn a certificate or degree.	83 percent	85 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. Data is complete within 30 days after the end of the performance period.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes customers enrolled in public or private post-secondary institutions who earn certificates or degrees.

We calculated the baseline for this measure by dividing the number of individual customers receiving service from Workforce Solutions who are enrolled in post-secondary institutions and earn a certificate or degree by the end of the first quarter after exit (1,227) by the number of individual customers enrolled in post-secondary institutions (1,479) during the period July 2011 through June 2012 timeframe, or 82.96%. We rounded to 83%.

We project a new denominator of 1,568 customers for the period July 2017 through June 2018 will pursue a post-secondary education credential.

Note: “Post -secondary institutions” refer to both public and private institutions in the region. The only certificates counted here are occupation specific.

SUPPORTING INFORMATION

Students counted here as enrolled in post-secondary education are those pursuing occupation-specific certificates or degrees. Those enrolled in short-term, pre-vocational training (i.e., adult basic education, keyboarding, English as a second language, and computer software training) useful for multiple occupations are excluded from this measure.

The numbers here include all individual customers found in TWIST who are receiving post-secondary education services, regardless of the funding source that financed those services they received. Specifically, we included customers in TWIST who received occupational skills training or upgrading services. Information on those earning post-secondary certificates or degrees came from performance outcome data.

For the Regional Workforce System

STAFF MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 28.6 percent of individuals employed will be working for employers in industries targeted by the Gulf Coast Workforce Board.	26.8 percent	28.6 percent

PRIMARY DATA SOURCE

The Texas Workforce Commission's Labor Market and Career Information Department is the primary source of data - the Quarterly Census of Covered Employment and Wages series (covered employment) and Long-term Employment Projections (2010-2020). Covered employment data is gathered quarterly. Data is released six to eight months after the end of the subject quarter. Long-term (10 year) employment projections by industry and occupation are done every 2 years. This information is available anytime at <http://www.tracer2.com>.

We augment this information with the Workforce Solutions list of targeted industries adopted by the Gulf Coast Workforce Board (copy in appendix 1). This list is available anytime, and regularly reviewed and updated, as needed.

METHODOLOGY: SETTING THE BASELINE AND TARGET

To estimate our baseline for 2010, we used the Texas Workforce Commission's estimate of first quarter covered employment and employment by industry, the list of industries targeted by the Gulf Coast Workforce Board, and their associated North American Industrial Classification System (NAICS) codes.

TWC estimates covered employment for the first quarter of 2010 at 2,499,053 (denominator) and the number of people employed in the Board's targeted industries at 669,660 (numerator). We calculated numerator divided by denominator to be 26.8 percent for our baseline.

We calculated the performance target for 2018 by first, developing annual projections of first quarter covered employment through 2018. To do this, we increased the actual reported employment estimate for 2013 (2,635,696) forward by TWC's long-term employment growth rate for 2010 to 2020 (22.7% or 59,830 jobs per year) to get projected first quarter covered employment for 2018 (2,994,676).

Note: We used first quarter employment for each calendar year because it is generally accepted as the most accurate quarter for estimating employment for a year.

To calculate total employment in the targeted industries for 2018, we used TWC’s projected long-term employment growth rate for the targeted industries (3.31% annual change or 22,168 jobs per year) and increased our 2010 baseline by this amount. We estimate employment in our targeted industries in 2018 at 847,004.

With this done, we were able to estimate that 2,994,676 individuals will be employed in 2018, 847,004 of whom will be working with employers in the targeted industries. The numerator (847,004) divided by the denominator (2,994,676) is 28.3 percent. We rounded to 28 percent for our 2018 target. **Target increased to 28.6 percent based on new targeted industries approved in 2015.**

SUPPORTING INFORMATION:

See projections of employment and employment in targeted industries on the following table.

**Gulf Coast Workforce Region
Employment in Targeted Industries**

Year	1st Quarter Covered Employment	Covered Employment Projection Source	Employment in Targeted Industries	Net New Jobs Created in Targeted Industries	Targeted Industry Projection Source	Percent Employed in Industries Targeted by the GCWB
2010	2,499,053	Actual	669,660		Actual	26.8%
2011	2,551,290	Actual	691,828	22,168	2	27.1%
2012	2,635,696	Actual	713,996	22,168	2	27.1%
2013	2,695,526	1	736,164	22,168	2	27.3%
2014	2,755,356	1	758,332	22,168		27.5%
2015	2,815,186	1	780,500	22,168		27.7%
2016	2,875,016	1	802,668	22,168		27.9%
2017	2,934,846	1	824,836	22,168		28.1%
2018	2,994,676	1	847,004	22,168		28.3%

1. Annual growth based on 2010-2020 long-term employment projections from Texas Workforce Commission LMCI Department (22.7% growth from 2010-2020).

2. Based on long term employment projections for targeted industries by Texas Workforce Commission LMCI Department (3.31% annual change or 22,168 jobs per year).

Prepared by Workforce Solutions 04.23.2013

For the Regional Workforce System

STAFF MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 16.9 percent of those employed will be working in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board.	18.9 percent	16.9 percent

PRIMARY DATA SOURCE

The Texas Workforce Commission's Labor Market and Career Information Department is the primary source of data - the Quarterly Census of Covered Employment and Wages series (covered employment) and Long-term Employment Projections (2010-2020). Covered employment data is gathered quarterly. Data is released six to eight months after the end of the subject quarter. Long-term (10 year) employment projections by industry and occupation are done every 2 years. This information is available anytime at <http://www.tracer2.com>.

We augment this information with the Workforce Solutions list of high-skill, high growth occupations adopted by the Gulf Coast Workforce Board (copy in appendix 1). This list is available anytime, and regularly reviewed and updated, as needed.

METHODOLOGY: SETTING THE BASELINE AND TARGET

To estimate our baseline for 2010, we used the Texas Workforce Commission's estimate of first quarter covered employment and employment by industry, the list of high-skill, high-wage occupations targeted by the Gulf Coast Workforce Board, and their associated Standard Occupation Codes (SOC).

TWC estimates covered employment for the first quarter of 2010 at 2,499,053 (denominator) and the number of people employed in the Board's targeted occupations at 472,120 (numerator). We calculated numerator divided by denominator to be 18.9 percent and for 2014 to be 19.3 percent.

We calculated the performance target for 2018 by first, developing annual projections of first quarter covered employment through 2018. To do this, we increased the actual reported employment estimate for 2012 (2,499,053) by TWC's long-term employment growth rate for 2010 to 2020 (22.7% or 59,830 jobs per year) to get projected first quarter covered employment for 2018 (2,994,676).

Note: We used first quarter employment for each calendar year because it is generally accepted as the most accurate quarter for estimating employment for a year.

To calculate total employment in the targeted occupations for 2018, we used TWC's projected long-term employment growth rate for the targeted occupations (3.19% annual change or 15,080 jobs per year) and increased our 2010 baseline by this amount. We estimate employment in our targeted industries in 2018 at 592,760.

With this done, we were able to estimate that 2,994,676 individuals will be employed in 2018, 592,760 of whom will be working in occupations targeted by the Board. The numerator (592,760) divided by the denominator (2,994,676) is 19.8 percent. *Target revised to 16.9 percent based on new targeted occupations approved in 2015.*

SUPPORTING INFORMATION

See projections of employment and employment in high-skill, high-growth occupations on the following table.

**Gulf Coast Workforce Region
Employment in Targeted, High-Skill, High-Growth Occupations**

Year	1st Quarter Covered Employment	Covered Employment Projection Source	Employment in Targeted Occupations (High Skill)	Targeted Occupations Projection Source	Percent of Those Employed Working in High-Skill Occupations Targeted by the GCWB
2010	2,499,053	Actual	472,120	Actual	18.9%
2011	2,551,290	Actual	487,200	2	19.1%
2012	2,635,696	Actual	502,280	2	19.1%
2013	2,695,526	1	517,360	2	19.2%
2014	2,755,356	1	532,440	2	19.3%
2015	2,815,186	1	547,520	2	19.4%
2016	2,875,016	1	562,600	2	19.6%
2017	2,934,846	1	577,680	2	19.7%
2018	2,994,676	1	592,760	2	19.8%
Net Jobs Created 2010-2018			120,640		

1. Based on long term employment projections from Texas Workforce Commission LMCI Department (2.27% annual change or 59,830 per year)
2. Based on long term employment projections for targeted occupations by Texas Workforce Commission LMCI Department (3.19% annual change or 15,080 jobs per year).
3. Estimated.

Prepared by Workforce Solutions April 23 2013

BOARD MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 76 percent of individual customers will be employed after leaving Workforce Solutions.	71 percent	76 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes Workforce Solutions customers with a Participation Exit during the performance period who are employed in Post Quarter 0 or Post Quarter 1. Data includes customer with valid social security number and does not include customers with valid exclusion reasons.

We calculated the baseline by dividing the number of individual customers leaving Workforce Solutions service and employed by the first quarter after exit (256,132) by the number of individual customers who exited Workforce Solutions’ service (359,049) for the period October 1, 2011 through September 30, 2012 timeframe, or 71.3%. We rounded to 71 percent.

We project a new denominator of 380,592 customers will exit during the period October 2017 through September 2018.

