

To: Gulf Coast Workforce Board Members

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

Date: July 27, 2016

Subj: Board Meeting Materials for Tuesday, August 2, 2016

---

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, August 2, 2016** in H-GAC's second floor conference rooms A, B and C, 3555 Timmons Lane, Houston.

We have a substantive agenda for August, with reports from the Audit/Monitoring, Budget, and Procurement committees, and action on Workforce Solutions and adult education contracts for 2017 and a budget revision for 2016.

**Reports.** Chair Guthrie will provide a report to members on items of interest. Audit/Monitoring Committee Chair Joe Garcia will report on the committee's July review of monitoring activities, trends, and opportunities for improvement.

**Action.** Committee Chair Evelyn Timmins will present recommendations to renew Workforce Solutions and adult education contracts for 2017. This will be the final year of renewals; next year we will go out for procurement and select contractors going forward. Before we engage in the procurement process, we will spend time with the Board's Employer Service, Career Office, Strategic Planning, and Education committees to develop our plans for the future. Board Vice Chair Willie Alexander will present a recommendation to make a slight adjustment to the Board's current year budget – in effect to “true up” our revenue and expenditure projections for 2016.

**Information.** We will report on our performance/production and expenditures to-date. We'll have a slightly different format for the usual economic report -- Ron Borski update us on the latest employment numbers in the context of a broader look at regional economy.

We look forward to seeing you on August 2<sup>nd</sup>. As always, please call or email us if you have questions, or if we can be of assistance.

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, August 2, 2016 at 10:00 a.m.**

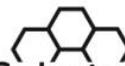
H-GAC Conference Room A/ B/C

3555 Timmons Lane, Second Floor, Houston, Texas 77027

---

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review June 2016 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
  - a. *Chair's Report.* The Board Chair will discuss items of interest.
  - b. *Audit/Monitoring.* The Committee Chair will present results from the committee's July meeting, summarizing monitoring activities and highlighting trends
7. **Take Action**
  - a. *Procurement.* The Committee Chair will present recommendations to fund final year Workforce Solutions contracts in amount not to exceed \$201,518,414.
  - b. *Budget.* The Committee Chair will present a revision to the current year Board budget.
8. **Receive Information**
  - a. *System Performance.* Report on current performance.
  - b. *Expenditures.* Report on expenditures.
  - c. *Updates.* Information on upcoming committee meetings.
9. **Look at the Economy**

Report on current economic data and trends in the Houston-Gulf Coast area, including a report on the region's overall economy.
10. **Take Up Other Business**
11. **Adjourn**



**Workforce Solutions**

Workforce Solutions is an equal opportunity employer/program.

Auxiliary aids and services are available upon request to individuals with disabilities.

Please contact H-GAC at 713.627.3200 at least 48 hours in advance to request accommodations. Deaf, hard-of-hearing or speech-impaired customers may contact:

Relay Texas 1-800-735-2989 (TTY) or 711 (Voice).

Equal opportunity is the law.

**MINUTES OF  
THE GULF COAST WORKFORCE BOARD  
TUESDAY, JUNE 7, 2016**

---

**MEMBERS PRESENT:**

Ray Aguilar	Karlos Allen	Betty Baitland
Peter Beard	Sara Bouse	Carl Bowles
Cheryl Guido	Mark Guthrie	Bobbie Henderson
Eduardo Honold	Guy Robert Jackson	Sarah Janes
David Joost	Doug Karr	Paulette King
Jeff Labroski	Ray Laughter	Kendrick McCleskey
Jerry Nevlud	Linda O'Black	Dale Pillow
Janice Ruley	Connie Smith	Evelyn Timmins
Fred Welch	Shunta Williams	Toy Wood

**H-GAC STAFF MEMBERS PRESENT**

Mike Temple  
David Baggerly  
Ron Borski  
Parker Harvey

Mr. Mark Guthrie, Chairman, called the meeting to order at approximately 10:00 a.m., on Tuesday, June 7, 2016, in the 2nd floor, H-GAC Conference Rooms A/B/C, at 3555 Timmons Lane, Houston, Texas. Chair Guthrie determined a quorum was present.

**ADOPTION OF AGENDA**

Chair Guthrie asked for adoption of the agenda as presented. A motion was made and seconded to adopt the agenda. The motion carried and the agenda was adopted as presented.

