



TENTATIVE AGENDA

10:00 a.m. Tuesday, December 4, 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 October, 2007 meeting

5. Declarations of Conflict of Interest

6. Chairman's and Committee Reports

- a. Audit & Monitoring
- b. Education
- c. Early Education & Care

7. Action Items

- a. Early Education & Care: consider increasing financial aid for parents who choose Texas School Ready certified early education providers
- b. Budget: consider Board's 2008 annual operating budget of \$189.9 million
- c. Employer Service: consider committee recommendation for setting unemployment compensation work search requirements
- d. Employer Service: consider committee recommendation for changes to targeted industry; high-skill, high-growth occupations; and Where the Jobs Are lists

8. Information

- a. System Performance
- b. Expenditures
- c. Economic Outlook

9. Labor Market Report

9. Adjourn

The Gulf Coast workforce system helps employers solve their workforce problems and residents build careers so both can compete in the global economy.

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**MINUTES OF
THE GULF COAST WORKFORCE DEVELOPMENT BOARD
TUESDAY, OCTOBER 2, 2007**

MEMBERS PRESENT:

Dula Abdu	Janell Baker	Barry Beasley
Ron Bourbeau	Carl Bowles	Charles Cook
Sal Esparza	Rudy Espinosa	Yvonne Estrada
Clarence Fenner	Joe Garcia	Mark Guthrie
Barbara Hayley	John Hebert	Bobbie Henderson
Tracie Holub	Guy Robert Jackson	Birgit Kamps
Jeff Labroski	Ray Laughter	Carolyn Maxie
Raymond McNeel	Michael Nguyen	Linda O'Black
Carolyn Maxie	Raymond McNeel	Michael Nguyen
Dale Pinson	Janice Ruley	Allene Schmitt
Richard Shaw	Kathy Shingleton	Thomas Stinson
Frank Thompson	Evelyn Timmins	Massey Villarreal
Frankie Watson		

H-GAC STAFF MEMBERS PRESENT

Rodney Bradshaw
Mike Temple
David Baggerly
Rebecca Leppala
Joel Wagher

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, October 2, 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 AUGUST 7, 2007

Mr. Thompson asked if there were any additions or corrections to the minutes for August 7, 2007. A motion was made and seconded to approve the minutes as presented. The motion carried.

DECLARATION OF CONFLICT OF INTEREST

No one declared a conflict of interest.

CHAIRMAN'S REPORT

Audit & Monitoring

Mr. Joe Garcia explained that staff has made 76 year-to-date visits with 8 year-to-date follow-ups. We are forming a regional Quality Assurance Team that includes members from each of our subcontractors. We are standardizing our monitoring policies, procedures and monitoring instruments. We plan to have the regional team in place and operating by the first of the year.

Report Card

Mr. Richard Shaw stated that the 3rd Annual - 2007 Workforce Report Card would be presented to the Board and Mr. Shaw introduced the committee members – Linda O'Black, Kathy Shingleton, Sal Esparza, Charles Cook and Bill Crouch. Ms. Rebecca Leppala delivered a power point presentation. Ms. Leppala explained that the purpose of the Report Card is to benchmark the state of the Gulf Coast regional workforce system against those of similar metropolitan regions – Atlanta, Dallas, Denver, Miami, San Antonio and San Diego. There were 6 areas of comparison – Industries and Employers, Labor Force and Knowledge Jobs, Labor Market Alignments, Education, Income, Wealth and Poverty and Places to Live and Work. Data sources were Census Bureau, Bureau of Labor Statistics, Environmental Protection Agency, National Center for Education Statistics and Office of Federal Housing Enterprise Oversight. Overall our region is doing pretty well, but we are struggling in Education. Overall the Gulf Coast region is diverse and the entering workforce is much more diverse than the retiring workforce. Our education system is losing too many students and without an educated workforce, we will likely be unable to remain an economic powerhouse in the future. Board members had questions and comments and discussion followed.

Mr. Frank Thompson introduced new member – Massey Villarreal.

Mr. Frank Thompson spoke to the Board regarding current National Association of Workforce Board – NAWB issues and levels of funding.

INFORMATION

System Performance

Mr. David Baggerly reviewed the System Performance measures for October 2006 – August 2007. 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. Regional WorkSource System measures will be presented at the end of each calendar year.

For The WorkSource

More Competitive Employers –

Employers Receiving Services (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 August, we provided services to 27,300 employers. We are exceeding this measure.

Employer Loyalty – our performance indicates our employer customers value our services and turn to us for additional services. Of a possible 16,715 employers, 10,270 returned to The WorkSource for additional services.

More and Better Jobs –

New jobs created – we are exceeding planned new jobs created.

Customers employed by the 1st quarter after exit – In this performance year, 293,201 of the 383,200 customers who exited from services were employed in the quarter after exit.

Higher Real Incomes –

Exiters with Earnings Gains of at least 10% - the percentage of exiters with earnings gains greater than 10% exceeds the target. 154,183 of the 382,545 who exited had earnings gains of at least 10%.

Exiters with Earnings Gains of at Least 20% - 142,882 of the 382,545 who exited during the performance period had earnings gains of at least 20%. We are benchmarking this measure this year.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - Current performance exceeds the target at this time. Through August, 3,687 of the 9,064 customers pursuing an education diploma, degree or certificate achieved one.

Mr. Baggerly explained that in addition to the Board established measures there are sixteen measures contracted to the Board by the State. There is one measure where we are not meeting the target.

- Job Openings Filled – The target for this measure is 38.5%. We are currently at 28.7%. This is an improvement over last year's performance which was 23.6%. We continue to strive to fill a significant number of job openings in a tight labor market.

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for eight months ended August 31, 2007. Mr. Bradshaw explained that everything was on target and expenditures looked good.

