



TENTATIVE AGENDA

10:00 a.m. Tuesday, April 3, 2007

H-GAC Conference Room A

3555 Timmons Lane, Second Floor, Houston, Texas 77027

1. Call to Order and Determination of Quorum

2. Adoption of Agenda

3. Public Comments

4. Minutes from February, 2007 meeting

5. Declarations of Conflict of Interest

6. Chairman's and Committee Reports

- a. Audit & Monitoring
- b. Strategic Planning

7. Action

- a. Report of Education Committee and consideration of resolution supporting public discussion of Tough Choices or Tough Times report
- b. Consider renewing contract with Learning Designs, Inc. for training and development of The WorkSource system not to exceed \$566,192

8. Information

- a. System Performance
- b. Expenditure Report

9. Labor Market Report

10. Adjourn

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**MINUTES OF
THE GULF COAST WORKFORCE DEVELOPMENT BOARD
TUESDAY, FEBRUARY 6, 2007**

MEMBERS PRESENT:

Gerald Andrews	Todd Armstrong	Janell Baker
Elaine Barber	Ron Bourbeau	Carl Bowles
Pat Charnveja	Charles Cook	Thelma Elizalde
Sal Esparza	Rudy Espinosa	Joe Garcia
Mark Guthrie	Barbara Hayley	John Hebert
Bobbie Henderson	Tracie Holub	Guy Robert Jackson
Ray Laughter	Raymond McNeel	Michael Nguyen
Linda O'Black	John Perry	Dale Pinson
Janice Ruley	Pam Sanders	Allene Schmitt
Richard Shaw	Kathy Shingleton	Tom Stinson
Frank Thompson	Evelyn Timmins	Michelle Trevino-Aguilar

H-GAC STAFF MEMBERS PRESENT

Rodney Bradshaw
Mike Temple
David Baggerly
Sue Cruver
Betty Drake
Joel Wagher

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, February 6, 2007, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

ADOPTION OF AGENDA

Mr. Thompson asked for an adoption of the agenda as presented. A motion was made and seconded to adopt the agenda. The motion carried.

PUBLIC COMMENT

No one signed up for public comments.

MINUTES FROM DECEMBER 5, 2006

Mr. Thompson asked if there were any additions or corrections to the minutes for December 5, 2006. A motion was made and seconded to approve the minutes as presented. The motion carried.

DECLARATION OF CONFLICT OF INTEREST

Pam Sanders declared a conflict of interest with items 7c and 7d.

CHAIRMAN'S REPORT

Audit & Monitoring

Mr. Bill Morgan explained that staff has made 27 year-to-date visits with 0 year-to-date follow-ups. The Board received the State Annual Review from TWC's July 2006 visit. There were several findings for career office contactors – staff had already identified the same issues through our monitoring process and asked the contractors to make the corrections. Additionally, our monitoring function was re-certified.

Education Committee

Mr. Richard Shaw reported on behalf of Don Nigbor. Mr. Shaw reported that the Education Committee has met twice and both meetings were well attended. Mr. Shaw reviewed a draft mission statement and some of the topics of discussion from the December 2006 meeting were: (1) work readiness skills and identifying those skills (2) getting good labor market information to school counselors (3) translating labor market information regarding skills for good jobs (4) career awareness in the schools (5) increase the applied focus of curriculum. Mr. Shaw also gave a brief outline on the Executive Summary included in the Board mail out "Tough Choices or Tough Times."

Early Education and Care

Dr. Bobbie Henderson started her report by quoting from the Executive Summary of Tough Choices or Tough Times - "High quality early childhood education is one of the best investments a nation can make."

Dr. Henderson explained that in some circumstances, The WorkSource can pay a customer's relative to provide care for children while the customer works or goes to school. Grandparents, aunts, uncles and siblings are allowed to take care of the child at the parent's request.

Following concerns recently raised in the Dallas area regarding relative providers, we will require the following of any relative providing care paid for by The WorkSource's financial aid:

- The relative must list or already be listed with the Texas Department of Family and Protective Services.
- As a part of the listing process, the relative provider will undergo a criminal background check.
- We will not pay relatives who do not pass the Department's criminal background screening process and have past offenses which indicate concern for the health and safety of a child. If the parent had extremely limited options for child care available, we would consider relatives who fall into the following circumstances, although we would not necessarily approve them. These circumstances include:
 - A criminal conviction which is unrelated to the health and safety of a child (misdemeanor offenses), or
 - A criminal conviction occurred more than 10 years ago, and
 - There are no other providers within a reasonable distance of the parent

Samples of the relative providers will be checked each quarter to insure they are adhering to The WorkSource's rules.

Mr. Frank Thompson introduced a new Board member – Dr. Charles Cook.

ACTION

a. Consider recommendation from Early Education and Care Committee to increase maximum reimbursement rate for child care providers by 3%

Dr. Henderson explained that the Board has not raise its maximum rates for child care providers in over 6 years, even though the cost of providing that care continues to increase. Concerns have been raised that if we do not make efforts to reflect market rates, we may be unable to help parents pay for care at top-quality providers.

We surveyed our current data base for providers' published rates. The system shows a large gap between providers' published rate and The WorkSource maximum rates.

- We believe that we can accommodate an increase in our rates of 3% and continue to meet our production targets for the Workforce Commission.
- This increase would cost us approximately \$3 million in the next year.
- We would only raise our maximum rates for regulated providers—i.e., licensed centers and registered providers. We will not increase reimbursements for relatives.