**PUBLIC COMMENT**

No one signed up for public comment.

**MINUTES FROM APRIL 5, 2016 MEETING**

Chair Guthrie asked if there were any additions or corrections to minutes for the April 5, 2016 Board meeting and if not, for approval of the minutes as presented. A motion was made and seconded to approve the minutes as presented. The motion carried.

## **DECLARE CONFLICTS OF INTEREST**

Chair Guthrie asked for a declaration of any conflicts of interest with items on the agenda. No one declared a conflict of interest. Chair Guthrie reminded the members that they also were welcome to declare conflicts with items as they are considered.

## **CONSIDER REPORTS**

### *Chair's Report*

Chair Guthrie explained that the last couple of months have been busy – the Report Card Roundtable Meetings have gone well and he noted that he attended several of the roundtables – Northline on March 31, 2016, Baytown on April 11, 2016 and the May 12, 2016 Roundtable in Lake Jackson. Chair Guthrie said that good discussions and ideas have been generated from these Report Card Roundtable sessions and the Roundtable sessions have helped to strengthen relationships in the communities that we serve. Chair Guthrie also expressed his appreciation to the Board members who attended and participated in the various Roundtable meetings.

Chair Guthrie said that on April 29, 2016 he attended the Houston area TriAgency Meeting for Education and Workforce sponsored by the Texas Workforce Commission Commissioners, Texas Higher Education Coordinating Board Commissioner and the Texas Education Agency Commissioner and reported that this meeting also generated good discussions. Chair Guthrie noted that Board member Mr. Peter Beard deserved a lot of credit for coordinating such a largely attended meeting.

Chair Guthrie reported that last week he was the keynote speaker at the Greater Houston Business Leadership Network Federal Contractor Symposium. He noted that he was honored to be asked to speak and always enjoys spreading the word about the Workforce Board and Workforce Solutions.

Chair Guthrie also noted that the Vocational Rehabilitation programs transition from the Department of Assistive and Rehabilitative Services to the Texas Workforce Commission is still on track for September 1, 2016 and things are very busy in Austin trying to make sure it stays on track. He said he would report more on this as things develop.

Chair Guthrie appealed to Board members to join Board committees – he asked that members consider serving if they have not already signed up. He noted that there is a list of the committees in the Board packet and noted that several of the committees have very few members. He said that the Nominating Committee, Strategic Planning Committee and the Government Relations Committee are all interesting committees that have openings and that service on one or more of them would help a Board member learn more about the Board and how it works.

Chair Guthrie concluded his report and no action was taken.

### Audit/Monitoring Committee Report

Vice Chair Guy Robert Jackson reported that the committee met on Tuesday, May 24, 2016 at 10:00 am at the Cypress Station Career Office. He noted that he was unable to attend that committee meeting so he asked if Executive Director Mike Temple could give the report.

Mr. Temple reported on the following new business covered in the committee meeting:

#### **Operations**

- **Career Offices.** The regional monitoring team reviewed three offices: East End, Huntsville, and Conroe. The East End office received an above average rating and Huntsville and Conroe both received average ratings.
  - The **East End** office sees an average of 450 customers daily. The QA team particularly noted the efforts this office has made in serving individuals experiencing homelessness and its partnerships with SER, the Houston Food Bank and the Homeless Coalition to provide work-based learning opportunities.
  - The **Huntsville** office has shown a 30% increase of daily customer visits since the last review at an average of 140 customers. The QA team noted improvements in office layout (changing location of greeter stations), changes to resource room computer station layout, cross training for staff and increased staff recognition.
  - The **Conroe** office averages about 375 visits daily, a 12% increase from the previous annual visit. This is a busy office for its location. As with most offices the QA team has reviewed this year, they continue to stress the need to increase the direct placement of customers into jobs and continuing support for customers engaged in education or training activities to ensure their successful completion and credentialing.
- **Financial Aid Payment Office.** From October 2015 through April 30, 2016, the QA team checked on 693 child care providers out of a total of 1,511 active vendors. This included following-up on three vendors with service improvement agreements.
- **Financial Aid Call Center.** The QA team completed their quarterly review of eligibility at the Call Center, looking at 100 financial aid applications. No findings were reported. The QA team also continues to provide technical assistance on Call Center operations and to follow up on an improvement plan for this year. The Call Center has eliminated backlogs, reduced the time to process applications and is making progress on each of the elements in the improvement plan.