LABOR MARKET REPORT

Mr. Joel Wagher explained Gulf Coast's region's over-the-year job growth for August was 2.6 percent or 64,400 jobs. The unemployment rate is the lowest since the early 1980's. The stronger job growth has dropped the MSA's unemployment rate to 4.1 percent. Professional & Business Services and Construction are the two major job producers in the region. The thirteen county region's unemployment rate was 4.1%, down from 5.0% in August 2006.

Mr. Bradshaw reminded the Board members that several of the committees would need to meet prior to the December 4, 2007 Board meeting. The committees are Early Education and Care, Employer Services, Education, Budget and Audit and Monitoring.

ADJOURN

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

Audit/Monitoring Committee

Management Report Thru November, 2007

Contractors Monitored	Year to Date Visits	Follow-ups	Year to Date Follow-ups
22	77	9	9

TRENDS

Employer Service

- Staff need to improve the quality of job postings
- Management needs to make sure staff are following-up with employers who post jobs in our system
- Management needs to make sure it understands the division's total workload and ensures it is distributed among staff so that it is completed on-time
- Employment and Training Centers needs to maintain the progress it has made over the last year and continue improving its operations, particularly management oversight of the division's work

Resident Service – Career Offices

- Career office contractors need to pay much closer attention to the authorization, disbursement and reporting of financial aid expenses. This is a serious issue.
- Staff need to improve the quality of the job referrals they make
- Staff need to improve their service documentation
- Interfaith should continue to make improvements to its management and operations

Research & Demonstration

- The SEARCH project needs to improve its operations and financial reporting

Other

- We received the Workforce Commission's draft report from its visit to us in July. The report asked us to pay attention to several items, including appropriately using the Attorney General's online child support system when determining parents eligible for our financial aid, ensuring service documentation for our resident customers is complete and accurate, and penalizing in a timely fashion those welfare recipients who aren't cooperating with us as required. We're preparing a response on the Attorney General's system for December 7th and responses on the other issues for December 10th.
- We're also preparing a corrective action plan

Education Committee Report

The Education Committee met on November 6, 2007 with the following members present: Committee Chair Don Nigbor, Mark Guthrie, Janell Baker, Allene Schmitt, Elaine Barber, and Dale Pinson.

Graduation Data

The Committee reviewed reports that staff has assembled from data from the Texas Education Agency. The reports summarized the performance of individual high schools and school districts against two key Board measures – the ratio of graduates to total enrollment in grades 9-12 and the ratio of 12th graders to 9th graders. As requested by the Committee, staff has added data reflecting limited English proficiency students and economically disadvantaged students, and used the class of 2004-2005 to track retention and graduation over four years. .

Career Materials for Schools

The Committee reviewed drafts of labor market materials for key Board occupations and industries. These materials were developed in response to the Committee's recognition that the Board is in a unique position to provide accurate regional labor market information to students, parents, and school personnel. The Committee suggested some minor changes to the materials, including linking the materials to the industry cluster classifications used by schools and publishing them in languages other than English.

The Committee then discussed a variety of strategies that could be used to market the materials to students, parents, and school staff. The Committee requested that staff work with the Board's marketing contractor to assess the strategies and develop a marketing plan for rolling out the labor market materials.

Next Meeting

Before adjourning, the committee agreed to meet next in January, 2008.

Early Education and Care Committee Report

November Meeting

The Early Education and Care Committee met on November 13, 2007. The following members were present: Bobbie Henderson, Raymond McNeel, Linda O'Black, Dale Pinson and Frank Thompson

Increasing Rates

We discussed the State's mandated increase of maximum reimbursement rates for Texas Rising Star, Texas Early Education Model and Texas School Ready Providers. Staff recommended a 1% rate increase with an effective date of January 1, 2008. The Committee approved the recommendation.

Requiring Relative Providers to List

Staff updated the Committee on the listing process for relative care providers. To minimize the disruption of financial aid to parents and children, we established the following timelines for relative care providers:

- To continue receiving payments through The WorkSource, relative care providers must have listed with the DFPS by November 1, 2007.
- Although we will not pay relative care providers unless they list with the DFPS, we will hold a place for parents using unlisted relative care providers until December 14, 2007. After December 14, if the parent has not arranged to use a regulated or listed provider the parent will lose eligibility for our financial aid.
- We are allowing relative providers who enrolled from September 1 through October 31, 2007 a 60-day grace period to list with the DFPS.

Report Card Measures for Early Education

Last month the Board released its annual workforce report card. The region's lowest grade was in education. The Report Card Committee could not find an appropriated measure to capture the region's investment in quality early education or the availability of quality early learning environments.

Bobbie Henderson asked the Early Education and Care Committee to send early childhood indicators to staff.

Early Education & Care Committee

Increase Financial Aid for Child Care

Background

In April 2007, the Board approved a 3% rate increase for state licensed and registered child care providers. Since that time, the Workforce Commission has required us to make an additional rate increase for certified providers through Texas Rising Star project, Texas Early Education Model and the Texas School Ready project. This increases the amount of financial aid for child care we provide a parent who chooses a provider with one of these certifications.

The definition for each provider follows:

- Texas Rising Star (TRS) providers voluntarily meet the Texas Workforce Commission's criterion that promotes quality child care in licensed and regulated facilities by exceeding the State's minimum licensing requirement.
- Participation in the Texas Early Education Model (TEEM) promotes school readiness by preparing children to enter kindergarten on or above grade level and prepare to keep them on grade level in kindergarten and beyond. Texas School Ready!TM is a program that certifies preschool education classrooms that effectively prepared students for kindergarten. The State Center for Early Childhood Development oversees TEEM and the Texas School Ready project.

Current Situation

The WorkSource currently has 257 providers who are identified as either TEEM, TRS or Texas School Ready. Our projections show that our monthly costs may increase by \$12,000 per month if rates increase by 1%.

The Early Education and Care Committee met on November 13, 2007. The committee discussed the proposed rate increase and recommends raising maximum reimbursement rates by 1%.

