

## Procurement Committee

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### 2013 System Contract Recommendations

#### Background

The Gulf Coast Workforce Board solicited contracts for its Workforce Solutions operating affiliate in 2008. The five-year procurement cycle allows for an initial annual contract and up to four 1-year renewals based on performance and availability of funding. The 2013 contract year will begin on October 1, 2012 and is the final year of the five-year procurement cycle for system contracts.

Pending approval by the Board, we would plan to issue requests for proposals in February 2013 to put contracts in place for the year beginning October 1, 2013.

#### Performance and Production Update

Unemployment has dropped in our region, although we saw an increase in the unemployment rate from April to June of this year. The slowly improving economy is reflected in performance against the Board's measures which show improved rates of returning people to work, although still below target.

- Customers employed are currently at 69% -- above the 67% annual performance last year, but below the target of 79%.
- Customers with earnings gains are currently at 31% -- above the 26% performance from last year, and below the target of 41%.
- Career office traffic continues to decrease. Through June 2012, the offices have seen about 260,000 people. For the same period last year, the offices saw 330,000 customers.
- However, we see an *increase* in the number of job postings. We had an average of 4,800 new postings each month from October 2011 through March 2012 which has jumped to an average of 7,285 each month since March.

As we have reported at previous Board meetings, we are behind on production for two of 10 state indicators: total employer success rate and job postings fill rate.

## Employer Service

Employment and Training Centers, Inc. operates Workforce Solutions' Employer Service which markets and provides a range of services to business. The 62 staff members are located in career offices and a central unit in Houston.

Employment and Training Centers also operates office for aerospace workers from the NASA Johnson Space Center. That office is planned to close in December 2012.

For 2013, ETC will work with more than 22,600 employers.

## Career Offices

Three contractors employ a total of 468 staff to operate 25 offices, a central processing unit each and 4 itinerant sites called Information Centers.

Houston Works	8 offices: Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena, and Southwest Two financial aid processing units Two staffing specialist units One tracking unit
Interfaith of the Woodlands	9 offices: Columbus, Conroe, Cypress Station, Humble, Huntsville, Sealy, Waller, Westheimer, and Willowbrook One financial aid call center One staffing specialist unit One tracking unit Placement Team
ResCare Workforce Services	8 offices: Bay City, Baytown, Katy, Lake Jackson, Liberty, Rosenberg, Texas City and Wharton One financial aid call center

We anticipate that the offices will see 360,000 people and work an average of 7,000 new job postings each month.

## Payment Office

Neighborhood Centers, Inc. employs 45 staff to operate our payment office and manage Workforce Solutions' vendor networks. This unit tracks, manages, and pays out financial aid to vendors on behalf of our customers.

For 2013, we expect that the financial aid office will pay out more than \$132 million in financial aid for scholarships; help with child care expenses and transportation costs; and other education, work and work search expenses. Currently, the office works with more than 2,900 vendors.

## Early Education & Care Quality

Collaborative for Children, Inc. (CFC) employs 9 staff to provide quality resources to child care providers. CFC provides teachers and director training, equipment and material grants, intensive quality improvement services, support Texas Rising Star and National Accreditation, support for children with disabilities, support for infant/toddler care, child care resource and referral, resources for listed home providers, parenting support, and securing local match funds to match federal Child Care Development Block Grant funds.

## 2013 Proposed Contracts

We are making the following recommendations for 2013 contracts which will include a realignment of eight career offices currently operated by Houston Works.

	2,011	2,012	Proposed 2013
Employment and Training Centers	6,205,705	5,545,954	5,490,494
Interfaith of the Woodlands	12,418,566	10,641,753	10,535,335
ResCare	9,192,000	8,174,701	8,092,954
Neighborhood Centers, Inc.	3,746,915	3,400,000	3,366,000
Collaborative for Children	3,000,000	1,119,547	1,800,000
Subtotal, Operations	34,563,186	28,881,955	29,284,784
Financial Aid	149,424,622	133,780,324	132,442,521
Total	183,987,808	162,662,279	161,727,305

- We are projecting about \$183 million initially available for all 2013 system operations and Board activities. We are recommending 2013 contracts and financial aid at a 1% decrease from current year levels.
- Collaborative for Children’s proposed contract total is the result of the availability to the Board of additional funds dedicated specifically for early education quality improvement activities.
- The Board’s Audit/Monitoring Committee has been following issues with Houston Works’ financial health for several years. For the past three years, our CPA monitors have spotlighted issues with Houston Works’ financial systems and expenditures. The most recent review, completed in the last three weeks, indicates continued problems with financial systems, a high number of high risk findings, and a deteriorating cash position. Latest Houston Works financials indicate a significant negative net asset position, in excess of \$1.1 million.