## **Financial Reviews**

- **Knowledge First.** In February, the QA team reported that a preliminary report from a financial monitor's review at Knowledge First indicated potential issues with documentation of services, staffing, and service delivery. At that time, payments were suspended to this contractor pending resolution of the monitoring findings.

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

As staff worked through resolution of issues the financial monitor identified, the QA team visited Knowledge First several times, providing technical assistance on issues related to documentation of service, financial systems, and payments. Staff is now satisfied that Knowledge First has addressed the financial monitor's concerns and that Knowledge First's subsequent requests for payments adequately reflect the service delivered. Payments have resumed for the service with this contractor.

## **Workforce Commission Annual Reviews**

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

Texas Workforce Commission monitors will return to conduct the 2016 review in mid- and late- June. A report on the annual visit is expected in December of this year.

## **H-GAC Comprehensive Annual Financial Report**

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

Chair Guthrie noted that he considers it a good idea to have the Audit/Monitoring Committee meetings in the various offices around the region and it was a good way for members to see the offices.

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

### Report Card Committee

Vice Chair Linda O'Black reported that recently a series of Roundtable discussions were held around the region that the Board serves to present the Board's latest Workforce Report Card and to highlight the Education-related findings of the Report Card. Employers, educators, community leaders, and elected officials were all invited to participate in these events, held in Houston, Rosenberg, Baytown, Conroe and Lake Jackson. In addition, staff presented Report Card findings at a MidCoast Education Alliance event in Bay City and will also present at a meeting of the Pearland Chamber of Commerce in late June.

Board staff provided an overview of key findings at each event, and Board members led the round-table discussions, which gave participants the opportunity to ask questions, voice concerns and offer solutions.

Vice Chair O'Black noted that to date there were approximately 167 individuals participated, including 95 representatives of local business, 35 representatives of local schools and colleges, 14 representatives of community organizations, 10 elected officials. Chair Mark Guthrie, Vice Chair Gerald Andrews, and members Betty Baitland, Allene Schmitt and Gil Staley led the various different events and additional Board members, including Ray Aguilar, Willie Alexander, Guy Robert Jackson, Cheryl Guido, Sarah Janes, Doug Karr, Scott Marshall, Linda O'Black and Richard Shaw participated.

The Board's 2015 Workforce Report Card finds is that the Houston-Galveston region ranks highly in terms of economic performance and is competitive on issues of labor force composition and quality of life, but lags other metropolitan areas in the country in achievement and investment in education.

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

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

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

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

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

Vice Chair O'Black thanked the Board staff responsible for producing the report and for all the hard work that went into the Roundtable meetings.

Chair Guthrie noted that there was a special report on the rankings of the various schools in our area in the Sunday, April 3, *Houston Chronicle*. It reported that the inner city HISD schools are ranked near the bottom of the list and the dropout rates for many of the high schools exceed 35-40%. He encouraged members to review the report, especially the high school section.

Vice Chair O'Black concluded her report and no action was taken.

#### Career Office Committee

Chair Karlos Allen advised that as in previous meetings, our contractors regularly identify staff members they believe best exhibit the I AM Workforce Solutions principles of excellent customer service. The Regional Management Team—made up of Board staff and contractor management—reviews nominations and selects one or more individuals for recognition.

## I AM Workforce Solutions

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

As a staffing specialist, Ms. Lopez takes on any task that will get the job done. She recruits and refers candidates to open postings, often using creative means such as social media to get the word out. She also uses her connections with

local education institutions to network and attract candidates to the office. Ms. Lopez organizes and schedules in house hiring events at times that will give employers the best experience, and goes the extra mile to insure that employers' needs are met. She consistently exceeds the expectations of employers and her peers by thinking of them as the most important customers. Ms. Lopez is dedicated, reliable, and a valued member of the Employer Service team.

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

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

Chair Allen concluded his report and no action was taken.

**THERE WERE NO ACTION ITEMS ON THE AGENDA.**

**RECEIVE INFORMATION**

System Performance

Mr. David Baggerly reviewed the Year End System Performance measures for October 2015 through April 2016. These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

*For Workforce Solutions*

*More Competitive Employers* –

Employers Receiving Services (Market Share) – We expected to provide services to 25,757 employers this year. We provided services to 16,807 employers through April 2016.