Action

Increase maximum reimbursement rates for providers participating in the Texas Early Education Model, Texas Rising Star and the Texas School Ready project up to 1% and thereby increase financial aid for child care to parents who choose these providers.

Budget Committee

Proposed 2008 Workforce Board Budget

The Budget Committee met on Wednesday, November 28, 2007 with Committee Chair Yvonne Estrada, Committee Vice Chair Tom Stinson, Board Chair Frank Thompson, and members Gerald Andrews, Michael Nguyen, Guy Jackson and Frankie Watson attending.

Background

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.

Current Situation

The proposed 2008 budget at \$189.9 million is 7.6% less than the 2007 budget. We have been expecting a drop in our overall revenues as hurricane-related projects end.

- Our general revenue—the largest pot of funds we have—dropped by 3.6% for 2008. This pot includes the major federal and state resources we use to carry out daily operations across the Board's system. Most of the decline results from the end of a special, one-time allocation of child care financial aid dollars given to us because of Katrina and Rita.
- The special state revenue pot decreased by more than half its 2007 total to about \$7.2 million. This group of funds includes the largest portion of money for hurricane-related service, and this explains the large drop. We also have several small pilot projects funded from this pot, three of which have ended.
- With the end of our aerospace industry project, we've seen special federal revenue fall to only \$20,000 for the healthcare industry nurse retention project.
- We typically add small amounts of money from the state to the overall budget through the year. We don't expect those amounts to exceed \$3 million this year.

On the expenditure side of the budget, we are proposing decreases across the system reflecting the decreases in our revenue.

- Employer Service shows a smaller proposed budget by just about the amount of the lost special federal revenue. Proposed expenditures for Employer Service Division operations are slightly less in 2008 than in 2007, accounted for primarily with a small reduction in staff. We don't think this will affect direct delivery of service to employers, and we are working to help our contractor improve its efficiency as well as quality.

- We are proposing a smaller Resident Service budget in 2008 due to the end of the hurricane-related projects. The largest decrease is in Financial Aid—again the result of the ending of special, one-time child care dollars. The budget for our office operations are slightly less than the 2007 amount. We have seen some reductions in staff for the four office contractors, although, as in employer service, we don't anticipate a drop off in service because of increasing efficiency.
- The Research and Demonstration proposed budget is about 20% less for 2008. This reflects our expectations for what those projects will do during the year.
- We are proposing an operations budget for the Board staff of \$4.7 million, a decrease of a little over 4%. The proposed Board operations budget represents 2.5% of our total budget.
 - We have eliminated three full-time positions as those staff left H-GAC. This means smaller personnel expenses as well as reduced overhead.
 - We're proposing 27 full-time equivalent staff. Budgeted personnel costs reflect H-GAC's merit pool salary increase policy. As you may recall, H-GAC sets aside a pool of funds for merit raises in most years. Managers recommend raises based on an evaluation of employees' performance.
 - We've also decreased the amounts set aside for consultants and contractors.

Action

Adopt a 2008 Board budget of \$189.9 million as described.

**GULF COAST WORKFORCE BOARD
 PROPOSED 2008 BUDGET
 SOURCE AND USE**

Source		Use	
General Revenue	182,702,540	Board Operations	4,741,978
Special State Revenue	7,213,535	Employer Service	6,950,000
Special Federal Revenue	20,000	Resident Service	176,894,096
Other	-	<i>Financial Aid</i>	111,409,591
		<i>Office Operations</i>	65,484,505
		Research & Demonstration	1,350,000
Total	\$189,936,074	Total	\$189,936,074

	2008	2007	% Change
General Revenue	182,702,539	189,430,150	-3.6%
Employment Service	7,511,532		
Veterans Employment & Training	375,000		
Re-Integration of Offenders	1,316,855		
Trade Act	220,432		
Workforce Investment	43,269,293		
Youth Opportunity	-		
Food Stamp Employment & Training	2,900,000		
Temporary Assistance to Needy Families	15,379,988		
Child Care & Development Block Grant	110,419,439		
TxDOT Transportation Assistance	1,310,000		
Special State Revenue	7,213,535	15,938,361	-54.7%
Hurricane Related	6,775,000		
First Generation Students Pilot	-		
Disability Navigator Pilot	58,535		
Community Resource Pilot	-		
Personal Re-Employment Accounts Pilot	-		
Non-Custodial Parents Pilot	380,000		
Special Federal Revenue	20,000	254,000	-92.1%
DOL Aerospace	-		
HRSA Nursing Diversity	20,000		
Other	-	-	
Totals	189,936,074	205,622,511	-7.6%

**GULF COAST WORKFORCE BOARD
PROPOSED 2008 BUDGET
BUDGET SUMMARY**

	2007	2008	% of Total 2008 Budget	Dollar Variance from 2007	% Variance from 2006
Board Operations					
Personnel	2,538,242	2,462,135	1.3%	-(76,107)	-3.0%
Indirect	308,899	304,812	0.2%	-(4,087)	-1.3%
Consultants & Contract	1,199,000	1,109,000	0.6%	-(90,000)	-7.5%
Travel	57,650	57,650	0.0%	0	0.0%
Rent	155,453	149,953	0.1%	-(5,500)	-3.5%
Capital Equipment	-	-	-	0	-
Other	682,974	658,428	0.3%	-(24,546)	-3.6%
Subtotal, Board Operations	4,942,218	4,741,978	2.5%	-(200,240)	-4.1%
System Operations					
Employer Service	7,250,000	6,950,000	3.7%	-(300,000)	-4.1%
Resident Service					
Financial Aid	123,387,947	111,409,591	58.7%	-(11,978,356)	-9.7%
Office Operations	68,342,346	65,484,505	34.5%	-(2,857,841)	-4.2%
Research & Demonstration	1,700,000	1,350,000	0.7%	-(350,000)	-20.6%
Subtotal, System Operations	200,680,293	185,194,096	97.5%	-(15,486,197)	-7.7%
Total	205,622,511	189,936,074	100.0%	-(15,686,437)	-7.6%