SUPPORTING INFORMATION

This measure purposefully disregards whether customers were employed or unemployed when they began receiving services for Workforce Solutions, or why or how they exited the system.

STAFF MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 65 percent of individual customers will be employed in the quarter entering Workforce Solutions.	61 percent	65 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes Workforce Solutions customers who receive their first service in the performance period who are employed in the quarter they received their first service. Data includes customer with valid social security number and does not include customers with valid exclusion reasons.

We calculated the baseline by dividing the number of individual customers who received a first service and were employed during the entrance quarter (202,440) by the total number of individual customers who received a first service (335,915) during that same quarter for the period April 1, 2012 through March 30, 2013 timeframe, or 60.6%. We rounded to 61 percent.

We project 356,070 customers will exit during the period April 2017 through March 2018.

SUPPORTING INFORMATION

None

STAFF MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 74 percent of individual customers, unemployed at entry, will be employed after leaving Workforce Solutions.	69 percent	74 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each or measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes Workforce Solutions customers who come to us as unemployed and are employed in Post Quarter 0 or Post Quarter 1 after they stop receiving services. Data includes customer with valid social security number and does not include customers with valid exclusion reasons.

We calculated the baseline by dividing the number of Workforce Solutions individual customers who were unemployed at entry and were employed by the first quarter after exit (216,757) by the number of individual customers who exited Workforce Solutions' service (314,230) for the period October 1, 2011 through September 30, 2012 timeframe, or 68.9 %. We rounded to 69 percent.

We project a new denominator of 333,084 customers unemployed at entry for the period October 2017 through September 2018.

SUPPORTING INFORMATION

None.

STAFF MEASURE

Employment 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 83 percent of individual customers employed after leaving Workforce Solutions will also be employed in both consecutive quarters.	81 percent	83 percent

PRIMARY DATA SOURCES

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

This measure includes Workforce Solutions customers who are employed in the first quarter after Participation Exit who are also employed in Post Quarter 2 and Post Quarter 3 after Participation Exit. **Data includes customer with valid social security number and does not include customers with valid exclusion reasons.**

We calculated the baseline by dividing the number of individual customers leaving Workforce Solutions service and employed in both the second and third quarters after exit (175,227) by the number of individual customers who exited Workforce Solutions’ service and were employed in the quarter after exit (217,502) for the period April 1, 2011 through March 31, 2012 timeframe, or 80.6 %. We rounded to 81 percent.

We project a new denominator of 230,552 customers who are employed at exit for the period from April 2017 through March 2018.

SUPPORTING INFORMATION

None.

BOARD MEASURE

Job Creation 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 3,300 new jobs per year will be created as a direct result of Workforce Solutions partnering with other business organizations.	2,646	3,300

PRIMARY DATA SOURCE

The primary source for information is internal reports of partnering activity resulting in new jobs created by Workforce Solutions. This information is reported quarterly. Annual reports are available 30 days after the end of the calendar year.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The baseline is estimated at 2,646. We commit to a long-term target for 2018 of 3,300 jobs.

Note: This measure is computed as a two-year moving average. Thus, the 2018 target of 3,300 jobs will be the average of the total number of jobs created in 2017 and 2018. It counts only those jobs directly created as a result of partnerships between Workforce Solutions staff and employers considering expanding, starting a new business, or relocating an existing business to the region. It does not include the other jobs created as a result, the so called “ripple” or “multiplier” effect of the initial jobs created.

Workforce Solutions may establish these partnerships independently or in concert with chambers of commerce, economic development entities, or other employer groups in the region.

These partnerships need not be formal, but they must constitute more substantive involvement on Workforce Solutions’ part than simply attending meetings, serving on committees, or making generic presentations. To qualify as *partnering*, Workforce Solutions’ involvement must include working individually or as part of a team to recruit a specific employer to the region, help an employer expand an existing business in the region or start a new one, or put together the workforce component of an incentive package that results in new jobs for the region, regardless of the source of financing for the component.

SUPPORTING INFORMATION

We do not count jobs created because an employer changed location within the 13-county region, nor do arrangements to help employers fill existing job openings.

STAFF MEASURE

Job Creation 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 75 percent of the new jobs created, as a direct result of Workforce Solutions partnering with business organizations, will be with employers in industries targeted by the Gulf Coast Workforce Board.	60 percent	75 percent

PRIMARY DATA SOURCE

There are two primary sources for information on this measure: Workforce Solutions’ internal reports of partnering activity directly resulting in new jobs created, and its list of Board-adopted targeted industries (copy in appendix 1). Information on the number of new jobs created by partnering activities is reported quarterly. Annual reports are available 30 days after the end of the calendar year. The Board’s list of targeted industries is available at any time. It is regularly reviewed and updated when appropriate.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The baseline is estimated at 60 percent. We commit to a long-term target of 75 percent.

Note: This measure counts only those jobs directly created as a result of partnerships between Workforce staff and employers considering expanding, starting a new business, or relocating an existing business to the region. It does not include the other jobs created as a result, the so called “ripple” or “multiplier” effect of the initial jobs directly created.

SUPPORTING INFORMATION

None.

STAFF MEASURE

Job Creation 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 45 percent of the new jobs created, as a direct result of Workforce Solutions partnering with business organizations, will be in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board.	47 percent	45 percent

PRIMARY DATA SOURCE

There are two primary sources of information for this measure: Workforce Solutions’ internal reports of partnering activity directly resulting in new jobs created, and its list of Board-adopted high-skill, high-growth occupations (copy in appendix 2). Information on the number of new jobs created by partnering activities is reported quarterly. Annual reports are available 30 days after the end of the calendar year. The Board’s list of high-skill, high-growth occupations is available at any time. It is regularly reviewed and updated when appropriate.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The baseline is estimated at 47 percent. We commit to a long-term target of 45 percent based on fluctuation of the workforce.

SUPPORTING INFORMATION

None.

BOARD MEASURE

Market Share 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 26,367 of the region’s employers will use Workforce Solutions.	24,842	26,367

PRIMARY DATA SOURCE

The primary source of information for this measure is TWIST. Workforce Solutions service to employers are reported through TWIST Web reports. Data is available any time.

METHODOLOGY: SETTING THE BASELINE AND TARGETS

We count the number of employer reporting units that received one or more of the following services from Workforce Solutions in the reporting period. An employer reporting unit is an employer site unduplicated by zip code. For example, each Wal-Mart is one employer reporting unit unless there are more than one Wal-Mart in the same zip code.

Employer Services:

- taking job postings
- providing specialized testing to job seekers on behalf of an employer
- performing employer site recruitment
- job fairs
- providing employer meeting or interview space
- providing customized or incumbent worker training
- entering into a subsidized/unpaid employer agreement
- providing rapid response
- job development, or
- other service provided to employers for a fee

During the timeframe of October 1, 2012 through September 30, 2013, Workforce Solutions provide one or more of these services to 24,842 employers.

We commit to working with 26,367 employers by 2018.

This commitment is based on past trends and current strategies Workforce Solutions and its contractors will employ to increase employer participation.

SUPPORTING INFORMATION

None.

BOARD MEASURE

Customer Loyalty 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 65 percent of employers using Workforce Solutions will be repeat customers.	59 percent	65 percent

PRIMARY DATA SOURCE

The primary source of information for this measure is TWIST. Workforce Solutions services to employers are reported through TWIST Web reports. Data is available any time.

METHODOLOGY: SETTING THE BASELINE AND TARGET

The denominator for this measure is an unduplicated count of employer reporting units who meet:

- employer reporting units that received services from Workforce Solutions’ in the prior performance year (October 1, 2011 through September 30, 2012) plus
- employer reporting units that did not receive services from Workforce Solutions in the prior performance year but did receive multiple services at least 90 days apart in the performance year (October 1, 2012 through September 30, 2013)

We will not count an employer reporting unit more than once. We estimate this to be 19,099 employers.

The numerator includes an unduplicated count of employer reporting units:

- received a Workforce Solutions’ service in the prior performance year who also received a Workforce Solutions’ service in the current performance year (October 1, 2012 through September 30, 2013) plus
- the number of times an employer reporting unit did not receive services from Workforce Solutions in the prior performance year but did receive multiple services at least 90 days apart in the current year (October 1, 2012 through September 30, 2013) We estimate this number to be 11,290.

We will not count an employer reporting unit more than once. We estimate this to be 19,099 employers.

We include all employer reporting units that receive one of the following services in the reporting period

- taking job postings
- providing specialized testing to job seekers on behalf of an employer

- performing employer site recruitment
- job fairs
- providing employer meeting or interview space
- providing customized or incumbent worker training
- entering into a subsidized/unpaid employer agreement
- providing rapid response
- job development, or
- other service provided to employers for a fee

We calculated the baseline for this measure by dividing the numerator by the denominator, or 11,290 divided by 19,099, 59.1 percent. We rounded to 59 percent for our baseline.

We commit that 65 percent of these employers will be repeat customers during the period Oct 1, 2017 through September 30, 2018.

SUPPORTING INFORMATION

None.

BOARD MEASURE

Income 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 37 percent of individual customers will have earnings gains of at least 20 percent after leaving Workforce Solutions.	33 percent	37 percent

PRIMARY DATA SOURCES

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

For this measure, we compare second-quarter-after-exit earnings to earnings two quarters prior to entrance. Data includes customer with valid social security number and does not include customers with valid exclusion reasons.