Employer Loyalty – Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,163 employers, 10,342 returned to The Workforce Solutions for additional services through April 2016.

More and Better Jobs –

New jobs created – New jobs created in the region as a result of Workforce Solutions partnering with economic development organizations. This information is captured quarterly and reflects a two-year average through March 2016.

Customers employed by the 1<sup>st</sup> Quarter after exit – 177,031 of the 219,849 customers who exited service in the three quarters ending June 2015 were employed by the quarter after exit.

Higher Real Incomes –

Earnings Gains of at least 20% - 74,992 of the 217,367 customers who exited in the three quarters ending December 2014 had earnings gains of at least 20%.

A Better Educated and Skilled Workforce –

Customers pursuing education diploma, degree or certificate who achieve one - 794 of 1,179 customers pursuing an education diploma, degree or certificate attained a diploma, degree or certificate by the end of the quarter after exit.

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we received from the Texas Workforce Commission.

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

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

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

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

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

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

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

Mr. Temple gave an update of activities in the career offices – last year a total of 1.3 million people made a visit to our career offices thru April of last year. This year 1.37 million people have visited our offices and the number of people we have recorded a service for has increased from 353,000 for last year to 430,000 for seven months or thru April 2016.

Mr. Guthrie stated that he noticed when visiting various offices for the Audit/Monitoring Committee meetings that parking spaces were hard to locate and often were not close to the front door.

Dr. Bobbie Henderson spoke of two separate situations where Workforce Solutions staff helped resolved problems for people in need.

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

#### Expenditure Report

Mr. Mike Temple reviewed the Financial Status Report for four months ending April 30, 2016 and stated that the budget is on target and looks good.

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

### Updates

Mr. Temple explained that the Audit/Monitoring and Procurement Committees will meet on July 21<sup>st</sup> at 1:30 pm to review and make recommendations on contract renewals. This will be the last year for renewals in this cycle and staff will start preparing for the new procurement later this year.

Mr. Temple noted that the Report Card Committee is planning to host a joint meeting of the Strategic Planning, Education and Report Card Committees to discuss the findings from the various community events and how the Board can use the information in the planning going forward.

The Budget Committee Meeting will meet on July 20, 2016 at 10:00 am to review the budget mid-year.

Mr. Temple stated that the U. S. Department of Labor recently announced its allotments for the Workforce Investment dollars and Texas will receive less money this year compared to last year. The formulas that allocate the dollars to the states are based on data that looks backwards. The Gulf Coast region will receive almost \$2 million less than last year. These funds are part of the funds that assist people who are laid off. The reduction is unfortunate since there have been substantial layoffs in the Gulf Coast region that are continuing in the energy and manufacturing industries. As a result, we are going to ask the state and DOL for additional resources specifically to address and aid workers who have been laid off from these two industries.

Mr. Temple explained that over the past two summers we have participated with ProjectGrad, JPMorgan Chase and Summer Institutes for high school students that focus on careers. This year there will be nine institutes with approximately 100 to 125 students in each institute.

Mr. Temple noted that we are engaged in a teacher externship program again this year. Last year, we worked with several school districts in eastern Harris County and helped teachers learn about the logistics industry. This year 30 teachers and counselors from Spring Branch, CyFair, Alief, Katy and KIPP will be learning about Health Care Institutions.

Chair Guthrie encouraged all Board members to attend the Audit/Monitoring and Procurement Committees' joint meeting on Thursday, July 21, 2016 at 1:30 pm.

Mr. Temple concluded his report and no action was taken

### **LOOK AT THE ECONOMY**

Mr. Ron Borski explained that the rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) dropped one-tenth of a percentage point to 4.8% in April. While an April decline is normal, this was the weakest on record since 2007. The local rate of unemployment has been gradually rising over the

past year, up seven-tenths of a percentage from April 2015 and currently higher than the nation's rate for the first time since November 2006.

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

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

#### *Employment Trends among Workers 65 and over in the Gulf Coast*

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

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

Overall population growth is projected to slow, and a look at past and future growth by age group provides a more nuanced take on this trend. Between 2005 and 2015, the number of residents in the eight age brackets between 0 to 14 years and 50 and 54 years grew approximately 14% to 25% with the exception of residents 45 to 49. The growth

rate of this latter group was the slowest of all, up only 6% over the 10-year period. In contrast, individuals 55 to 59 years, 60 to 64 years, and 65 and over grew substantially faster than all other age groups, up 46%, 74%, and 59%, respectively, over the decade.