GULF COAST WORKFORCE BOARD
PROPOSED 2008 BUDGET
BUDGET DETAIL

	Board Operations	
	2008	2007
Consultants & Contract	1,109,000	1,199,000
Legal Services	25,000	25,000
Audit	24,000	24,000
Financial Monitoring	150,000	175,000
Marketing & Outreach	755,000	750,000
Planning Assistance	150,000	175,000
Customer Surveys	-	20,000
Web Development	-	25,000
Contract labor services	5,000	5,000
Other	658,428	682,974
Supplies	18,000	17,000
Meeting Expenses	18,000	18,000
Outside Printing	5,000	5,000
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,997
Software	5,000	10,000
Employee Development & Recruiting	8,250	22,500
Communications	365,000	365,000
Postage & Delivery	15,000	15,000
Subscriptions & Dues	10,500	10,500
Expendable Equipment	20,000	29,500
Legal Notices	17,500	17,500
Network Services	97,594	101,436
Personnel Services	36,536	27,540
Purchasing	19,529	12,535
Print Shop	15,519	23,466

Unemployment Insurance Work Search Requirement

Update for 2008

Background

To receive unemployment insurance payments in Texas, an individual must be ready, willing and able to work and actively seeking full-time work. The Texas Workforce Commission requires claimants to keep records of their work search activities, and periodically state staff audits these records.

As in the past, the Commission allows Workforce Boards to adjust the required number of weekly job search contacts that claimants must make to demonstrate that they are actively seeking full-time work from the state's minimum of three contacts per week.

In 2004 and 2006, upon recommendation of its Employer Services Committee, the Board left the work search requirement for the Gulf Coast claimants at three job contacts per week.

Current Situation

The Commission asks that the Board review the work search requirements and determine if it wants to change the required number of weekly contacts.

We surveyed employers in several of our key industries – healthcare, construction and energy – as well as a region-wide retail business and a significantly sized wholesaler. We asked these businesses directly what their preferences were for work search requirements.

As of the committee meeting date, we have heard from 27 employers and staff that include local and corporate human resources managers, plant managers, corporate leadership and local owner/operators.

- Several employers suggested that claimants should upgrade their skills rather than fill out applications for jobs where they have little or no qualifications.
- Almost every employer we talked to suggested that claimants should focus on how to interview, fill out applications/resumes, and how to look for work effectively. They suggested we make sure The WorkSource offices provide this kind of help for claimants.
- All our respondents said they were more concerned about finding qualified applicants than increasing the volume of applications or requiring claimants to make a specified number of contacts.

- 26 of the 27 respondents told us that three contacts per week was sufficient. One of the 26 also said that one contact per week was sufficient for professionals. One respondent told us that skilled craft workers should make five contacts per week.
- Many large employers indicated they didn't know if applicants were claimants because they don't screen for this criterion. These employers did say they usually see a large number of applicants who do not meet qualifications for their jobs.
- More than half of the employers we called fall into the large employer category in size, and these employers receive the bulk of the claimant contacts.
- In October 2007, we had an average of 68,000 continued claims and 13,000 new claims – which results in about 243,000 required contacts per week.

The Employer Service Committee met on Wednesday, November 28, 2007 with Committee Chair Gerald Andrews, Board Chair Frank Thompson, and members Frankie Watson, Don Nigbor and Guy Jackson in attendance.

Committee members discussed in some detail the feedback we received from employers on this topic. As a way to address employers' concerns about qualified applicants and the quality of applicants, members suggested that the Board discuss with the Workforce Commission alternatives to required contacts for claimants. If a claimant attended job search seminars or workshops through The WorkSource, or obtained a job referral directly from The WorkSource staff, or was pursuing skill training in a high-skill occupation, we might waive the three contacts per week requirement for some specified period of time.

Action

Set work search requirements for claimants in the Gulf Coast at three contracts per week and approach the Workforce Commission with alternatives to required contacts.

Targeted Industries
High-Skill, High-Growth Occupations
Where the Jobs Are

Updates

Background

The Gulf Coast Workforce Board targets the resources it controls — and influences those controlled by its partners in the regional workforce system — with its strategic plan and a series of three supporting lists: 1) *Targeted Industries*, 2) *High-Skill, High-Growth Occupations*, and 3) *Where the Jobs Are*, a list of occupations likely to provide the largest number of job opportunities in the region over the next ten years.

We use these lists to guide not only the Board’s strategic investments, but also to help our residents build careers in industries and occupations with good prospects and higher wages. We use the High-Skill, High-Growth Occupations list to decide which occupations we will support with our education scholarship dollars.

The Employer Service Committee reviewed and recommended the initial lists for the target industries, demand occupations and “hot jobs” to the Board. We noted then that we would bring periodic updates to these lists to the Committee and the Board as circumstances warranted.

Following is information about updates to each of the three lists.

Targeted Industries

Our current list of targeted industries is based on Standard Industrial Classification (SIC) codes which are now out-of-date. The new industry data classification system – known as the North American Industry Classification System (NAICS) – groups employers in different ways, and some of our adjustments to target industries is based on this change.

We began, as always, with labor market data. We used NAICS-level employment and wage data and projections for the 10-year period from 2004 to 2014 and looked for industries that fit the following criteria:

1. Industries with a projected employment growth of at least 8,000 new jobs from 2004-2014 (an average of 800 jobs per year)
2. Industries with projected employment growth rate equal to or greater than the average growth rate for all industries in the region for the period 2004 to 2014. (>23.0)
3. Industries with an average weekly wage of at least \$700 per week.

In addition to industries meeting the above criteria, we added a new sector to our targeted list: Oil and Natural Gas Extraction and Manufacturing. There are actually several different groups of employers within this larger sector – however, because of the importance of these employers to the area economy and gross regional product, we have created the sector and added it to our list.