A motion was made and seconded to increase our maximum reimbursement rates for child care providers by 3%. The motion carried.

b. Consider recommendation from Early Education and Care Committee to increase child care financial aid for customers in training

Dr. Henderson stated that currently we limit a customer's eligibility for child care financial aid to 65 semester hours of training or two years, whichever occurs first. The Legislature has required us to extend to four years the time we will support a customer who is pursuing an associates degree in one of the Board's high-skill, high-growth occupations. We also have the ability to extend time for customers enrolled in other education programs or pursuing bachelor's degrees in the high-skill, high-growth occupations. Customers must continue to meet all other eligibility requirements for financial aid and to actively participate in school making satisfactory progress toward their degree.

A motion was made and seconded to allow eligible customers enrolled in full-time school pursuing at least an associate's degree in high-skill, high-growth occupations to have up to four years of child care financial aid to complete their education. The motion carried.

c. Consider recommendation from Budget Committee to approve 2007 annual budget of \$205.7 million

Mr. Thomas Stinson made the presentation on behalf of Yvonne Estrada. Mr. Stinson stated that each year the Board approves a budget showing how it uses the revenues it receives to achieve the results set out in the Board's strategic plan. The Committee met on January 5, 2007 to discuss the proposed 2007 budget. The Committee recommends a budget of \$205.7 million for 2007 which is 1% higher than the 2006 budget. The increase is due to continued availability of hurricane recovery money into this year. Other revenue notes include:

- We have more Temporary Assistance to Needy Families (TANF) money following federal reauthorization of that welfare legislation
- More Workforce Investment dollars this year than last. Largely due to carried over money from 2006
- Extra Child Care dollars for the 2007 budget

On the expenditure side of the budget, we are proposing increases in financial aid and office operations largely reflecting again the source of our revenue. (Increased TANF and Child Care dollars affect these two parts of our operations)

- Employer Services shows a smaller proposed budget even though we have committed more dollars to the contractor that operates this part of our system

▪After approval by the Procurement Committee earlier in 2006, we discontinued one of the Research & Demonstration contracts because of issues with the contractor's financial system

▪We are proposing an operations budget for the Board staff of \$4.9 million, an increase of 3.4%. The proposed Board operations budget represents 2.4% of our total budget

- Half of this increase is related to our centralizing expenses for internet connections from our contractors. Although we have decreased the overall amount of money we spend system-wide for this function, our 2006 budget estimates for costs were low.
- We're proposing 30 full-time equivalent staff positions. Personnel costs reflect H-GAC's merit pool salary increase policy
- We've also budgeted a small amount (\$25,000) for web development, which accounts for the slight increase in consultant & contract costs.

Mr. Stinson reviewed a typographical error on page 3 of 6 in the Board packet.

A motion was made and seconded to recommend proposed 2007 budget of \$205.7 million to the Board. The motion carried.

d. Consider renewing contact for marketing/communications with a first year contract to Gilbreath Communications not to exceed \$700,000

Ms. Sue Cruver explained that in October 2006 we solicited proposals for a marketing/communications service to The WorkSource system. This was a continuation of the service we have successfully contracted out for the past six years to bring awareness of our service among employers and area residents. We received proposals from BQR Advertising and Public Relations, Inc., Freed Advertising L.P., and Gilbreath Communications, Inc.

Board staff evaluated and scored the proposals based on 1) qualifications of personnel and availability of staffing to provide the full range of services needed, 2) financial stability of agency, 3) creative expertise as illustrated by sample work, 4) experience developing marketing strategies and providing advertising and public relations services, 5) experience working in the Gulf Coast region and knowledge of the regional media, 6) and financial terms for providing campaign services for the Board. Gilbreath Communications ranked first, followed by Freed Advertising, L.P., and then BQR Advertising and Public Relations, Inc.

Based on the evaluation of bids we received, and our past experience, we recommend that the Board contract with Gilbreath for marketing/communications services over a three year period beginning March, 2007.

The first year contract, extending from March, 2007 through February, 2008, would not exceed \$700,000 for marketing communications and public relations services;

Advertising media buys; collateral development, production and printing; a third Destination Occupation job fair; additional industry events and continuing customer satisfaction research.

Gilbreath would be eligible for two additional annual contracts if funds were available and after review and approval by the Board.

A motion was made and seconded to authorize staff to negotiate a first year contract with Gilbreath Communications, Inc. for marketing and communications services in an amount not to exceed \$700,000. The motion carried.

e. Consider recommendations from Nominations Committee for 2007 Board officers

Mr. John Hebert explained that he met with the Nominating committee and they decided that they were pleased with the service of the current officers and reached a consensus that the committee would recommend to nominate the current officers. Mr. Bill Morgan would not be able to be re-elected at this time as he has not been formally reappointed to the Board. The Nominating committee would like to leave his position open at this time and see what the reappointment outcome will be.

A motion was made and seconded to elect the following – Frank Thompson – Chairman, Mark Guthrie -Vice Chairman and Yvonne Estrada – Vice Chairman. The motion carried. Mark Guthrie abstained for voting on this item.

INFORMATION

System Performance

Mr. David Baggerly reviewed the System Performance measures for October 2005 – December 2006. Mr. Baggerly explained that the State continues to be concerned about old program performance measures and there are five particular measures. We are working very hard with contracts to improve our process and performances.