We calculated the baseline by dividing the number of individual customers leaving Workforce Solutions' services that had earnings gains of at least 20 percent in the second quarter after exit compared to the second quarter before entrance (122,477) by the number of individual customers who exited Workforce Solutions' service (372,740) for the period April 1, 2011 through March 31, 2012 timeframe or 32.9%. We rounded to 33 percent.

We project a new denominator of 395,104 customers will exit during the period April 2016 through March 2017.

SUPPORTING INFORMATION

We used Common Measure customer data. We selected all customers who exited during the report period.

STAFF MEASURE

Income 2014 — 2018

Quantifiable Measure	Baseline	Long-Term Target
By 2018, 46 percent of individual customers will have earnings gains after leaving Workforce Solutions.	43 percent	46 percent

PRIMARY DATA SOURCE

The primary data source of information for this measure is TWIST. We extract data from the TWIST database using ad hoc software (InfoMaker). TWIST data is available anytime. We use Unemployment Insurance data to determine if and when a customer is employed. Unemployment Insurance data is received every quarter (employers are required to report quarterly), and is considered mature about nine months after each measurement quarter.

METHODOLOGY: SETTING THE BASELINE AND TARGET

For this measure, we compare second and third quarter after exit earnings to earnings for the second and third quarters before the entrance quarter. Data includes customer with valid social security number and does not include customers with valid exclusion reasons.

We calculated the baseline by dividing the number of individual customers leaving Workforce Solutions' service that had earnings gains in the second and third quarters after exit compared to the second and third quarters before entrance (159,338) by the number of individual customers who exited (372,740) for the period April 1, 2011 through March 31, 2012 timeframe, or 42.8%. We rounded to 43 percent.

We project a new denominator of 395,104 customers will exit during the period April 2016 through March 2017.

SUPPORTING INFORMATION

We used Common Measure customer data. We selected all customers who exited during the report period.

Section D
ANNUAL PERFORMANCE TARGETS

EDUCATION CREDENTIALS

For the Regional Workforce System

	2014	2015	2016	2017	2018
Percentage of the region's population (25 and older) holding an education credential ^{1, 2}	80%	80%	81%	82%	82%
Percentage of the region's population (25 and older) holding a post-secondary degree ²	35%	35%	37%	37%	38%
Percentage of those pursuing an education credential who earn one ²	21%	21%	22%	22%	23%
Percentage of students enrolled in the 9 th through 12 th grades earning a high school diploma ²	21%	21%	21%	21%	21%
Percentage of those taking a GED will earn one ²	79%	79%	79%	79%	79%
Percentage of students enrolled in post-secondary institutions earning a certificate or degree ²	18%	18%	19%	20%	21%
Percentage of students earning post-secondary certificates or degrees in fields preparing them for jobs in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board ²	32%	32.5%	34.5%	35.0%	35.5%

¹ Shaded performance measures are Board-level measures; others are staff-level measures.

² Baseline year is 2006

EDUCATION CREDENTIALS

For Workforce Solutions

	2014	2015	2016	2017	2018
Percentage of Workforce Solutions individual customers pursuing an education credential who earn one	73%	70%	72%	74%	74%
Percentage of Workforce Solutions' individual customers enrolled in post-secondary education who earn a certificate or degree	82%	83%	84%	84%	85%

JOB CREATION

For the Regional Workforce System

	2014	2015	2016	2017	2018
Total number of individuals employed	2.75 M	2.81 M	2.87 M	2.93 M	2.99M

For Workforce Solutions

	2014	2015	2016	2017	2018
Number of new jobs created as a direct result of Workforce Solutions' partnering with other business organizations	2,700	2,800	3,000	3,200	3,300
Percentage of new jobs created with employers in industries targeted by the Gulf Coast Workforce Board as a direct result of Workforce Solutions' partnership efforts	75%	75%	75%	75%	75%
Percentage of new jobs created with employer in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board as a result of Workforce Solutions' partnership efforts	45%	45%	45%	45%	45%

EMPLOYMENT

For the Regional Workforce System

	2014	2015	2016	2017	2018
Percentage of employed working for employers in industries targeted by the Gulf Coast Workforce Board ³	27.5%	27.7%	28.3%	28.4%	28.6%
Percentage of employed working in high-skill, high-growth occupations targeted by the Gulf Coast Workforce Board ³	19.3%	19.4%	16.8%	16.9%	16.9%

EMPLOYMENT

For Workforce Solutions

	2014	2015	2016	2017	2018
Percentage of individual customers employed after leaving Workforce Solutions	72%	73%	75%	76%	76%
Percent of individuals Workforce Solutions customers employed in entrance quarter	62%	63%	63%	64%	65%
Percentage of Workforce Solutions' individual customers, unemployed at entrance, employed after leaving Workforce Solutions	70%	71%	73%	74%	74%
Percentage of Workforce Solutions' individual customers employed after leaving Workforce Solutions, also employed in both consecutive quarters	81%	81%	82%	82%	83%

³ Baseline year is 2004

MARKET SHARE

For Workforce Solutions

	2014	2015	2016	2017	2018
Region's employers using Workforce Solutions	25,147	25,452	25,757	22,000	22,000

CUSTOMER LOYALTY

For Workforce Solutions

	2014	2015	2016	2017	2018
Percentage of the region's employers using Workforce Solutions as repeat customers	58%	62%	63%	60%	60%

INCOME

For Workforce Solutions

	2014	2015	2016	2017	2018
Percentage of individual customers with earnings gains of at least 20 percent after leaving Workforce Solutions	35%	35%	36%	36%	37%
Percentage of Workforce Solutions' individual customers employed with earnings gains after leaving Workforce Solutions	44%	44%	45%	45%	46%

Appendix 1
TARGETED INDUSTRIES

GULF COAST WORKFORCE REGION

Targeted Industries ¹

Selected Three and Four-Digit Industries Grouped by Three-Digit NAICS Codes Ranked by Number of Employees in First Quarter of 2014

NAICS	Industry Title	1st Qtr 2014 Employment	4-Digit % of 3-Digit Totals	# of Units With 100 Employees or More	Employment Growth				Avg Wkly Wages ³
					Annual Averages		Absolute	Percent	
					2012	2022	Change ²	Change	
611	Educational Services	272,022	100.0%	406	277,420	347,680	70,260	25.3	\$1,137
6111	Elementary & Secondary Schools, Public/ Private	189,066	69.5%	371	182,450	234,000	51,550	28.3	\$1,039
541	Professional and Technical Services	209,681	100.0%	228	196,760	246,040	49,280	25.0	\$1,895
5413	Architectural, Engineering, and Related Services	71,801	34.2%	90	66,130	85,370	19,240	29.1	\$2,118
5415	Computer Systems Design & Related Services	29,621	14.1%	17	26,970	35,990	9,020	33.4	\$2,051
5416	Management, Scientific, & Technical Consulting Services	33,317	15.9%	31	28,950	37,500	8,550	29.5	\$2,097
	Oil and Natural Gas Extraction and Manufacturing	221,128	100.0%	164	190,010	247,990	57,980	30.1	\$3,029
211	Oil and Gas Extraction	54,136	24.5%	22	53,930	75,160	21,230	39.4	\$5,125
213	Support Activities for Mining	51,228	23.2%	45	47,400	59,400	12,000	25.3	\$2,736
324	Petroleum and Coal Products Manufacturing	10,100	4.6%	13	12,200	14,210	2,010	16.5	\$3,453
3251	Basic Chemical Manufacturing	21,415	9.7%	29	20,810	24,250	3,440	16.5	\$2,950
3329	Other Fabricated Metal Product Manufacturing	42,869	19.4%	23	14,920	20,160	5,240	35.1	\$1,372
3331	Agriculture, Construction, and Mining Machinery Manufacturing	41,380	18.7%	32	40,750	54,810	14,060	34.5	\$2,306
	Health Services	117,448	100.0%	154	124,140	163,010	38,870	31.3	\$1,325
6211	Offices of Physicians	47,213	40.2%	25	46,410	63,310	16,900	36.4	\$1,535
6221	General Medical & Surgical Hospitals, Public/Private	70,235	59.8%	129	77,730	99,700	21,970	28.3	\$1,200
	Specialty Construction	111,657	100.0%	89	107,140	139,100	31,960	29.8	\$1,464
2382	Building Equipment Contractors	42,869	38.4%	66	39,510	50,960	11,450	29.0	\$1,095
2362	Nonresidential Building Construction	39,817	35.7%	9	38,420	48,460	10,040	26.1	\$1,758
2371	Utility System Construction	28,971	25.9%	14	29,210	39,680	10,470	35.8	\$1,575
	Totals (for the above targeted industries)	774,038	n/a	916	725,790	942,960	217,170	29.9	\$1,898
	Total All Industries Public and Private	2,829,930	n/a	3,553	2,987,190	3,699,620	712,430	23.8	\$1,306

1. Criteria used to identify the targeted industries:

- Industries with a projected employment growth of at least 5,000 new jobs from 2012-2022 (an average of 500 jobs per year)
- Industries with projected employment growth rate equal to or greater than the average growth rate for all industries in the region for the period 2012 to 2022. (≥23.8%)
- Industries with an average weekly wage equal to or greater than the average weekly wage of all occupations (\$954)

2. Absolute changes do not represent total demand for labor because they do not reflect demand due to turnover.

3. Employment and average weekly wage information is from the first quarter 2014 ES-202 data based on employers' employment and wage reports to Texas Workforce Commission. Average weekly wages for NAICS 611, 6111, and 6113 are based on a 9 month year.