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

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

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

When we look at workers aged 65 and over, we observe a mix of industries that shares similarities with both of the aforementioned age groups. As with workers 35 to 44, Health Care and Social Assistance was where we find the largest share of workers 65 and over in the Gulf Coast, albeit just barely, at 10.7% of total employment. However, like the youngest cohort of workers, those aged 14 to 18, Retail Trade was also the second-largest industry for older worker with 10.6%. Educational Services remained a top industry for workers 65 and over at 10.4% followed by Accommodation and Food Services (9.2%) and Manufacturing (8.2%). Note that a key industry in the Gulf Coast frequently associated with oil and gas and where many mid-career individuals aged 35 to 44 are

found, Professional and Technical Services, drops to 7<sup>th</sup> place for workers 65 and over. In the case of Accommodation and Food Service and Retail Trade, it appears that these industries, thanks to their tendency towards part-time work arrangements and relatively low barriers to entry, re-emerge as important sources of employment as workers enter their later years. In contrast, Health Care, Educational Services, and Manufacturing remain fairly constant whether mid or late-career. Given the moderate to highly specialized training needed for many occupations in these latter industries, it is likely that individuals already employed in these areas continue to work even after the age of 65 rather than select them for new careers.

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

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

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

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

somewhat higher compared to those requiring short-term on-the-job training, ranging from \$22,000 per year to \$38,000 per year.

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

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

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

### **OTHER BUSINESS**

No one presented other business.

### **ADJOURN**

There was no further business to come before the Board, and Chair Guthrie adjourned the meeting at approximately 10:50 am.

---

## Audit/Monitoring Committee Update for August 2016

The Audit/Monitoring Committee met on July 21, 2015 to review monitoring results from the year and to make recommendations to the Procurement Committee about contract renewals. A summary of the information from the meeting follows.

### Trends

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

### Opportunities for Improvement

- We have identified some recurring issues with eligibility documentation for youth, both in the career offices and the adult education providers.

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

## Financial Systems

We review contractors' accounting policies and procedures, financial system controls and transactions, personnel policies and procedures, payroll, procurement, inventory, financial reporting/billing, cost allocation, and cash management. We conduct an annual systems review and more frequent billings reviews.

Our contractors are subject to rules and procedures that generally govern federal/state dollars, as well as some requirements specific to a particular funding source or grant.

When we have findings and observations in financial monitoring reports, contractors respond timely and with a plan to improve.

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

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

All contractors passed the fiscal integrity evaluation.

## Ratings Summary

Following is a summary of ratings for contractors and units from the Quality Assurance Team's visits.

	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Interfaith</b>			
Bay City	Average	Average	Average
Columbus	Average	Above	Above
Conroe	Average	Average	Average
Cypress Station	Above	Average	Average
Humble	Below	Average	Average
Huntsville	Average	Average	Average
Katy Mills	Average	Above	Above
Liberty	Average	Above	Average
Sealy	Above	Above	Above
Waller	Above	Above	Average
Westheimer	Average	Average	Above
Wharton	Average	Above	Average
Willowbrook	Above	Average	Average
<b>NCI</b>			
Astrodome	Average	Average	Above
Baytown	Below	Average	Above
East End	Above	Average	Above
Lake Jackson	Average	Above	Above
Northeast	Average	Average	Average
Northline	Average	Average	Average
Northshore	Average	Average	Average
Southeast	Average	Above	Above
Rosenberg	Below	Average	Above
Southwest	Average	Average	Average
Texas City	Below	Average	Average
Call Center	Acceptable	Acceptable	Acceptable
Payment Office	Acceptable	Acceptable	Acceptable
Employer Service	Acceptable	Acceptable	Acceptable

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

## Procurement Committee

---

### 2017 Contract Renewals

The Procurement Committee met on July 21, 2016 to consider renewing contracts for the operation of Workforce Solutions and the Gulf Coast Adult Education Consortium.

### Background

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

We plan to re-procure Workforce Solutions operations in early 2017 and adult education beginning in late 2016 for contracts that would begin in October 2017

We propose renewing our existing contracts for the last year of this cycle to begin October 1, 2016.