More Competitive Employers –

For the Regional Workforce System - Regional gross product was restated in 2000 dollars. Most recent data is for 2003.

For The WorkSource – we expect to provide services to 24, 300 employers this year which is 20% of the 121,343 employers identified for the Gulf Coast area. Through the first quarter, we provided services to 5,808 employers.

More and Better Jobs –

For the Regional Workforce System – New Jobs in region - no data available for this performance year. 2006 data shows more new jobs than predicated.

Region's population employed – no data available for this performance year. The percentage of the region's population employed in 2006 was as predicted.

For the WorkSource – New jobs created – no data available for this performance year.

Customers employed by the 1st quarter after exit – performance on customers employed after exit is slightly below target. Through the first quarter, 66,813 of the 88,843 who existed were employed.

Higher Real Incomes –

For the Regional Workforce System –The Region's real per capita income – no data available for this performance year. Most recent data is for 2003.

Exiters with Earnings Gains of at least 10% - the percentage of exiters with earnings gains greater than 10% is at the performance target. Through the first quarter, 38,244 of the 92,278 who exited has earnings gains of at least 10%

For the WorkSource – While the percent of exiters with earnings gains greater than 10% are not meeting performance, we show a strong improvement over last year's performance.

A Better Educated and Skilled Workforce –

For the Regional Workforce System – region's population with an education credential – no data available for this performance year. Most recent data is for 2005.

Region's population with post-secondary degree - No data available for this performance year. Most recent data is for 2005.

Region's population pursuing education credential that achieve one – No data available for this performance year. Most recent data is for 2005.

For the WorkSource – Customers pursuing an education credential that achieve one – Current performance exceeds the target at this time. Through the first quarter, 1,553 of the 4,774 customers pursing an education credential achieve one.

More Competitive Employers –

For the Regional Workforce System - Regional gross product was restated in 2000 dollars. Most recent data is for 2003.

For The WorkSource – We are showing improvement in performance for Employers receiving services and employer loyalty.

More and Better Jobs –

For the Regional Workforce System – No data available for the new performance year. 2006 data shows more new jobs than predicated. The percent of the region's population employed was as predicted.

For the WorkSource – No new jobs created data available. Performance on customers employed after exit is slightly below target.

Higher Real Incomes –

For the Regional Workforce System –No data available for the new performance years. Most recent data is for 2003.

For the WorkSource – The percent of exiters with earnings gains greater than 10% is at the performance target.

A Better Educated and Skilled Workforce –

For the Regional Workforce System – 2007 information is not available. 2005 data shows slightly lower percentage of the population with an educational credential or post-secondary degree than we predicated. We are working to determine the percent of the population pursuing an educational credential that achieve one.

For the WorkSource – We do not expect measurable performance in this measure for the first month of the performance year. Not many customers attain education credentials in October.

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for ten months ending December 31, 2006. Mr. Bradshaw explained that everything was on target and expenditures looked good.

Best Practices

Ms. Betty Drake stated that periodically we recognize good work in The WorkSource system by highlighting excellence in serving customers and implementing the Board's mission, vision and values. Ms. Drake explained that the Board would like to recognize HoustonWorks for finding innovative ways to improve customer service in increasingly busy career offices and multi-contractor Placement Team for its work with claimants.

HoustonWorks manages many of our largest offices. HoustonWorks management and office staff have come up with several ideas to serve a growing volume of customers more efficiently.

■ They installed electric people counters in all the HoustonWorks managed offices. The counters have helped management to know where the customers are when determining staffing needs.

■ Resource Specialist – Kenneth Mirenda from the Hobby location developed a computer program to allow each staff person in that office to see a list of waiting customers on their personal computer screen.

■ Shaun Loether – HoustonWorks IT department perfected the program so that now management and staff in HoustonWorks offices know who is waiting for what service and how long they have waited.

■ A pilot project at Hobby has Greeter and Resource Specialists using earpieces and small microphones to communicate with office staff without leaving the public areas.

Ms. Drake presented Mr. Terry Hudson, Mr. Kenneth Mirenda and Mr. Shaun Loether with a certificate of appreciation and stated that we appreciate management's willingness to invest in technology and staff time to find better ways to assist The WorkSource customers.

LABOR MARKET REPORT

Mr. Joel Wagher explained Gulf Coast's region's over-the-year job growth for December was 3.0 percent or 73,100 jobs. Slower growth was reported in mining, construction, manufacturing, transportation and professional and business services. Mr. Wagher stated that area job growth still out performs the nation and Texas. The thirteen county region's unemployment rate was 4.0%, down from 5.1% in December 2005.

Mr. Frank Thompson and Mr. Mark Guthrie passed out certificates of appreciation for service on the Board to members whose term had expired on December 31, 2006.

ADJOURN

There was no further business to come before the Board, the meeting was adjourned.

Audit/Monitoring Committee

Management Report Thru March, 2007

Contractors Monitored	Year to Date Visits	Follow-ups	Year to Date Follow-ups
21	51	0	0

Key Findings

- **Resident Service.** We reviewed child care financial aid eligibility at Houston Works and Arbor offices. We have asked the contractors to establish a process to regularly check customer continuing eligibility for child care and other financial aid.