The Procurement Committee recommends negotiating with current high performing contractors to have one or more contractors assume operation of the eight offices. The intent is to assure uninterrupted service for customers and to continue the more than 200 employees who work in the offices.

## Action

Recommend 2013 Workforce Solutions contracts in total amount not to exceed \$161,727,305 as shown above and authorize staff to negotiate with existing contractors to assume operations in the eight career offices and five service units currently operated by Houston Works.

## Budget Committee

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# Proposed 2012 Board Budget Revision

## Background

Periodically, we update the Board's budget mid-year to account for changes in revenue. For the 2012 mid-year revision we are also requesting authorization for additional spending for the Workforce Solutions electronic network.

The Budget Committee met on Thursday, August 2, 2012 at 11:00 a.m. with committee chair Yvonne Estrada, committee vice chair Tom Stinson, and Board members Gerald Andrews and Mark Guthrie present.

## Current Situation

The proposed revision to the 2012 budget places total available revenue at \$189 million, which is a \$17.4 million or 10.1% increase over the original 2012 amount. The additional revenue is largely financial aid dollars – direct assistance to customers to help them get a job, keep a job or get a better job.

- A change in the way federal Workforce Investment dollars are allocated brought us some additional core revenue.
- We also received slightly more Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program dollars than we originally projected.
- Our Child Care and Development Block Grant funds are higher than initially forecast.

Proposed 2012 system operations costs are in line with contracts the Board approved in August 2011 with additional resources added to the available financial aid pools for customers.

In addition to notifying the Board of the additional revenue for 2012, we are asking permission to add about \$217,000 to the System IT budget to upgrade the Workforce Solutions wide area network and email system.

- Currently, our wide area network (which connects all the offices and system units to each other and the internet) operates on an out-of-date frame relay platform. Our communications carrier will not support the platform beginning in 2013. The least cost option for us is to upgrade the network to a standard our carrier supports. This will also provide faster and more stable connections for the network. Cost is \$130,000.

- At the same time, we want to upgrade the Microsoft Exchange software and hardware we use to support email for the 750 plus Workforce Solutions staff members. Cost for this is \$84,648.

There are no significant changes to the Board staff budget although total costs are about \$150,000 less than the original budget. We are proposing an operations budget for the Board staff of \$4.13 million. This represents 2.2% of the revised 2012 Board budget.

## **Action**

Approve a revised 2012 Board budget in amount of \$189,571,000.

<b>GULF COAST WORKFORCE BOARD</b>				
<b>PROPOSED 2012 BUDGET MID-YEAR REVISION</b>				
<b>SOURCE AND USE</b>				
<b>Source</b>		<b>Use</b>		
General Revenue	181,405,000	Board Operations		4,129,929
Special Federal & State Revenue	8,166,000	System IT		752,035
Other	-	Service for Employers		5,670,954
		Service for People		179,018,083
		<i>Financial Aid</i>	<i>139,842,731</i>	
		<i>Office Operations</i>	<i>38,300,352</i>	
		<i>Special Projects</i>	<i>875,000</i>	
<b>Total</b>	<b>\$189,571,000</b>	<b>Total</b>		<b>\$189,571,001</b>