We have also had significant interest from a number of employers in this sector in the Board's assistance for current and projected skills shortages. We have been working for several years with the large oil and gas companies, oilfield service firms, refiners and petrochemical manufacturers on a variety of workforce needs.

The proposed updated list for the Board's Target Industries is attached. The changes include:

- the addition of Management, Scientific, and Technical Consulting Services;
- the addition of Offices of Physicians;
- the addition of Specialty Hospitals to the Hospitals sector;
- the inclusion a variety of special trade contractors; and
- the deletion of telephone communications.

High-Skill, High-Growth Occupations

The high-skill, high-growth list is made up of larger, high-skill, well-paying occupations critical to the Gulf Coast region's economic future. They offer the best job opportunities to area residents now and will likely continue doing so over the next ten to 15 years. These occupations are found in many industries in the region, not just in those on the targeted industries list.

Qualifying Criteria

Occupations meet the following criteria to be included on the high-skill, high-growth occupations list. They must have:

- projected employment for 2014 equal to or greater than the average for all occupations in the region (4,334)
- a projected employment growth rate equal to or greater than the average growth rate for all industries in the region (23.0 %)
- minimum education requirements of a post-secondary certificate or degree, 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 (\$14.18 per hour)

Scholarship Occupations

Students preparing for employment in occupations on the list that meet two of the following three criteria are eligible for — but not guaranteed — scholarships from The WorkSource or one of its partners. To qualify, two of the three following statements must be true. The occupation must be one:

- with chronic shortages of qualified workers to fill existing or projected job openings;

- where the number of workers expected to graduate from the requisite education or training programs falls significantly below the number of job openings;
- whose employment is over represented in the targeted industries relative to all industries in the region.

The Scholarship Occupations list is a subset of the High-Skill, High-Growth list. We've focused this list – the one we will use in our career offices to help guide staff in putting our dollars into scholarships – on those occupations for which we can provide about two years of support for a successful outcome. All of the Scholarship Occupations come from the High-Skill, High-Growth list and are those currently in demand in our target industries and range of others.

Modifying the List

An employer or group of employers with a demand for skilled workers can ask us at any time to modify our list. We will discuss with employers their shortage occupations, expected numbers of hires, wages and training requirements.

We also use our employer service sales and marketing staff and any updates to published labor market data to check on new or emerging shortage occupations that might be added to our list.

The updated High-Skill, High-Growth Occupations list and the Occupations Supported by Scholarship are both attached.

Where the Jobs Are

We use the “Where the Jobs Are” list to identify those occupations that are growing. We don't use wage or other kinds of criteria to refine the list; it consists entirely of those jobs in which we expect to see openings over the next 10 years.

Occupations on this list are those with projected annual average job openings equal to or greater than 170 per year.

The Employer Service Committee met on Wednesday, November 28, 2007 with Committee Chair Gerald Andrews, Board Chair Frank Thompson, and members Frankie Watson, Don Nigbor and Guy Jackson in attendance and discussed the updates to these lists.

Action

Adopt the updated Targeted Industries; High-Skill, High Growth Occupations; Occupations Supported by Scholarship; and Where the Jobs Are to better focus available workforce resources in the region – those controlled by the Board as well as those the Board influences.

GULF COAST WORKFORCE BOARD

TARGETED INDUSTRIES ¹ RECOMMENDED

Selected Three and Four-Digit Industries Grouped by Three-Digit NAICS Codes Ranked by Number of Employees in First Quarter of 2006

NAICS	Industry Title	1st Qtr 2006 Employment	4-Digit % of 3-Digit Totals	# of Units With 100 Employees or More	Employment Growth				Avg Wkly Wages ³
					Annual Averages		Absolute Change ²	Percent Change	
		2004	2014						
611 Educational Services		244,458	100.0%	406	257,600	358,150	100,550	39.0	\$892
6111	Elementary & Secondary Schools, Public/ Private	172,592	70.6%	371	172,700	249,750	77,050	44.6	\$819
6113	Colleges, Universities, & Professional Schools, Public/Private	51,409	21.0%	29	61,250	77,850	16,600	27.1	\$1,176
541 Professional and Technical Services		164,401	100.0%	228	151,850	195,900	44,050	29.0	\$1,384
5415	Computer Systems Design & Related Services	22,285	13.6%	17	22,850	31,900	9,050	39.6	\$1,719
5416	Management, Scientific, & Technical Consulting Services	19,109	11.6%	31	15,750	25,250	9,500	60.3	\$1,373
621 Ambulatory Healthcare Services		97,212	100.0%	79	90,650	140,200	49,550	54.7	\$775
6211	Offices of Physicians	34,820	35.8%	25	33,150	52,950	19,800	59.7	\$1,183
622 Hospitals		91,622	100.0%	137	87,600	113,850	26,250	30.0	\$967
6221	General Medical & Surgical Hospitals, Public/Private	68,230	74.5%	129	67,250	84,600	17,350	25.8	\$945
6223	Specialty Hospitals, Ex. Psychiatric/Substance Abuse, Public/Private*	3,302	3.6%	1	17,650	25,900	8,250	46.7	\$867
238 Specialty Trade Contractors		89,543	100.0%	168	86,550	106,200	19,650	22.7	\$823
2382	Building Equipment Contractors	37,373	41.7%	66	36,350	45,350	9,000	24.8	\$829
Oil and Natural Gas Extraction and Manufacturing		81,683	100.0%	80	79,500	93,000	13,500	17.0	\$3,210
211	Oil and Gas Extraction	39,777	48.7%	22	38,750	45,450	6,700	17.3	\$3,683
213	Support Activities for Mining	34,345	42.0%	45	28,250	35,250	7,000	24.8	\$2,429
324	Petroleum and Coal Products Manufacturing	11,378	13.9%	13	12,500	12,300	-200	-1.6	\$2,838
	Totals (for the above targeted industries)	494,620	n/a	749	506,450	686,550	180,100	35.6	\$1,351
	Total All Industries Public and Private	2,394,695	n/a	3,553	2,583,550	3,176,650	593,100	23.0	\$977

1. Criteria used to identify the targeted industries:

- Industries with a projected employment growth of at least 8,000 new jobs from 2004-2014 (an average of 800 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 2004 to 2014. (≥ 23.0)
- Industries with an average weekly wage of at least \$700 per week.