We are visiting all The WorkSource offices to observe services to welfare recipients. We have not been meeting our performance goals, so we are providing technical assistance and frequent staff observations to contractors. The contract managers are also participating in these reviews and their visits are not included in the chart above. Since we have started this intensive review, performance is improving overall.

- **Employer Service.** We reviewed the quality of job postings by Employer Service staff. We found that staff should pay closer attention to detail in writing and posting job orders for WorkInTexas.com. We conducted this review as a trial run to point out weaknesses in Employment and Training Centers, Inc.'s operations. Later this year we will conduct two additional reviews to make sure weaknesses have been corrected.
- **Financial.** We began financial reviews of the major contractors in late February and March. We should have reports out in mid-April. We do not anticipate major problems from these reviews.

HOW ARE WE DOING? – OUR STRATEGIC PLAN PERFORMANCE MEASURES

SUMMARY OF STRATEGIC PLAN PERFORMANCE

When the Board adopted its strategic plan in 2002, it identified four key goals, and a number of corresponding measures of performance for these goals. In keeping with the Board's adopted values, innovation, productivity, accountability, and results, the Board set what we refer to as "big, hairy, audacious, goals" – goals that would challenge our ability to use our resources and influence to make our region more economically successful and competitive in an ever-changing global economy.

We now have four years of strategic performance data for most of our measures. In general, we are finding the performance targets we set for our region and for The WorkSource system are indeed challenging, and in some cases we are not meeting them. The discussion below, of each family of measures and our performance against them, provides detail on each of the board measures, as well as some discussion of performance in the context of the Board's overall goals and operations.

1. MORE COMPETITIVE EMPLOYERS

We use three measures as indicators of our success at improving the competitive position of our region's employers.

- Change in the region's real gross product
- Percentage of the region's employers who use The WorkSource (market share)
- Percentage of the region's employers using The WorkSource as repeat customers (customer loyalty)

We believe the real gross product of the region has grown each year since 2002, but only have data for 2003 because the measurement of growth lags significantly behind the actual period of performance.

Since 2002, both the percentage of employers using The WorkSource and the percentage of employers who are repeat customers of our system have grown steadily. In raw numbers, the number of employers using The WorkSource has grown from 7,500 to 17,677, which corresponds to growth from 7% of employers to 15% of all employers in the region. The number of repeat customers has increased from 2,701 to 8,262, a rise from 35% to 59% in customer loyalty.

While the market share and customer loyalty measures have both increased dramatically, the growth for both of these measures is below the targets we set in 2002. Our plan was to increase market share by 2.75% each year reaching a total market share of 18% by 2006. We planned to achieve a customer loyalty rate of 69% by 2006.

2. A BETTER EDUCATED WORKFORCE

We use four measures as indicators of our success at improving the education level of the region's workforce.

- Percentage of the region's population holding an education credential
- Percentage of the region's population holding a post-secondary degree
- Percentage of those pursuing an education credential who earn one

HOW ARE WE DOING? – OUR STRATEGIC PLAN PERFORMANCE MEASURES

— Percentage of resident customers pursuing an education credential who earn one

We want to see performance on all measures increase over time indicating more people are earning educational credentials, especially post-secondary credentials. We also hope the number of people earning education credentials grows at a faster rate than our population increases.

Unfortunately, our measures indicate that neither is occurring. The percentage of the region's population holding an education credential, or a post-secondary degree slipped slightly (1%) since our 2002 benchmarks of 79% and 35% respectively. We missed our targets by 1%.

Both the state demographer, Steve Murdock and the Rice University sociologist, Stephen Kleinberg, noted our region and the state are at an important demographic crossroads. Many of our most skilled and educated workers are reaching retirement age. Many of the young people entering the workforce, by contrast, are not yet well educated. This trend is driven in part by the fact many entering the workforce come from groups traditionally with lower education levels than the population as a whole including African- Americans, Hispanics and immigrants. The Board took these challenges into account when setting goals for educational attainment. We thought the region should be able to slightly increase its overall skills levels (as measured by education credentials) even as diversity in the population increases. Unfortunately, it appears the region is struggling to maintain those 2002 levels.

The solution to improving the skills attainment of our workforce is clear: we need more people in schools and programs through which they can obtain skills, and more people successfully completing their courses of study within these schools and programs. Our strategic plan measures both the proportion of people in the region pursuing an education credential who obtain one, and the proportion of our customers pursuing an education credential who obtain one.

Unfortunately, we are not making as much progress in our credentialing rates. The overall percentage of people in our region pursuing an education credential who earn one remains unchanged from our 2002 benchmark at 19%. This measure is an aggregate of the number of people who attain a high school diploma, a GED, or a post-secondary credential.

One bright spot in our measures related to education is the percentage of The WorkSource resident customers pursuing an education credential who earn one. The percentage of our customers pursuing a credential who obtain one was 18% in 2006, compared to 17% in 2002. While this rate is below the goal we set for 2006, 19%, we are pleased the total number of customers receiving a credential has climbed steadily. This growth is due to a steady increase in the number of people receiving scholarships from The WorkSource. In 2002, 12,000 customers received a scholarship from us. In 2006, we awarded scholarships to more than 22,000 customers. In 2006, The WorkSource helped 1,900 more people obtain a credential than in 2002.