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HIGH-SKILL, HIGH-GROWTH OCCUPATIONS

GULF COAST WORKFORCE REGION

High-Skill, High-Growth Jobs Targeted by the Gulf Coast Workforce Board^{1,2}

SOC	Occupational Title	Employment Growth				Annual Average Job Openings			Median Hrly Wage 2013
		Annual Averages 2012	2022	Absolute Change	Percent Change	Growth	Replacement	Total	
Educational Services									
25-2000	Primary, Secondary, & Special Education School Teachers	90,900	119,620	28,720	31.6%	2,870	2,155	5,025	25.16 ⁶
21-1012	Educational, Vocational, & School Counselors	5,200	6,490	1,290	24.8%	130	110	240	26.82
Specialty Construction									
51-4121	Welders, Cutters, Solderers, and Brazers ⁵	17,210	21,730	4,520	26.3%	450	420	870	18.36
47-2111	Electricians	14,560	18,220	3,660	25.1%	365	275	640	22.46
47-2152	Plumbers, Pipefitters, & Steam fitters	10,450	13,000	2,550	24.4%	255	130	385	24.68
49-9021	Heating, Air Conditioning, & Refrigeration Mechanics & Installers	6,270	7,880	1,610	25.7%	160	160	320	19.84
13-1051	Cost Estimators	4,430	5,880	1,450	32.7%	145	140	285	31.42
49-3042	Mobile Heavy Equipment Mechanics, Except Engines	4,600	5,810	1,210	26.3%	120	135	255	22.36
Oil and Natural Gas Extraction and Manufacturing									
17-2000	Engineers ³	51,930	67,890	15,960	30.7%	1,590	1,325	2,915	59.04 ⁶
49-9041	Industrial Machinery Mechanics	11,290	16,270	4,980	44.1%	500	325	825	23.15
51-4041	Machinists	12,850	17,700	4,850	37.7%	485	295	780	19.88
47-5013	Service Unit Operators, Oil, Gas, & Mining ²	8,570	11,030	2,460	28.7%	245	345	590	20.10
51-8093	Petroleum Pump System Operators, Refinery Operators, & Gaugers ²	6,470	7,570	1,100	17.0%	110	240	350	31.72
19-2042	Geoscientists, Ex. Hydrologists & Geographers	5,010	6,600	1,590	31.7%	160	150	310	74.83
51-8091	Chemical Plant and System Operators ⁵	3,460	3,960	500	14.5%	50	130	180	33.00
19-4041	Geological & Petroleum Technicians ²	2,720	3,510	790	29.0%	80	100	180	30.15
17-3023	Electrical and Electronics Engineering Technicians ²	4,140	4,930	790	19.1%	80	85	165	30.85
Health Services									
29-1141	Registered Nurses	45,160	58,710	13,550	30.0%	1,355	875	2,230	36.27
29-2061	Licensed Practical & Licensed Vocational Nurses	15,100	19,400	4,300	28.5%	430	370	800	21.69
29-10XX	Doctors and Dentists ⁴	13,890	17,550	3,660	26.3%	360	345	705	74.83 ⁶
29-2071	Medical Records & Health Information Technicians	3,970	5,190	1,220	30.7%	120	105	225	17.97
29-2011	Medical & Clinical Laboratory Technologists ²	3,230	4,060	830	25.7%	85	85	170	27.92
29-1123	Physical Therapists	2,780	3,690	910	32.7%	90	70	160	41.18
29-2034	Radiologic Technologists & Technicians ²	3,250	4,290	1,040	32.0%	105	45	150	25.71
29-1127	Speech-Language Pathologists	2,810	3,650	840	29.9%	85	40	125	32.04
29-1126	Respiratory Therapists ²	2,610	3,400	790	30.3%	80	40	120	27.02
29-1122	Occupational Therapists	5,640	6,940	1,300	23.0%	55	25	80	36.40

SOC	Occupational Title	Employment Growth				Annual Average Job Openings			Median Hrly Wage 2013
		Annual Averages 2012	2022	Absolute Change	Percent Change	Growth	Replacement	Total	
	Professional and Technical Services								
15-1121	Computer Systems Analysts	10,760	14,380	3,620	33.6%	360	170	530	43.58
15-1133	Software Developers, Systems Software	7,750	9,890	2,140	27.6%	215	100	315	46.38
15-1142	Network and Computer Systems Administrators ²	8,320	10,260	1,940	23.3%	195	130	325	42.83
15-1132	Software Developers, Applications	9,590	12,140	2,550	26.6%	255	125	380	45.59
	Other								
13-2011	Accountants & Auditors	30,940	38,400	7,460	24.1%	745	915	1,660	33.70
23-2011	Paralegals & Legal Assistants	5,580	7,300	1,720	30.8%	170	90	260	25.95

Notes

1. High-skill jobs targeted by the Gulf Coast Workforce Board are those that offer the best employment opportunities for Gulf Coast residents now and in the immediate future.

Criteria used to identify these occupations are:

- Projected employment for 2022 equal to or greater than the average for all occupations in the region. ($\geq 4,796$)
- Projected growth rate equal to or greater than the average of all occupations in the region. ($\geq 23.8\%$)
- Minimum education requirements of a postsecondary degree or certificate, long-term on-the-job training or work experience in a related occupation.
- Median hourly wages equal to or greater than the median for all occupations in the region. ($\geq \$17.26$)

2. Occupations from the prior year list meeting three of the four qualifying criteria and projected to have at least 50 percent of their 2022 employment in those industries targeted by the Gulf Coast Workforce Board have been retained.

3. Engineers includes: Chemical, Civil, Computer Hardware, Electrical, Electronic, Industrial, Mechanical, Petroleum and others.

4. Doctors and Dentists includes: Dentists, Family & General Practitioners, Pediatricians, Internists, Surgeons, and others.

5. Other occupations meeting some but not all of the above criteria have also been included based on the best regional labor market intelligence available. Employers can petition to have other occupations added or deleted as labor market conditions change.

6. Average hourly wage. Median wage not available.

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Gulf Coast Workforce Board
System Performance
October 2015 to August 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 22,964 employers through August 2016	25,757	22,964	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 24,108 employers, 13,201 returned to Workforce Solutions for additional services through August 2016	63%	54.8%	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 June 2016.	3,000	1,289	2,446
<u>Customers employed by the 1st Qtr. after exit</u> 242,213 of the 301,601 customers who exited service in the three quarters ending September 2015 were employed by the quarter after exit.	75%	80.3%	78.1%

Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Earnings Gains of at least 20%</u> 97,494 of the 291,672 customers who exited in the three quarters ending March 2015 had earnings gains of at least 20%.	36.0%	33.4%	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> 1,351 of 1,837 customers pursuing an education diploma, degree or certificate attained a diploma, degree or certificate by the end of the quarter after exit. Data is from July 2015 through March 2016.	62%	73.5%	70.1%

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 53.4%. Our performance through May 2016 was 45.9%.
- Youth Literacy/ Numeracy - The target for this measure is 53%. Our performance through June 2016 was 44.4%.

These are measures for the Adult Education and Literacy funded services. The performance period began July 1, 2016.

- Total enrollments are the number of individuals who begin an adult education class. There is no target.
- 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.
- Integrated English Language and Civics courses will be integrated with some workforce training that result in a job and/or certificate/credential.

	Target	Year to Date Actual
<i>Total Enrollments</i>	N/A	5,007
<i>12+ Hour Enrollments</i>	19,131	4,386
<i>Transitions</i>	883	276
<i>Career Pathways</i>	807	73
<i>Integrated English Language & Civics Ed.</i>	665	0

**GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
For the Eight Months Ended August 31, 2016**

	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
WORKFORCE REVENUES				
WORKFORCE REVENUES	211,862,043	141,241,362	138,938,587	2,302,775
WORKFORCE EXPENDITURES				
BOARD ADMINISTRATION	5,271,849	3,514,566	3,396,589	117,977
SYSTEM IT	360,000	240,000	251,696	(11,696)
EMPLOYER SERVICES	8,249,167	5,499,445	5,323,593	175,852
RESIDENT SERVICES	197,981,027	131,987,351	129,966,709	2,020,642
OFFICE OPERATIONS	38,975,400	25,983,600	24,823,127	1,160,473
FINANCIAL AID	142,444,115	94,962,743	95,417,854	(455,111)
SPECIAL PROJECTS	1,841,900	1,227,933	1,103,917	124,016
ADULT EDUCATION	14,719,612	9,813,075	8,621,811	1,191,264
TOTAL WORKFORCE EXPENDITURES	211,862,043	141,241,362	138,938,587	2,302,775

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
AUGUST 2016 Employment Data