### Performance and Production

Our region's unemployment rate was at 4.8% in April, which is up seven-tenths of a point from this time last year. Increased unemployment continues to be attributed to the economic downturn in oil and gas. Despite the economic conditions facing the region, we saw some improvement in performance associated with people returning to work.

- Through June 2016, 78.6% of our customers were employed by the first quarter after exiting from Workforce Solutions – above the 75.8% performance last year and exceeding the 2016 target of 73%.
- Through June 2016, 34.5% of our customers had earnings gains of 20% or more after exit, which is above the 33.8% performance from last year. The target is 35%.
- We've seen an increase in the number of customers visiting career offices. The average monthly traffic for 2016 is expected to reach 220,415. In 2015, the average monthly traffic was 202,304. We expect a 6% increase in customer traffic from 2015 to 2016.
- We've also seen a drop in the number of job postings. The average number of monthly job postings through June 2016 was 10,804.
- We are behind on production for two of the ten state measures. We are not meeting:
  1. Claimants reemployed within 10 weeks. Our region has 30% of the State's unemployment insurance claimants. Previously, our percentage was 24%.

2. Youth Literacy/Numeracy. We have had difficulty meeting this measure in the past. However, going forward, we will no longer have this in our production requirements – the new federal legislation has replaced it with measures better aligned to our mission.

## The Workforce Solutions System

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

- The **Employer Service** group – Dedicated to getting employers what they need in the way of skilled workers and HR support, Employer Service is the sales and marketing arm of Workforce Solutions.
- The **Career Office** network – This network includes our local offices, the call center and payment office, and our special youth projects. It daily carries out the biggest share of the system’s work, helping individuals get a job, keep a job, or get a better job. This network also authorizes, provides and supports our \$130 million plus financial aid system.
- Staff **Training and Development** – Primarily in support of Employer Service and the Career Office network, our training and development system provides on-going classes to develop the skills of system staff, technical assistance to various units on procedures and best practices, and support for the system’s continuous improvement activities.
- **Early Education** Quality – The Board has, from its inception, been concerned with improving the quality of early education in the region and supporting the upskilling of workers in the industry.
- **Adult Education** – Although not formally recognized as Workforce Solutions, the adult education consortium is connected to, supported by, and supportive of the other parts of the region’s workforce system. The providers and staff in the consortium are vitally important in ensuring our region has an educated workforce to meet employers’ need for talent.

Following is a look at the dollars invested in contracts and the people working in the system.

	<b>2016 Investment</b>	<b>Staff</b>
Employer Service	\$ 6,507,000	88
Career Office Network	179,115,515	661
Training & Development	848,175	7
Early Education Quality	3,979,500	38
Adult Education	14,500,800	280
	<b>\$204,950,990</b>	<b>1,074</b>

## Employer Service

Employment and Training Centers, Inc. operates Workforce Solutions' Employer Service which markets and provides a range of services to business. ETC employs 88 staff members which are located in career offices and in a central unit in Houston.

As of June 30, 2016, ETC has worked with 19,636 employers.

## Career Office Network

**Career Offices.** Two contractors operate 24 offices and 10 information centers.

Neighborhood Centers manages 304 staff and operates 11 offices: Astrodome, Baytown, East End, Lake Jackson, Northeast, Northline, Northshore, Rosenberg, Southeast, Southwest, and Texas City

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

Interfaith of the Woodlands manages 214 staff and operates 13 offices: Bay City, Columbus, Conroe, Cypress Station, Humble, Huntsville, Katy Mills, Liberty, Sealy, Waller, Westheimer, Wharton and Willowbrook

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

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

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

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

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

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

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

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

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

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

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

## Staff Training and Development

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

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

## Early Education Quality

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

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

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

TAEYC has provided scholarships to 45 teachers this year.

## Adult Education

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

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

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

## Adult Education Consortium

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

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

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

## Current Situation

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

- As you recall, our basic system revenue comes from multiple federal sources – all of which are allocated to us using the various different formulas that bring those dollars to the state.
- For most of the funding streams, our 2017 allocations are roughly equal to the 2016 dollars. The Workforce Innovation & Opportunity funds, however, are notably lower – the result of the data which is used in the allocation formulae for these funds.
  - We have applied for, and include in our estimates, additional Workforce Innovation funds specifically to help workers who have lost jobs in the energy and related industries.
- As usual, we have included our best guess for carry-over – or unspent 2016 contract funds that can be re-programmed for 2017.
- We will have about 6% more in adult education dollars available to us in 2017 – the result of a slightly higher allocation and additional funds we received for integrated education and training activities.