3. MORE AND BETTER JOBS

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

- Number of net new jobs created
- Number of new jobs created as a results of The WorkSource partnering with other business organizations
- Percentage of the region's population employed (16 years and over)

HOW ARE WE DOING? – OUR STRATEGIC PLAN PERFORMANCE MEASURES

— Percentage of resident customers employed after leaving The WorkSource

In 2003, we saw a loss of more than 8,000 jobs in our region. We have seen a positive number of net new jobs since then. We added almost 100,000 net new jobs in 2006.

The number of new jobs created as a result of The WorkSource partnering with other business organizations increased since our 2004 benchmark of 400 jobs to 850 new jobs in 2006. Our target was 1,000 jobs.

The percentage of the region's population employed (16 years and over) has hovered around 60%, decreasing slightly to 58% in 2005, and moving up in 2006 to 59%. Our target for 2006 was 60%.

The percentage of resident customers employed after leaving The WorkSource has been holding steady at 76% for three years. In 2006, this measurement represented over 273,500 employed former customers of The WorkSource. Our performance on this measure is much higher than our target of 65%, and the Board may wish to consider raising the target. Each increase of 1% in the proportion of customers employed after working with The WorkSource corresponds to about 3,600 workers. (We work with more than 400,000 customers every year, and approximately 360,000 customers 'exited' in 2006 (are no longer working with The WorkSource)).

HIGHER INCOMES

We use two measures as indicators of our success at increasing the income of resident in our region.

- Change in the region's per capita income
- Percentage of resident customers with earnings gains of at least 10% after leaving The WorkSource

The region's per capita income increased slightly (\$645) from our 2002 benchmark year to \$33,640. Our target was \$33,640.

The percentage of resident customers with earnings gains of at least 10% after leaving The WorkSource has increased steadily by 2% annually since our benchmark year in 2004. In 2006, 40% of our resident customers had at least a 10% increase in their annual income compared to 34% in 2004. While we have made progress on this goal, we are not yet meeting our target of 51%.

One interesting statistic that is not an official performance measure is the percentage of resident customers who had an increase of at least 20% after leaving The WorkSource. In 2004, 31% of our customers earned at least 20% more after leaving The WorkSource. That number jumped to 37% in 2006. Although it can be confusing to consider the percentage increase of a measure expressed as a percentage, our performance on this measure improved by 19% in those two years.

Education Committee Report

March Meeting

The Education Committee met on March 22, 2007 with the following members present: Committee Chair Don Nigbor, Richard Shaw, Janell Baker, Allene Schmitt, Michelle Trevino-Aguilar, John Perry and Rudy Espinosa. The Committee finalized its mission:

The mission of the Gulf Coast Workforce Board's Education Committee is to influence and assist the education system in increasing the percentage of area residents who are high school graduates and who earn post-secondary credentials for work in high-skill, high-growth occupations.

This mission is focused on the educational attainment measures in our strategic plan. The Committee believes that it can fulfill its mission by creating a public dialogue on key issues, highlighting best practices, and bringing business and education together.

Resolution. The Committee considered a resolution at the request of the Texas Association of Workforce Boards in support of promoting debate on *Tough Choices or Tough Times*, the recent report of New Commission on the Skills of the American Workforce calling for the restructuring of the nation's public education system. The Committee recommended the Board issue such a resolution. A draft resolution is action Item 7a-2.

Presentation from Billy Reagan. The Committee also heard a presentation from former Houston Independent School District (HISD) Superintendent Billy Reagan. Dr. Reagan shared with the Committee his extensive research on the challenges facing our public education system. Although the research focused on HISD, Dr. Reagan emphasized HISD's challenges are representative of those faced by districts throughout Texas. His research indicates, while many of our students are dropping out (up to 50%), even those remaining in school and graduating are vastly unprepared to enter the workforce or pursue additional education and training.

We have attached two slides from his presentation illustrating some of the problems. The first shows over half of HISD students taking the TAKS test in 2006 failed one or more components. The second illustrates the tremendous costs associated with students who fail to graduate. The cumulative total of resources devoted to students who do not complete high school is almost as large as the investment as those who do finish school in the HISD system.

Houston ISD

HOUSTON ISD TAKS DATA, 2006

(passing standard is at panel recommendation for grades 9, 10 and 11)

APPROXIMATE NUMBER TESTED		% passing ELA/R	% passing MATH	% passing SCIENCE	% passing SOC STUD	% passing ALL
# Tested 9th Grade	13,832	82%	43%			42.9%
# Tested 10th Grade	10,253	78%	49%	45%	74%	
# Tested 11th Grade	8,396	77%	69%	63%	90%	
# Tested TOTAL	32,481	est. # failing ELA/R	est. # failing MATH	est. # failing SCIENCE	est. # failing SOC STUD	
		6,677	15,716	8,746	3,505	
NEED FOR REMEDIATION PRIOR TO GRADUATION				est. # failing one or more tests		18,560
				est. # of tests failed		34,644

Approximate number tested is the number cited for ELA/R (Table 11) for the District and School TAKS Performance Report for Spring 2006. Percent passing extracted from Tables 3, 4 and 6.