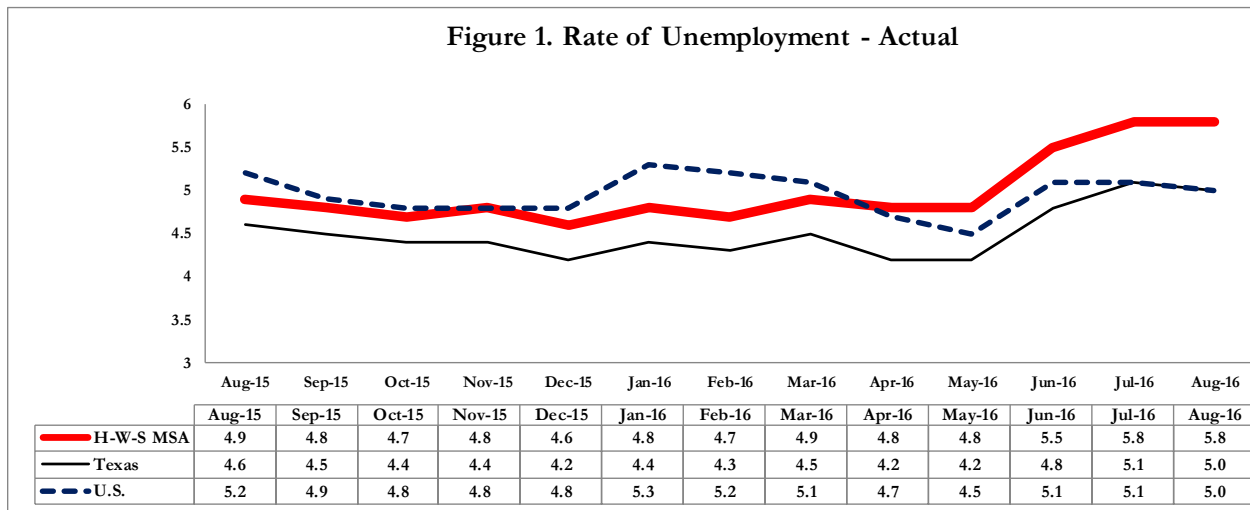
HOUSTON-THE WOODLANDS-SUGAR LAND METROPOLITAN STATISTICAL AREA

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The rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) was unchanged at 5.8 percent in August, eight-tenths of a percentage point higher than 5.0 percent at the state and national level. While the total civilian labor force has risen by 60,625 since August 2015, the number of unemployed has risen by 33,267 driving the rate of unemployment up nine-tenths of a percentage point from one year earlier.

Unemployment Rate (Actual)

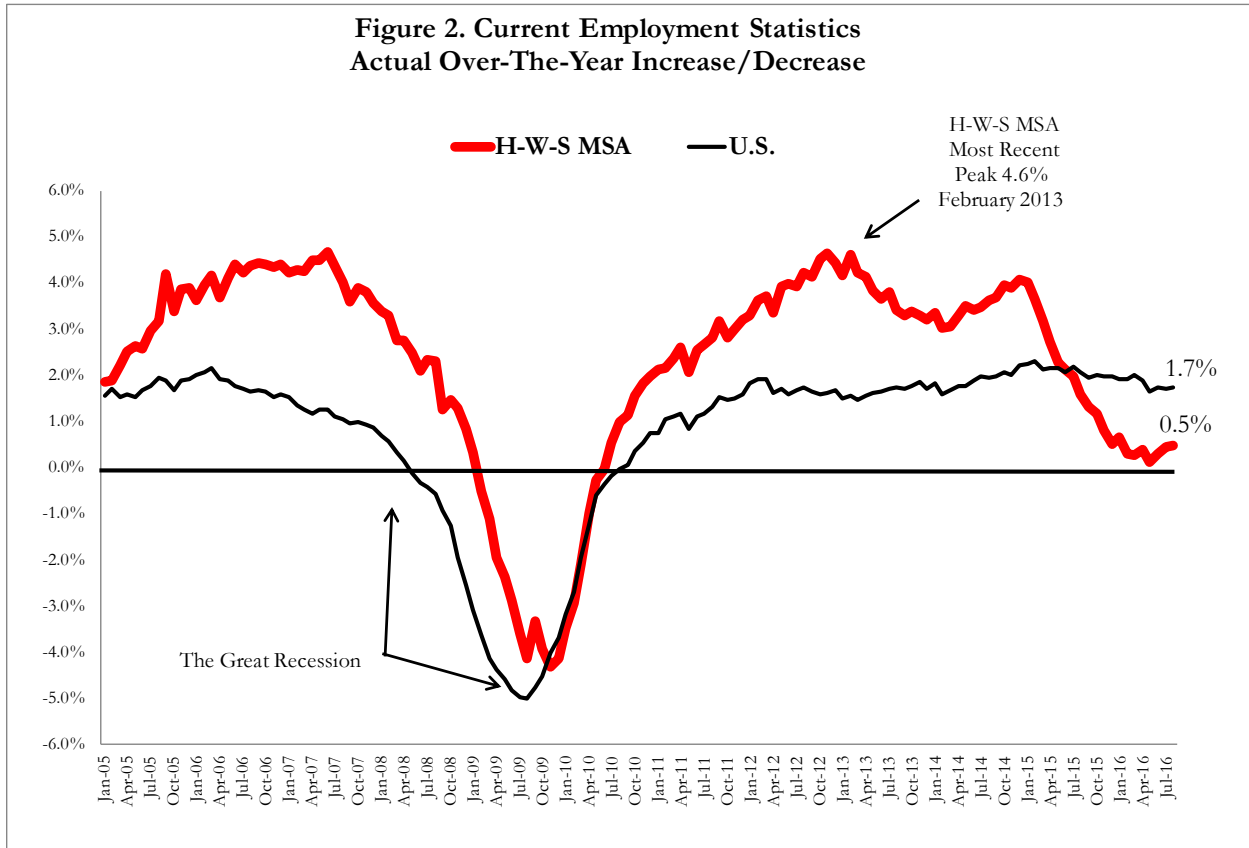
	AUG 2016	JUL 2016	AUG 2015
Civilian Labor Force	3,306,384	3,311,453	3,245,759
Total Employed	3,115,342	3,120,249	3,087,984
Unemployed	191,042	191,204	157,775
Unemployment Rate	5.8%	5.8%	4.9%



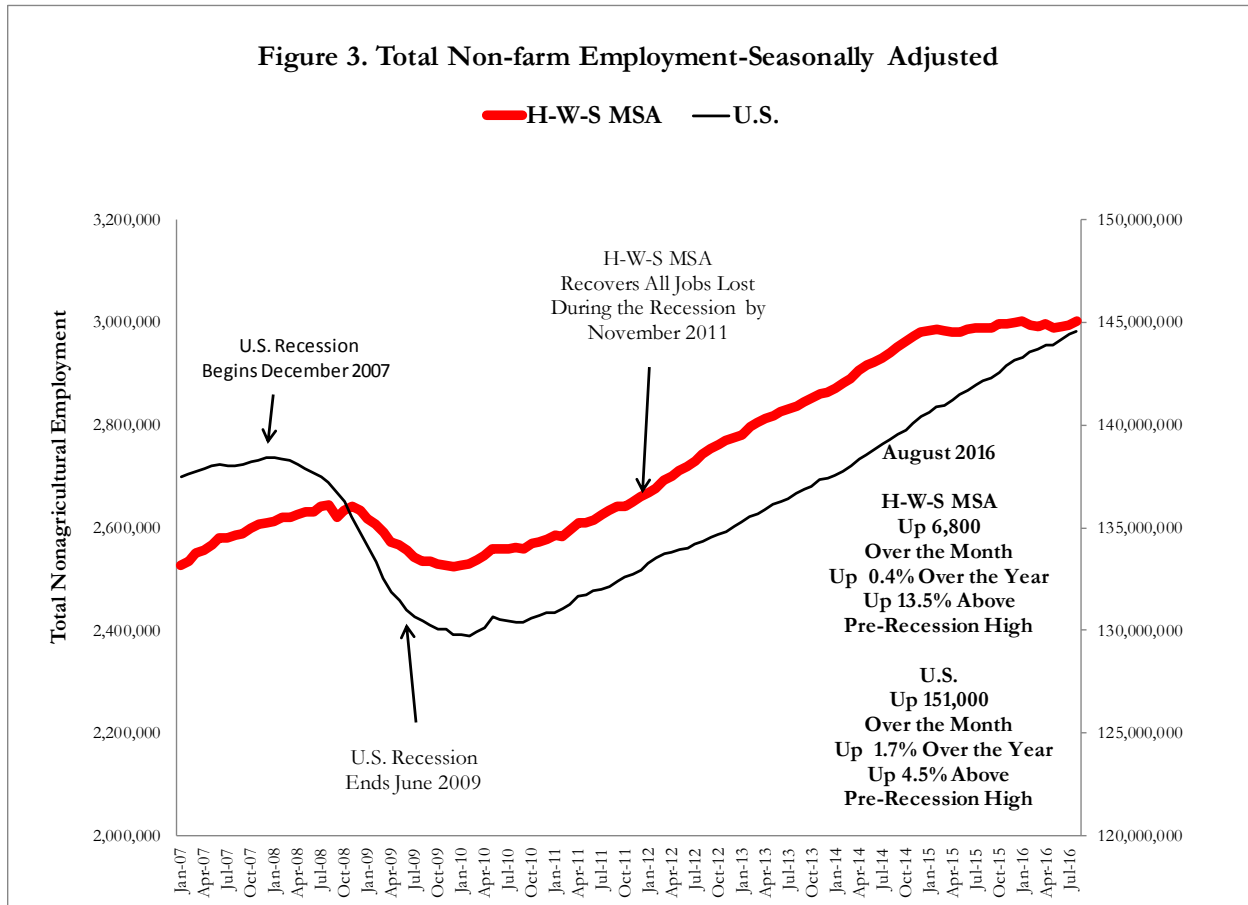
Total nonagricultural employment in the Houston-The Woodlands-Sugar Land MSA added 500 jobs in August. While the increase was an improvement over a loss of 800 jobs one year earlier, it was one of the weakest August increases on record. Declines in Construction, down 2,400 jobs, and Manufacturing, down 1,500 jobs, were largely responsible for this month's weak jobs report. Mining and Logging showed signs of stabilization adding 1,200 jobs as a result of recent increases in active rig counts.