<b>GULF COAST WORKFORCE BOARD</b>				
<b>PROPOSED 2012 BUDGET MID-YEAR REVISION</b>				
<b>REVENUE SUMMARY</b>				
	2012 REV	2012	Dollar Change	% Change
<b>General Revenue</b>	<b>181,405,000</b>	<b>164,236,975</b>	<b>17,168,025</b>	<b>10.5%</b>
Employment Service	7,450,000	7,450,000		
Veterans Employment & Training	365,000	365,000		
Trade Act	750,000	750,000		
Workforce Investment	33,060,000	29,285,000	3,775,000	12.9%
Supplemental Nutrition Assistance	3,580,000	2,740,000	840,000	30.7%
Temporary Assistance for Needy Families	12,100,000	11,821,000	279,000	2.4%
Child Care & Development Block Grant	124,100,000	111,825,975	12,274,025	11.0%
<b>Special Federal &amp; State Revenue</b>	<b>8,166,000</b>	<b>7,922,000</b>	<b>244,000</b>	<b>3.1%</b>
Disaster Recovery	-	-		
Back-to-Work	3,554,000	3,300,000	254,000	7.7%
Worker Transition Projects	2,875,000	2,875,000		
Disability Navigator Pilot	60,000	60,000		
Non-Custodial Parents	935,000	945,000	- 10,000	-1.1%
Recovery Act	717,000	717,000		
Awards	25,000	25,000		
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
	<b>189,571,000</b>	<b>172,158,975</b>	<b>17,412,025</b>	<b>10.1%</b>



**GULF COAST WORKFORCE BOARD  
PROPOSED 2012 BUDGET MID-YEAR REVISION  
BUDGET SUMMARY**

	2012 REV	2012	% of Total 2012 Rev Budget	Dollar Variance from 2012	% Variance from 2012
<b>Board Operations</b>					
Personnel	2,607,167	2,714,252	1.4%	(107,085)	-3.9%
Indirect	296,826	309,018	0.2%	(12,192)	-3.9%
Consultants & Contract	630,000	660,000	0.3%	(30,000)	-4.5%
Travel	46,350	46,350	0.0%	-	0.0%
Rent	148,620	148,620	0.1%	-	0.0%
Capital Equipment	-	-	0.0%	NA	NA
Other	400,966	400,966	0.2%	-	0.0%
Subtotal, Board Operations	4,129,929	4,279,206	2.2%	(149,277)	-3.5%
<b>System Operations</b>					
System IT, TOTAL	752,035	537,387	0.4%	214,648	39.9%
<i>On-going operations</i>	<i>312,387</i>	<i>312,387</i>		-	
<i>Website upgrade</i>	<i>225,000</i>	<i>225,000</i>		-	
<i>WAN</i>	<i>130,000</i>	-		<i>130,000</i>	
<i>Email upgrade</i>	<i>84,648</i>	-		<i>84,648</i>	
Service for Employers	5,670,954	5,353,000	3.0%	317,954	5.9%
Service for People					
Financial Aid	139,842,731	123,982,874	73.8%	15,859,857	12.8%
Career Offices	38,300,352	36,594,121	20.2%	1,706,231	4.7%
Special Projects	875,000	875,000	0.5%	-	0.0%
Subtotal, System Operations	185,441,072	167,879,769	97.8%	17,561,303	10.5%
<b>Total</b>	<b>189,571,001</b>	<b>172,158,975</b>	<b>100.0%</b>	<b>17,412,026</b>	<b>10.1%</b>

<b>GULF COAST WORKFORCE BOARD</b>		
<b>PROPOSED 2012 REVISED BUDGET</b>		
<b>BUDGET DETAIL</b>		
	<b>Board Operations</b>	
	<b>2012 REV</b>	<b>2012</b>
<b>Consultants &amp; Contract</b>	<b>630,000</b>	<b>660,000</b>
Legal Services	15,000	15,000
Audit	20,000	20,000
Financial Monitoring	200,000	175,000
Public Information & Outreach	395,000	450,000
<b>Other</b>	<b>400,966</b>	<b>400,966</b>
Supplies	18,000	18,000
Meeting Expenses	18,000	18,000
Outside Printing	2,500	2,500
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,000
Software	5,000	5,000
Licenses & Permits	1,000	1,000
Communications	75,000	75,000
Postage & Delivery	15,000	15,000
Subscriptions & Dues	10,500	10,500
Expendable Equipment	12,000	12,000
Legal Notices	17,500	17,500
Network Services	105,722	105,722
Personnel Services	59,966	59,966
Purchasing	17,582	17,582
Print Shop	36,196	36,196