CLASS OF 2003 COST OF EDUCATION

BASELINE: the 9th grade class (1999-2000)						20,425
NON-COMPLETERS			GRADUATES			8,350
GRADE	YEAR	EXPENDITURES PER PUPIL	GRADE	YEAR	EXPENDITURES PER PUPIL	
12	2002-2003	--	12	2002-2003	8,069	
11	2001-2002	--	11	2001-2002	7,636	
10	2000-2001	--	10	2000-2001	7,589	
9	1999-2000	6,450	9	1999-2000	6,450	
8	1998-1999	5,745	8	1998-1999	5,745	
7	1997-1998	5,672	7	1997-1998	5,672	
6	1996-1997	5,226	6	1996-1997	5,226	
5	1995-1996	5,641	5	1995-1996	5,641	
4	1994-1995	5,156	4	1994-1995	5,156	
3	1993-1992	4,949	3	1993-1992	4,949	
2	1992-1993	3,969	2	1992-1993	3,969	
1	1991-1992	4,177	1	1991-1992	4,177	
K	1990-1991	4,760	K	1990-1991	4,760	
CUMULATIVE PER PUPIL		\$51,745	CUMULATIVE PER PUPIL		\$75,039	
TOTAL			TOTAL			
EXPENDITURES FOR NON-COMPLETERS		\$624,820,875	EXPENDITURES FOR GRADUATES		\$626,575,650	

Next Steps

At its next meeting in May, the Committee will review education attainment data from each of the region's school districts, and begin identifying promising strategies for increasing the number of students completing high school with the skills they need to succeed in the workforce.

Resolution on Tough Choices or Tough Times

Background

At its February 15th meeting, Ray Marshall, former Secretary of Labor, briefed the Texas Association of Workforce Boards (TAWB) on *Tough Choices or Tough Times*, the recent report of New Commission on the Skills of the American Workforce. Mr. Marshall served on the Commission, which also included several other former Secretaries of Labor, Education, and Commerce, as well as other experts on education and the economy.

After hearing Ray Marshall discuss the report, TAWB passed a resolution urging political leaders, policymakers, educators, and business people to read, discuss, and debate the findings and recommendations of the report with the intent of creating a catalyst for educational transformation in Texas and the United States. TAWB asked individual workforce boards to consider passing similar resolutions.

At its March 22nd meeting, the Education Committee voted to draft such a resolution for the consideration of the full Board. A draft resolution is attached to this item, as well as a summary of key recommendations of the report.

Action

The Education Committee asks that the Board pass the draft resolution in favor of widespread discussion and debate of the Tough Choices or Tough Times report and recommendation for the purpose of advancing efforts to make our education and training institutions more effective in preparing our present and future workforces for a global economy.



RESOLUTION

in support of

Tough Choices or Tough Times

the report of the New Commission on the Skills of the American Workforce

WHEREAS, the ability of our nation, state, and local communities to successfully compete in the global economy depends on our ability to produce a well-educated, skilled workforce;

WHEREAS, America's ability to compete in the global economy for not only markets, products, and technology but also for talent, is eroding and falling behind that of other nations;

WHEREAS, one of the core problems we face is that our education and training systems were built for a bygone era and are no longer relevant or capable of producing a pipeline of qualified workers with the skills and knowledge that our nation and the State of Texas need to be and remain competitive;

WHEREAS, we must make sweeping changes to our current education and training systems to regain our position as a leader in the global economy,

WHEREAS, a high level of preparation in reading, writing, mathematics, and science is the foundation upon which the workforce of the 21st century must be built;

WHEREAS, the ***New Commission on the Skills of the American Workforce***, a blue-ribbon commission of esteemed business persons, educators and researchers has issued a report entitled ***Tough Choices or Tough Times*** that identifies the challenges we face in a rapidly changing global economy and offers bold recommendations for transforming our education and training systems;

NOW, THEREFORE, BE IT RESOLVED, that the **Gulf Coast Workforce Board** urges the leadership of our region and State, including political leaders, policymakers, educators, and business people to read, discuss, and debate the findings and recommendations of the ***Tough Choices or Tough Times*** report in order to begin the process of transforming our education and training systems so that they are capable of producing workers with the skills and knowledge they, their communities, the state and the nation need to successfully compete and prosper in the 21st century economy.

Adopted this 3rd day of April, 2007 by the Gulf Coast Workforce Board

Frank Thompson, Chair

Key Recommendations from Tough Choices or Tough Times

1. Redesign education system to prepare most students for college at end of 10th Grade

Students would take exam to show mastery of core subjects. Those failing would remain in school system. Those passing in the exam could enter community colleges or other two-year opportunities, or stay in school to prepare for exams leading to traditional four-year university and college programs.

2. Recruit the top third of students going to college to become teachers.

To recruit the best teachers, the Commission proposes eliminating current pension systems for teachers in exchange for higher salaries for teachers, including performance-based pay. The Commission also proposes that all teachers be employees of states, although local schools would hire those they want from a state-maintained list of eligible teachers.

3. Develop standards, assessments, and curriculum that reflect today's needs and tomorrow's requirements.

Education should include not only knowledge in key subjects, but also critical thinking, the ability to work with abstract ideas, creative thinking, innovation, discipline, organization skills, and working in teams.

4. Create high performance schools everywhere

The Commission proposes that the operation of schools be contracted out to groups of teachers, non-profit organizations, or for-profit organizations, and each operator would have considerable freedom to set staffing, scheduling, and the use of funds, as long as the school met testing and accountability standards set by the state. Each organization would have to be affiliated with a "helping organization" that could provide technical assistance to the operator. Helping organizations would have to be approved by the state. All teachers would be employees of the state as well. The role of school boards and central district offices would be to contract for the operation of schools, monitor the performance of contracts, and connecting schools to community social services. Parents and students would have the ability to choose from all available contract schools.