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 2006 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.

*Total covered employment data not available for NAICS 6223.

**GULF COAST WORKFORCE BOARD
SYSTEM PERFORMANCE
YEAR END
OCTOBER 2006 – SEPTEMBER 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 on a broad economic level. Regional Workforce System measures include Regional Gross Product, Regional Education performance, Net New Jobs, Regional Employment. The WorkSource measures address our immediate impact on our customers.

We will present Regional Workforce System measures at the February meeting. 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 expected to provide services to 24,300 employers this year which is 20% of the 121,343 employers identified for the Gulf Coast area. We provided services to about 28,000 employers. We exceeded this measure.	20%	23.1%	15.2%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 17,288 employers, 10,558 returned to The WorkSource for additional services.	61%	61.1%	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> We exceeded the number of planned new jobs created.	1,200	1,923	1,225
<u>Customers employed by the 1st Qtr after exit</u> In this performance year, 293,201 of the 383,200 customers who exited from services were employed in the quarter after exit.	76%	76.5%	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% does not meet the target but shows an increase over last year's performance. 154,183 of the 382,545 who exited had earnings gains of at least 10%.	43%	40.3%	39.7%
<u>Exiters with Earnings Gains of at least 20%</u> 142,882 of the 382,545 who exited during the performance period had earnings gains of at least 20%.		37.4%	36.7%

BOARD GOAL: A Better Educated and Skilled Workforce

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Current performance fell shy of the target. Last year, 3,687 of the 22,000 customers pursuing an education diploma, degree or certificate achieved one.	19%	16.8%	13%

CONTRACTED MEASURES

In addition to the Board established measures, there are sixteen measures contracted to the Board by the state. Of these sixteen measures we did not meet the target for one measure.

- Job Openings Filled. The target for this measure is 38.5%. Our performance was 29%. This is an improvement over the previous year's performance which was 23.6%.

We continue to work closely with our contractors to improve performance on all measures and are seeing positive results.

GULF COAST WORKFORCE BOARD
SYSTEM PERFORMANCE
OCTOBER 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 on a broad economic level. Regional Workforce System measures include Regional Gross Product, Regional Education performance, Net New Jobs, Regional Employment. The WorkSource measures address our immediate impact on our customers.

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 29,000 employers this year which is 23% of the 126,000 employers identified for the Gulf Coast area. In October, we provided services to almost 3,000 employers.	23%	27.9%	23.1%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 2,309 employers, 1,763 returned to The WorkSource for additional services.	75%	76.35%	61.1%

BOARD GOAL: More and Better Jobs

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>New jobs created</u> This information is captured quarterly. We will report at the February meeting.	1,500		1,923
<u>Customers employed by the 1st Qtr after exit</u> In first quarter of the measurement period, 65,907 of the 84,122 customers who exited from services were employed in the quarter after exit.	77%	78.3%	76.5%

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% does not meet the target but shows an increase over last year's performance. 42,891 of the 102,752 who exited in the first quarter of the measurement period had earnings gains of at least 10%.	45%	41.7 %	40.3%
<u>Exiters with Earnings Gains of at least 20%</u> The percent of exiters with earnings gains greater than 20% does not meet the target but shows an increase over last year's performance. 39,659 of the 102,752 who exited in the first quarter of the measurement period had earnings gains of at least 20%.	40%	38.6%	37.4%

BOARD GOAL: A Better Educated and Skilled Workforce

SYSTEM MEASURE	ANNUAL TARGET	CURRENT PERFORMANCE	PERFORMANCE LAST YEAR
For The WorkSource			
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Current performance is shy of the target. This is not a concern at this time since outcomes do not usually occur in October. 137 of the 2,597 customers pursuing an education diploma, degree or certificate achieved one.	20%	5.3%	16.8%

CONTRACTED MEASURES

In addition to the Board established measures, there are sixteen measures contracted to the Board by the state. Of these sixteen measures we are not meeting the target for five measures.

- Staff Assisted Job Openings Filled. The target for this measure is 50%. Our performance for October was 46.7%.
- Attainment of Degree or Certificate. This is a youth measure. The target is 50%. Our performance for the first quarter was 44.9%.
- Literacy and Numeracy Gains. This is a youth measure. The target is 30%. Our performance for the first quarter is 14.3%.
- All Families Participation Rate. The target for this measure is about 55%. Our performance for October was 47.7%
- Two-Parent Families Participation Rate. The target for this measure is 74%. Our performance for October was 69.7%

We continue to work closely with our contractors to improve performance on all measures and are seeing positive results.

GULF COAST WORKFORCE DEVELOPMENT BOARD
FINANCIAL STATUS REPORT
For the Ten Months Ended October 31, 2007

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

WORKFORCE REVENUES	217,234,564	182,178,680	179,522,513	2,656,167
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WORKFORCE EXPENDITURES