The pace of job growth in the H-W-S MSA rose for the third consecutive month to 0.5 percent in August representing an increase of 14,200 jobs over the year. Job growth has been primarily in industry sectors that serve the H-W-S MSA's growing population such as Leisure & Hospitality, Educational & Health Services, Retail Trade, and Government. The single largest contributor of jobs has been Leisure and Hospitality, up 21,300 jobs or 7.0 percent over the year. Job losses continue to be found in sectors with ties to oil and gas exploration & production such as Mining &

Logging, down 11,300 jobs or 11.5 percent, Manufacturing, down 12,800 jobs or 5.3 percent, and Professional and Business Services, down 9,200 jobs or 1.9 percent. Construction was also reporting a substantial decline of 3,700 jobs over the year, down 1.7 percent, after reporting declines in two of the last three months. Additional comments by super sector can be found beginning on page 3. Detailed data can be viewed on pages 8 & 9.



Seasonally adjusted data for the H-W-S MSA and U.S. seen in figure 3 provides an additional view of employment removing the erratic month-to-month seasonal patterns. After a long period of stagnated growth, seasonally adjusted employment rose for the third consecutive month in August, up 6,800 jobs. This was the largest one-month increase since December 2014. The pace of job growth, up 0.4 percent over the year, remains well below the nation’s 1.7 percent increase. Although seasonally adjusted job gains are currently much weaker than the nation’s, overall growth of total nonfarm employment in the H-W-S MSA has outperformed the nation since the Great Recession with payrolls up 13.5 above the prerecession high compared to 4.5 percent at the national level.



DETAILS BY SUPER SECTOR

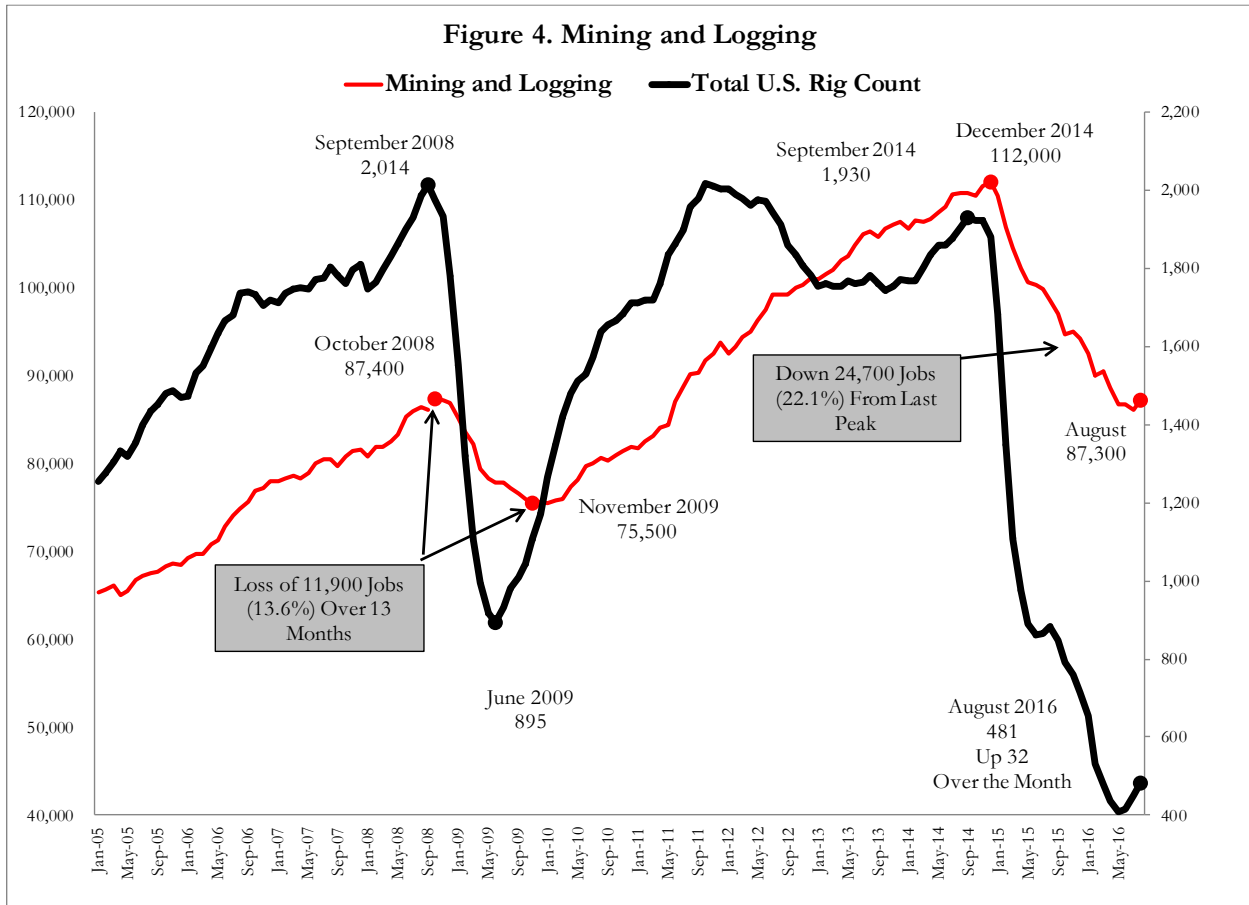
Mining and Logging showed signs of stabilizing in August with payrolls rising 1,200 jobs in support of recent increases in the number of active rigs in the U.S. Although the 1.4 percent increase is preliminary and subject to revision¹, it is the largest increase since July 2014.

The net loss in Mining and Logging from its most recent peak in December 2014 improved slightly to 24,700 jobs, down 22.1 percent. The current decline of employment continues to exceed the decline during 2008-2009 that resulted from The Great Recession, see figure 4. The average U.S. rig count was 481 in August, up 32 from July but down 1,449, 75.1%, from the most recent peak of 1,930 in September 2014. The average Texas rig count was 231 in August, up 25 from July but down 674, 74.6%, from the most recent peak of 904 in November 2014. While there have been recent increases in active rig counts there continues to be an oversupply of oil that is expected to keep prices below levels favorable for substantial increases in drilling activity for some time.

Construction shed 2,400 jobs in August, down 1.1 percent. Year-to-date the super sector has lost 9,500 jobs compared to an increase of 6,800 jobs the same time last year. Job losses were especially large in Heavy and Civil Engineering Construction, down 2,600 jobs or 5.0 percent over the month. The number of jobs in Construction was down 3,700 jobs or 1.7 percent over the year. Construction

¹ Benchmark revisions performed by the Bureau of Labor Statistics indicate the number of jobs in Mining and Logging were declining instead of rising according to original estimates during the following months in 2015: February, March, June, July, and August. By December 2015 the number of jobs in Mining and Logging was overestimated by 12,700.