5. Provide high-quality, universal early childhood education for all three- and four-year olds.

6. Give strong support to students who need it most.

The Commission recommends providing additional, new funds, to schools serving high concentrations of disadvantaged students. The additional funds could be used to hire tutors, expand hours, and provide additional services such as assessments, subsidies for eye glasses, and anything else within reason that will enable students to acquire the knowledge and skills they need to succeed.

7. Enable every member of the adult workforce to get the new literacy skills.

The Commission proposes that every adult be entitled to the education they need to pass the new lower level Board Exam standards.

8. Create personal competitiveness accounts

The Commission proposes that every American be given an account for training and education beyond the base level covered by the Board Exams. The government would contribute to the accounts from birth to age 16, and also for older people for low-income workers. In addition, individuals and employers could also make deposits into the accounts tax free. The accounts themselves would earn tax-protected interest.

9. Create regional competitiveness authorities

The Commission recommends creating authorities that can raise money and make investments in regional competitiveness. Each authority would be responsible for developing goals and strategies for the region and for coordinating the work of the region's education and training institutions to make sure that each region's workers develop the skills and knowledge they need to be successful in the regional labor market. These authorities would replace workforce boards.

National Workforce Institute Learning Designs, Inc. Contract

Background

In February 2005 meeting, the Board approved a three-year contract with Learning Designs, Inc. to develop and operate a system-wide professional development and training initiative for The WorkSource. This project includes development of customized courses and implementation of an on-line learning management system for The WorkSource system, primarily front line staff in the employer and resident service divisions.

The initiative is called the National Workforce Institute.

Current Situation

We are in the second year of this contract. To date, Learning Designs has produced 15 customized courses for front line staff. Two courses are web-based and 13 are instructor-led courses. Learning Designs conducted 60 classes (1,200 class seats), and 819 eLearning events this year.

We have asked contractors to ensure that their staff take courses as necessary to build their skills for working with our customers. We have also asked contractors to make sure that their staff obtain the first and second level certifications (Certified Workforce Professional and Certified Workforce Expert) available through the National Workforce Institute.

We recommend renewing the Learning Designs contract for a third year and increasing the available funds by 15% from \$492,749 to \$566,192. We have been pleased by Learning Designs' performance during the past year. The firm:

- Provides us high-quality products and service on-time
- Responds quickly to our requests for additional courses or classes
- Gives our system an expertise in training and curriculum development we wouldn't otherwise have
- Helps us with other system-building projects from time-to-time

During the third year of the contract, Learning Designs will

- Produce an additional 16 customized courses, for a total of 31
- Conduct at least 85 classes of instruction (1,700 classroom seats) and an estimated minimum 1,000 eLearning events

- Continue to assist us with system-building projects

Action

Authorize staff to negotiate a third year contract with Learning Designs, Inc. in an amount not to exceed \$566,192.

GULF COAST WORKFORCE BOARD
SYSTEM PERFORMANCE
OCTOBER 2006 – FEBRUARY 2007

BOARD MEASURES

The Board established measures for the Regional Workforce System and for The WorkSource. Regional Workforce System measures address how well our region is performing against our expectations. The WorkSource measures address our immediate impact on our customers.

We will present Regional Workforce System measures at the end of each calendar year. Performance on The WorkSource measures are presented below.

BOARD GOAL: More Competitive Employers

MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>Employers Receiving Services</u> (Market Share) We expect to provide services to 24,300 employers this year which is 20% of the 121,343 employers identified for the Gulf Coast area. Through February, we provided services to 9,158 employers. We should have served 10,125 employers by this time.	20%	7.5%	15.2%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and turn to us for additional services.	61%	71.9%	58.7%

BOARD GOAL: More and Better Jobs

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>New jobs created</u>	1,200	814	1,225
<u>Customers employed by the 1st Qtr after exit</u> Performance on customers employed after exit is slightly below target. Through the two quarters, 127,681 of the 172,687 who exited were employed in the quarter after exit.	76%	73.9%	76.4%

BOARD GOAL: Higher Real Incomes

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>Exiters with Earnings Gains of at least 10%</u> The percent of exiters with earnings gains greater than 10% is slightly below target. Through two quarters, 75,842 of the 189,569 who exited had earnings gains of at least 10%.	41%	40%	39.7%

BOARD GOAL: A Better Educated and Skilled Workforce

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>Customers pursuing education credential that achieve one</u> Current performance exceeds the target at this time. Through February, 2,075 of the 5,530 customers pursuing an education credential achieved one.	19%	37.5%	13%

CONTRACTED MEASURES

In addition to the Board established measures there are measures contracted to the Board by the state. There are sixteen contracted measures. The state has identified concern with our performance on five of these measures.

- Claimants Reemployed within 10 weeks
- Job Openings Filled
- Market Share (Same as Board Measure - Employers Receiving Services)
- Participation Rate for all customers who are TANF recipients
- Participation Rate for customers who are two-parent TANF recipients

We have been working closely with our contractors to improve performance on these measures and are beginning to see positive results.

GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
For the Two Months Ended February 28, 2007

	ANNUAL BUDGET	BUDGET YEAR TO DATE	ACTUAL YEAR TO DATE	DOLLAR VARIANCE
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WORKFORCE REVENUES

WORKFORCE REVENUES	205,793,511	34,298,919	34,491,412	(192,494)
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WORKFORCE EXPENDITURES

BOARD ADMINISTRATION	4,942,218	823,703	539,993	283,710
EMPLOYER SERVICES	7,250,000	1,208,333	1,097,426	110,907
RESIDENT SERVICES	191,901,293	31,983,549	32,646,245	(662,696)
OFFICE OPERATIONS	68,342,346	11,390,391	10,580,495	809,896
FINANCIAL AID	123,558,947	20,593,158	22,065,750	(1,472,592)
RESEARCH & DEMONSTRATION	1,700,000	283,333	207,748	75,585

<i>TOTAL WORKFORCE EXPENDITURES</i>	205,793,511	34,298,919	34,491,412	-192,494
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VARIANCE ANALYSIS

Note: "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.



GULF COAST REGION EMPLOYMENT TRENDS

APRIL 2007

JANUARY 2007 DATA

Job growth outperforms the nation and state. The Gulf Coast Region's¹ over-the-year job growth for January was 4.2 percent, or 99,100 jobs. This was over twice the nation's rate of 1.6 percent. Texas reported a 2.6 percent change from January 2006, with slower growth in construction and manufacturing. The monthly over-the-year job growth for the region was the best since 1998, when the growth rate of 5.1 percent added 102,700 jobs. Last year at this time, the over-the-year growth for January 2006 was 3.6 percent, or 82,300 jobs. The Houston-Sugar Land-Baytown Metropolitan Statistical Area's (MSA) annual job growth for 2006 was 97,400, better than 2005's 58,800 jobs (*Chart 1*).

Labor market is getting tighter. The stronger job growth has dropped the region's unemployment rate over the year to 4.6 percent, its lowest level for the month of January since 2001, when the unemployment rate was 4.3 percent. Another sign of a tight labor market is the drop in initial claims for unemployment benefits. Total Initial Claims in January were 13,604, the lowest for the month of January in this time series, which started in 2000.

Revisions increase area's job count. The Texas Workforce Commission (TWC) revised all employment numbers for 2006, giving the MSA a substantial increase in the job count. The original estimate for December 2006 was 2,477,200 jobs and was revised to 2,508,700 jobs. The revision, released March 8th, increased the initial estimate for December by 31,500 jobs. Revisions occur each year at this time as the TWC adjusts the numbers to a more comprehensive employment count based on employer tax records.

Professional & Business Services adding jobs. The data on the next page, Table 1, shows the levels of employment for the current month, month ago, and year ago for the Gulf Coast Region. Professional & Business Services and Trade, Transportation, & Utilities up 17,600 and 14,200 jobs respectively from January 2006, are the two major job producers in the region. Government added 9,700 jobs from January 2006, with Local Government accounting for almost seventy-five percent of the job increase. Information was the only super-sector to lose jobs, down 300 since January 2006.

The thirteen county region's unemployment rate was 4.6%, down from 5.7% in January 2006.

¹ The Houston- Sugar Land-Baytown MSA is the only geographic area with monthly job count data in the Gulf Coast Region. Houston-Sugar Land- Baytown MSA includes the following counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller
Source – U. S. Department of Labor, BLS and Texas Workforce Commission

Table 1

Houston-Sugar Land-Baytown MSA

Industry	Jan-07	Dec-06	Jan-06	NET CHANGE FROM		% Chg. Jan-06 TO Jan-07
				Dec-06 TO Jan-07	Jan-06 TO Jan-07	
Total Nonfarm	2,472,700	2,508,700	2,373,600	-36,000	99,100	4.2%
NATURAL RESOURCES & MINING	80,200	79,900	73,600	300	6,600	9.0%
CONSTRUCTION	183,600	185,500	172,800	-1,900	10,800	6.3%
MANUFACTURING	225,100	227,100	215,900	-2,000	9,200	4.3%
DURABLE GOODS	142,300	144,600	134,400	-2,300	7,900	5.9%
NONDURABLE GOODS	82,800	82,500	81,500	300	1,300	1.6%
TRADE, TRANSP., & UTILITIES	505,200	522,200	491,000	-17,000	14,200	2.9%
WHOLESALE TRADE	130,000	132,100	125,300	-2,100	4,700	3.8%
RETAIL TRADE	253,400	267,600	248,800	-14,200	4,600	1.8%
TRANSP, WAREHOUSING, & UTIL	121,800	122,500	116,900	-700	4,900	4.2%
INFORMATION	35,100	36,000	35,400	-900	-300	-0.8%
FINANCIAL ACTIVITIES	140,600	141,500	138,400	-900	2,200	1.6%
PROFESSIONAL & BUSINESS SERV.	359,900	364,300	342,300	-4,400	17,600	5.1%
EDUCATION & HEALTH SERV.	274,200	277,100	264,600	-2,900	9,600	3.6%
LEISURE & HOSPITALITY	218,400	220,600	206,400	-2,200	12,000	5.8%
OTHER SERV.	97,300	96,800	89,800	500	7,500	8.4%
TOTAL GOVERNMENT	353,100	357,700	343,400	-4,600	9,700	2.8%
FEDERAL	28,000	28,400	27,900	-400	100	0.4%
STATE	71,400	71,200	69,000	200	2,400	3.5%
LOCAL	253,700	258,100	246,500	-4,400	7,200	2.9%

Chart 1