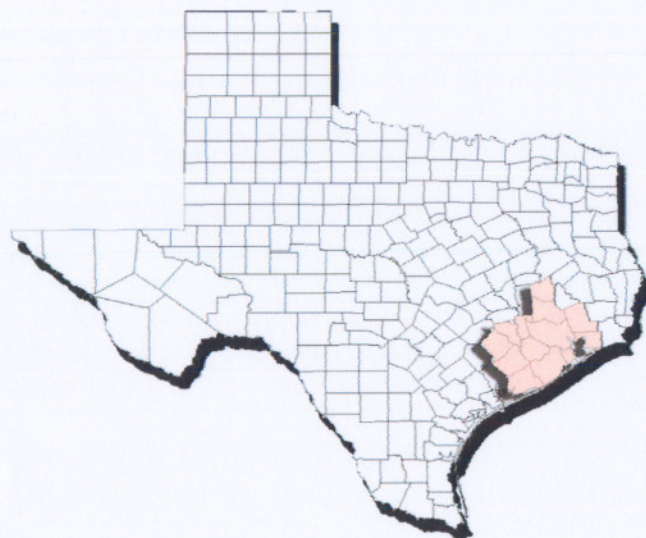
BOARD ADMINISTRATION	4,942,218	4,118,515	3,777,463	341,052
EMPLOYER SERVICES	7,250,000	6,041,667	6,997,345	(955,678)
RESIDENT SERVICES	203,342,346	170,601,832	167,533,472	3,068,360
OFFICE OPERATIONS	68,342,346	56,951,955	56,232,426	719,529
FINANCIAL AID	135,000,000	113,649,877	111,301,046	2,348,831
RESEARCH & DEMONSTRATION	1,700,000	1,416,667	1,214,233	202,434
<i>TOTAL WORKFORCE EXPENDITURES</i>	217,234,564	182,178,680	179,522,513	2,656,167

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.



The Short-Term Outlook for the Gulf Coast Region



November 2007



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Overview

- The Gulf Coast Region is located on the east side of Texas bordering the Gulf of Mexico, and consists of thirteen counties including the Houston-Sugar Land-Baytown metro area. The counties included in the region are Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton.
- The region has seen a healthy overall expansion pattern for a number of years. While the region has historically experienced fluctuations with the evolution of the oil and gas industry, it is poised to be one of the leading growth areas in the state in the years to come.
- The Perryman Group (TPG) was recently asked to perform a short-term forecast for the Gulf Coast Region. According to this analysis,
 - the region is expected to outpace the statewide rate of growth, with expansion in output (real gross product) of 4.16% per annum through 2010; and
 - population is projected to reach a level of 6.14 million while employment climbs to 2.80 million by 2010.
- Expansion should be broad based in nature, with many sectors contributing to strong economic performance.



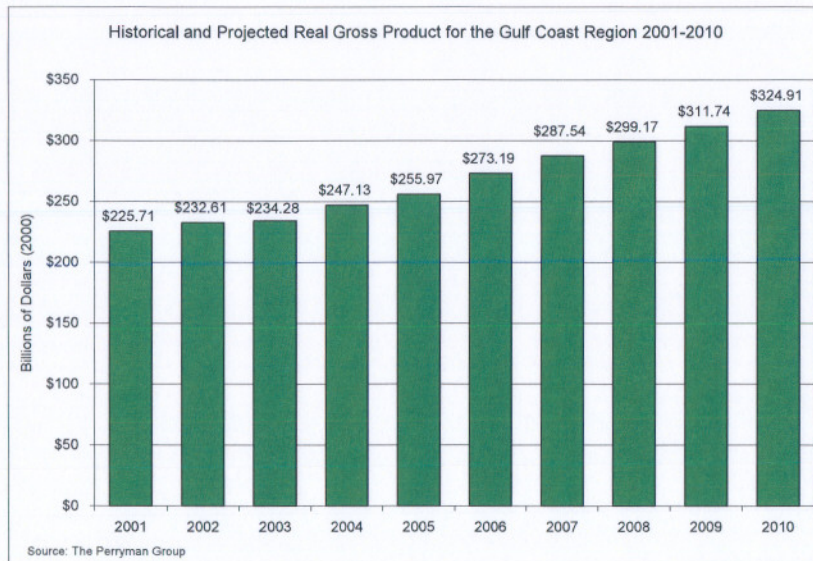
Gulf Coast Region Outlook: Key Indicators

- As noted, the Gulf Coast Region is likely to see healthy growth over the next few years. The table below presents key forecast indicators; further detail may be found in the Appendices.

Gulf Coast Region Outlook: Key Indicators		
<i>Indicator</i>	<i>Projected Compound Annual Growth Rate 2007-2010</i>	<i>Projected 2010 Level</i>
Population	2.08%	6.14 million
Real Gross Product (2000\$)	4.16%	\$324.91 billion
Employment (Wage and Salary)	1.68%	2.80 million
Real Personal Income (2000\$) (by place of residence)	4.23%	\$242.33 billion
Retail Sales	6.98%	\$127.61 billion

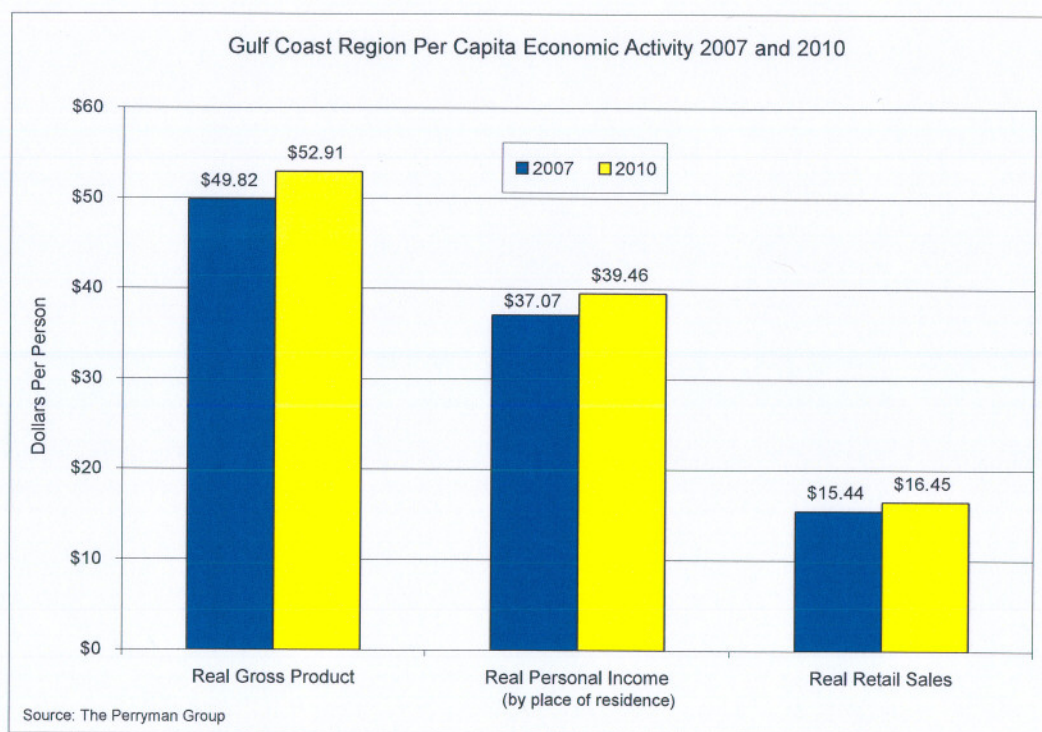
Growth Continues Pattern of Recent Years