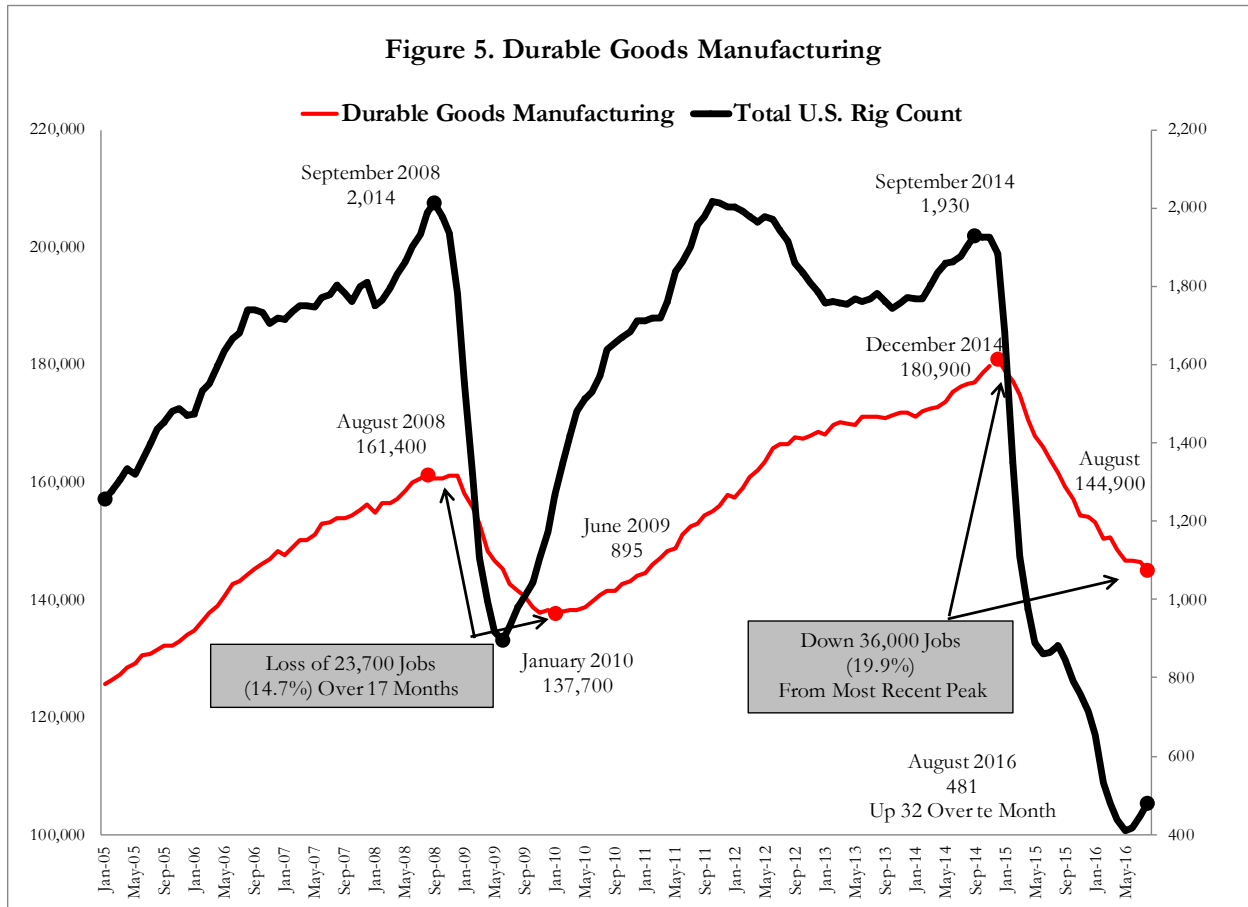
of Buildings was the only sector to report positive growth, up 800 jobs or 1.4 percent. Specialty Trade Construction suffered the largest decline, down 4,400 jobs or 4.0 percent. Heavy and Civil Engineering Construction also reported a slight loss, down 100 jobs or 0.2 percent over the year. While slowdowns are expected in some areas of construction, retail construction remains positive and heavy industrial projects are under way in the region’s petrochemical complex that are expected to continue throughout 2016 and into 2017.



Manufacturing reported a loss of 1,500 jobs in August. The 0.6 percent decline was an improvement from a 1.0 percent decline last August. The loss was a result of continued declines in Durable Goods Manufacturing related to weak demand in support of oil and gas exploration and production. Nondurable Goods Manufacturing reported a slight loss of 100 jobs over the month. The pace of losses in Manufacturing continue to improve, down from a peak of 8.9 percent in February to 5.3 percent representing a loss of 12,800 jobs. All of the loss has been in Durable Goods Manufacturing where payrolls were down 16,600 jobs or 10.3 percent over the year.

Accumulated losses in Durable Goods Manufacturing continue to rise with payrolls down 36,000 jobs or 19.9 percent from its most recent peak in December 2014. Recent losses have been deeper than those resulting from The Great Recession when payrolls fell 23,700 jobs or 14.7 percent over a seventeen-month period, see figure 5.

Nondurable Goods Manufacturing added 3,800 jobs over the year, up 4.7 percent. The Houston Purchasing Managers Index rose slightly from 43.8 in July to 46.1 in August indicating continued contraction but at a slightly slower pace. The Houston PMI indicates likely shifts in production three or four months in advance. Readings over 50 generally indicate production expansion over the near term, while readings below 50 show coming contraction.

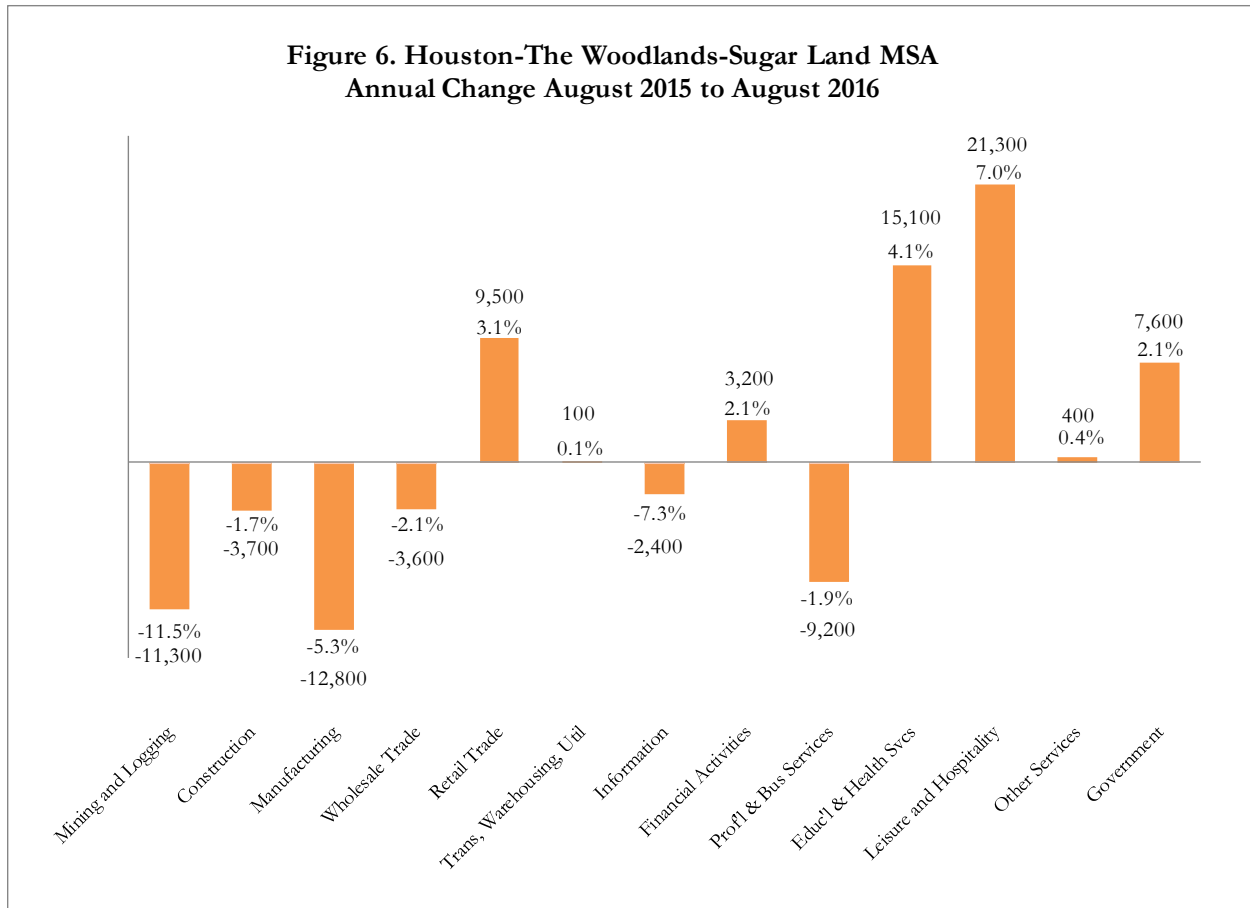


Trade, Transportation, & Utilities added 3,200 jobs over the month, up 0.5 percent. The majority of the increase was in Retail Trade where payrolls were up 2,900 jobs over the month. The remainder of the increase was in Transportation, Warehousing, and Utilities, up 900 jobs. Wholesale Trade reported its first August loss since 2009, down 600 jobs. The pace of job growth in the super sector was unchanged at 1.0 percent with the number of jobs up 6,000 over the year. Virtually all of the job growth was due to gains in Retail Trade, up 9,500 jobs or 3.1 percent. Most of the new retail jobs have been at General Merchandise Stores, Food and Beverage Stores, Building Material and Garden Equipment and Supplies Dealers, and Motor Vehicle and Parts Dealers. Clothing and Clothing Accessories Stores have suffered declines over the year. Weak global demand and a strong dollar has impacted Wholesale Trade, down 3,600 jobs or 2.1 percent over the year, and Transportation, Warehousing, and Utilities, which was reporting a slight increase of own 100 jobs over the year.

Information continued to report declines in August with payrolls down another 400 jobs or 1.3 percent. The pace of job losses accelerated from 6.7 percent in July to 7.3 percent, a loss of 2,400 jobs over the year. About half of the MSA's employment in information resides in telecommunications where payrolls were down 400 jobs 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 its fourth consecutive increase in August with payrolls up 300 jobs or 0.2 percent over the month. The super sector added 3,200 jobs over the year representing a 2.1 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 100 jobs. The strongest increase was at Securities, Commodity Contracts, and Other Financial Investments and Related Activities, up 900 jobs or 4.8 percent.