- Both output (real gross product) and employment have been growing in the Gulf Coast Region. These expansionary patterns are expected to continue.



Expansion Per Person

- When the projected growth is viewed on a per-capita basis, it becomes clear that the productivity of the area workforce will be rising. Incomes and retail sales per person will also climb.





Conclusion

- The next several years are likely to bring continuing expansion to the Gulf Coast Region, despite the national housing slump and other issues.
- A number of industries in the area are expected to see strong growth; these include energy, tourism, health care, biomedicine, technology-oriented manufacturing, and many others.
- The Port of Houston and other facilities in the region will be a source of future growth as globalization continues and the area becomes more competitive for the exploding trade with Asian nations.
- Meeting the workforce and training needs of an expanding economy will be an ongoing challenge in light of demographic trends and patterns, with success in this arena being critical to sustained prosperity.



GULF COAST REGION EMPLOYMENT TRENDS

DECEMBER 2007
OCTOBER 2007 DATA

Job growth continues to slow over the year. The Gulf Coast Region's¹ over-the-year job growth for October was 2.1 percent, or 52,900 jobs. This was less than half of the over-the-year increase for October 2006, when the rate was 4.8 percent, or 112,800 jobs. Current monthly estimates show peak growth in October 2006 at 4.8 percent. The over-the-year job growth has been slowing ever since (Chart).

Unemployment rate the lowest since the early 1980's. The continued job growth has dropped the MSA's unemployment rate to 3.8 percent, its lowest level for the month of October in this time series, which dates back to 1990. Some old data series show that one would have to go back to the early 1980's to see a lower unemployment rate for October. Last October, the unemployment rate was 4.3 percent. The labor force has only increased by 4,271 over the year. The labor pool is not being replaced as more people go to work. The total estimated unemployed was down to 103,866 from 117,602 last October.

Area leads state in jobs for Research and Development in Biotechnology. The Gulf Coast Workforce Development Area had 1,427 jobs in R & D in Biotechnology (NAICS 541711) in March 2007. This was 34.7% of the R & D Biotechnology jobs in Texas (4,115 Jobs). The Gulf Coast area had 62 firms in the private sector (no data is available for government) during the 1st quarter of 2007, compared to the state's 261. On average, the firms in the Gulf Coast area were larger than the ones throughout the state. The average weekly wage in the Gulf Coast WDA was just a little higher than the state as a whole: \$1,553 compared to \$1,534

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 Educational & Health Services, up 12,000 and 10,100 jobs respectively from October 2006, are the two major job producers in the region. Last year at this time, Professional & Business Services was up 18,100 jobs, peaking in June 2006 with an over-the-year increase of 23,600 jobs. Government added 3,400 jobs from October 2006. Information was the only super-sector to lose jobs over the year, down 300 jobs from October 2006

The thirteen county region's unemployment rate was 3.8%, down from 4.3% in October 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				NET CHANGE FROM		% Chg.
				Sept-07 TO	Oct-06 TO	Oct-06 TO
Industry	Oct-07	Sept-07	Oct-06	Oct-07	Oct-07	Oct-07
Total Nonfarm	2,540,300	2,536,300	2,487,400	4,000	52,900	2.1%
NATURAL RESOURCES & MINING	86,500	86,000	80,500	500	6,000	7.5%
CONSTRUCTION	195,200	194,500	186,200	700	9,000	4.8%
MANUFACTURING	225,500	227,000	225,200	-1,500	300	0.1%
DURABLE GOODS	144,200	145,400	143,800	-1,200	400	0.3%
NONDURABLE GOODS	81,300	81,600	81,400	-300	-100	-0.1%
TRADE, TRANSP., & UTILITIES	509,900	508,300	507,300	1,600	2,600	0.5%
WHOLESALE TRADE	131,500	131,500	131,000	0	500	0.4%
RETAIL TRADE	255,800	254,800	254,200	1,000	1,600	0.6%
TRANSP, WAREHOUSING, & UTIL	122,600	122,000	122,100	600	500	0.4%
INFORMATION	35,400	35,700	35,700	-300	-300	-0.8%
FINANCIAL ACTIVITIES	144,600	144,200	141,400	400	3,200	2.3%
PROFESSIONAL & BUSINESS SERV.	375,200	374,200	363,200	1,000	12,000	3.3%
EDUCATION & HEALTH SERV.	285,000	283,100	274,900	1,900	10,100	3.7%
LEISURE & HOSPITALITY	226,400	229,200	220,000	-2,800	6,400	2.9%
OTHER SERV.	96,300	99,900	96,100	-3,600	200	0.2%
TOTAL GOVERNMENT	360,300	354,200	356,900	6,100	3,400	1.0%
FEDERAL	28,400	28,400	28,400	0	0	0.0%
STATE	69,900	68,600	71,200	1,300	-1,300	-1.8%
LOCAL	262,000	257,200	257,300	4,800	4,700	1.8%

Chart