Professional and Business Services reported its third consecutive increase of 1,600 jobs in August, up 0.3 percent. A gain of 2,300 jobs in Employment Services was largely responsible for the increase. Architectural, Engineering, and Related Services reported a slight increase of 100 jobs over the month. This was the second consecutive month of job gains in Architectural, Engineering, and Related Services. The pace of job losses in the super sector improved from 2.2 percent in July to 1.9 percent representing a loss of 9,200 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 6,000 jobs or 8.3 percent, Management of Companies and Enterprises, down 2,100 jobs or 5.7 percent, and Employment Services, down 800 jobs or 1.0 percent. The only substantial job growth in the industry sector has been in Accounting Tax Preparation Bookkeeping and Payroll Services, up 1,200 jobs or 5.3 percent, and Services to Buildings and Dwellings, where businesses perform

services such as extermination and pest control, cleaning, landscaping and carpet and upholstery cleaning, up 2,300 jobs or 4.3 percent.

Educational and Health Services added 3,600 jobs in August, up 0.9 percent. Job gains were similar to those in 2015 with increases found across all subsectors. Educational and Health Services was the second fastest growing super sector with payrolls up 15,100 jobs or 4.1 percent over the year. All subsectors were reporting healthy over-the-year increases with strongest gains at Hospitals, up 5,200 jobs or 6.3 percent. The pace of job growth in Ambulatory Health Care Services, where employment in all types of physician's offices, medical clinics, and outpatient centers is found, rose from 2.8 percent in July to 3.6 percent, representing an increase of 5,400 jobs over the year.

Leisure and Hospitality reported a slight loss of 100 jobs over the month. While declines were found in Arts, Entertainment, and Recreation as businesses were preparing for the return of the school year they were offset by continued hiring in Food Services and Drinking Places. Leisure and Hospitality was the fastest growing super sector with payrolls up 21,300 jobs or 7.0 percent over the year. Most of the new jobs are found at eating establishments with Food Services and Drinking Places up 18,200 jobs or 7.4 percent over the year.

Other Services reported a slight increase of 100 jobs in August with payrolls up 400 jobs or 0.4 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 experienced a decline of 5,100 jobs in July as local government educational institutions continued to reduce payrolls during the summer. Government payrolls were up 7,600 jobs or 2.1 percent over the year. Most of the increase has been in Local Government Educational Services with payrolls up 4,400 jobs or 2.5 percent over the year.

NONAGRICULTURAL EMPLOYMENT
Houston-The Woodlands-Sugar Land MSA

	AUG 2016	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,993,400	500	0.0%	14,200	0.5%
Total Private	2,625,100	5,600	0.2%	6,600	0.3%
Goods Producing	532,200	-2,700	-0.5%	-27,800	-5.0%
..Mining and Logging	87,300	1,200	1.4%	-11,300	-11.5%
...Oil and Gas Extraction	50,500	200	0.4%	-2,900	-5.4%
...Support Activities for Mining	36,600	-200	-0.5%	-7,300	-16.6%
..Mining, Logging, and Construction	302,200	-1,200	-0.4%	-15,000	-4.7%
..Construction	214,900	-2,400	-1.1%	-3,700	-1.7%
...Construction of Buildings	59,000	1,200	2.1%	800	1.4%
...Heavy and Civil Engineering Construction	49,800	-2,600	-5.0%	-100	-0.2%
...Specialty Trade Contractors	106,100	-1,000	-0.9%	-4,400	-4.0%
..Manufacturing	230,000	-1,500	-0.6%	-12,800	-5.3%
...Durable Goods	144,900	-1,400	-1.0%	-16,600	-10.3%
...Fabricated Metal Product Manufacturing	52,700	900	1.7%	-3,600	-6.4%
...Machinery Manufacturing	43,700	-900	-2.0%	-9,200	-17.4%
....Agriculture, Construction, and Mining Machinery Manufacturing	30,800	-700	-2.2%	-6,900	-18.3%
...Computer and Electronic Product Manufacturing	15,600	0	0.0%	-1,000	-6.0%
..Non-Durable Goods	85,100	-100	-0.1%	3,800	4.7%
...Petroleum and Coal Products Manufacturing	9,900	-100	-1.0%	-100	-1.0%
...Chemical Manufacturing	37,800	0	0.0%	300	0.8%
Service Providing	2,461,200	3,200	0.1%	42,000	1.7%
..Private Service Providing	2,092,900	8,300	0.4%	34,400	1.7%
..Trade, Transportation, and Utilities	621,000	3,200	0.5%	6,000	1.0%
...Wholesale Trade	169,800	-600	-0.4%	-3,600	-2.1%
....Merchant Wholesalers, Durable Goods	97,400	-300	-0.3%	-1,800	-1.8%
.....Professional and Commercial Equipment and Supplies Merchant Wholesalers	13,200	0	0.0%	300	2.3%
....Merchant Wholesalers, Nondurable Goods	45,100	-100	-0.2%	-600	-1.3%
...Retail Trade	312,300	2,900	0.9%	9,500	3.1%
....Motor Vehicle and Parts Dealers	42,600	200	0.5%	1,500	3.6%
....Building Material and Garden Equipment and Supplies Dealers	22,900	100	0.4%	1,500	7.0%
....Food and Beverage Stores	68,400	200	0.3%	2,400	3.6%
....Health and Personal Care Stores	19,200	100	0.5%	800	4.3%
....Clothing and Clothing Accessories Stores	27,400	600	2.2%	-2,000	-6.8%
....General Merchandise Stores	63,700	700	1.1%	2,200	3.6%
.....Department Stores	24,100	600	2.6%	800	3.4%
.....Other General Merchandise Stores	39,600	100	0.3%	1,400	3.7%
...Transportation, Warehousing, and Utilities	138,900	900	0.7%	100	0.1%
....Utilities	16,100	0	0.0%	0	0.0%
.....Air Transportation	22,000	200	0.9%	200	0.9%
.....Truck Transportation	25,300	100	0.4%	-600	-2.3%
.....Pipeline Transportation	10,800	-100	-0.9%	0	0.0%
..Information	30,300	-400	-1.3%	-2,400	-7.3%
...Telecommunications	13,900	0	0.0%	-400	-2.8%
..Financial Activities	155,500	300	0.2%	3,200	2.1%
...Finance and Insurance	98,500	-600	-0.6%	2,000	2.1%
....Credit Intermediation and Related Activities	43,900	200	0.5%	-100	-0.2%
.....Depository Credit Intermediation	28,800	-100	-0.3%	200	0.7%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	19,600	0	0.0%	900	4.8%
....Insurance Carriers and Related Activities	34,400	300	0.9%	900	2.7%
...Real Estate and Rental and Leasing	57,000	900	1.6%	1,200	2.2%

NONAGRICULTURAL EMPLOYMENT**Houston-The Woodlands-Sugar Land MSA**

	AUG 2016	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	465,000	1,600	0.3%	-9,200	-1.9%
...Professional, Scientific, and Technical Services	215,700	1,000	0.5%	-4,000	-1.8%
....Legal Services	24,900	-400	-1.6%	300	1.2%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	23,900	100	0.4%	1,200	5.3%
....Architectural, Engineering, and Related Services	65,900	100	0.2%	-6,000	-8.3%
....Computer Systems Design and Related Services	32,600	0	0.0%	-900	-2.7%
...Management of Companies and Enterprises	34,800	-400	-1.1%	-2,100	-5.7%
...Administrative and Support and Waste Management and Remediation Services	214,500	1,000	0.5%	-3,100	-1.4%
....Administrative and Support Services	202,400	900	0.4%	-3,700	-1.8%
.....Employment Services	79,900	2,300	3.0%	-800	-1.0%
.....Services to Buildings and Dwellings	55,700	0	0.0%	2,300	4.3%
..Educational and Health Services	385,100	3,600	0.9%	15,100	4.1%
...Educational Services	57,800	1,400	2.5%	2,600	4.7%
...Health Care and Social Assistance	327,300	2,200	0.7%	12,500	4.0%
....Ambulatory Health Care Services	154,400	2,100	1.4%	5,400	3.6%
....Hospitals	88,300	900	1.0%	5,200	6.3%
..Leisure and Hospitality	327,600	-100	0.0%	21,300	7.0%
...Arts, Entertainment, and Recreation	36,200	-1,100	-2.9%	2,300	6.8%
...Accommodation and Food Services	291,400	1,000	0.3%	19,000	7.0%
....Accommodation	26,900	0	0.0%	800	3.1%
....Food Services and Drinking Places	264,500	1,000	0.4%	18,200	7.4%
..Other Services	108,400	100	0.1%	400	0.4%
Government	368,300	-5,100	-1.4%	7,600	2.1%
.Federal Government	28,300	-100	-0.4%	600	2.2%
.State Government	71,200	0	0.0%	900	1.3%
..State Government Educational Services	38,000	0	0.0%	600	1.6%
.Local Government	268,800	-5,000	-1.8%	6,100	2.3%
..Local Government Educational Services	182,300	-3,900	-2.1%	4,400	2.5%

UNEMPLOYMENT RATE

	AUG 2016	JUL 2016	AUG 2015
H-W-S MSA	5.8	5.8	4.9
Texas (Actual)	5.0	5.1	4.6
United States (Actual)	5.0	5.1	5.2

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.