## Investments

We are proposing the following level of investments for 2017

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

Within the overall investments, we recommend the following:

- A general reduction in operating expenses for the system – this largely means somewhat less funds for facilities and staff
- A reduction in overall financial aid while shifting priority for how these funds are spent.

We are recommending a substantial increase for work-based learning activities (work experience, on-the-job training, apprenticeships) while decreasing the dollars for scholarships and other work, work search, and education support.

- To reflect the Board’s continuing commitment to early education, essentially level funding for quality efforts.

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

- Increasing the investment in adult education.

We are recommending some substantial increases for providers that have delivered during 2016 – and increasing the resources dedicated to integrated education and training, transitioning adult education students into post-secondary training, and employer-site-based projects.

## Recommendations

We recommend renewing contracts for all 17 Workforce Solutions and adult education providers in 2017.

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

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

## Results

With these recommendations, we plan to achieve the following:

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

## Action

Recommend the Board approve 2017 contracts for the regional workforce system in total of \$201,518,414 as shown below.

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

## Budget Committee

---

# 2016 Board Budget Revision

### Background

Periodically we update the Board's budget mid-year to account for changes in revenue. The budget describes how the Board will use its resources to both operate Workforce Solutions and leverage results in the region. We are proposing the Board approve a small increase in the overall budget.

The Budget Committee met on Wednesday, July 20, 2016 with Committee Chair Willie Alexander, Mark Guthrie, Gerald Andrews, Scott Marshall, and Doug Karr attending.

### Current Situation

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

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

We have also adjusted proposed 2016 system operations costs to incorporate additional resources and reflect actual performance during the first six months of the year. We have

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

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

## Results

We are not proposing any changes to the Board's targets for 2016 performance or production. With this budget, we plan to achieve the following:

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

## Action

Approve a revised 2016 Board budget in amount of \$211,862,043.

<b>GULF COAST WORKFORCE BOARD</b>				
<b>PROPOSED 2016 BUDGET REVISION</b>				
<b>SOURCE AND USE</b>				
<b>Source</b>		<b>Use</b>		
General Revenue	191,085,760	Board Operations		5,271,849
Special Federal & State Revenue	20,055,758	System IT		360,000
Other	720,525	Service for Employers		8,249,167
		Service for People		197,981,027
		<i>Financial Aid</i>	<i>142,444,115</i>	
		<i>Office Operations</i>	<i>38,975,400</i>	
		<i>Special Projects</i>	<i>1,841,900</i>	
		<i>Adult Education</i>	<i>14,719,612</i>	
<b>Total</b>	<b>\$211,862,043</b>	<b>Total</b>		<b>\$211,862,043</b>

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

<b>GULF COAST WORKFORCE BOARD</b>					
<b>PROPOSED 2016 BUDGET REVISION</b>					
<b>BUDGET SUMMARY</b>					
	<b>2016 Revision</b>	<b>2016</b>	<b>% of Total 2016 Budget</b>	<b>Dollar Variance from Original Budget</b>	<b>% Variance from Original Budget</b>
<b>Board Operations</b>					
Personnel	3,181,987	3,181,987	1.5%	-	0.0%
Indirect	361,474	361,474	0.2%	-	0.0%
Consultants & Contract	906,210	864,000	0.4%	42,210	4.9%
Travel	44,100	44,100	0.0%	-	0.0%
Rent	193,782	193,782	0.1%	-	0.0%
Capital Equipment	-	-	0.0%	NA	NA
Other	584,296	584,296	0.3%	-	0.0%
Subtotal, Board Operations	5,271,849	5,229,639	2.5%	42,210	0.8%
<b>System Operations</b>					
System IT, TOTAL	360,000	360,000	0.2%	-	0.0%
Service for Employers	8,249,167	7,999,167	3.9%	250,000	3.1%
Service for People					
Financial Aid	142,444,115	137,805,000	67.2%	4,639,115	3.4%
Career Offices	38,975,400	40,775,400	18.4%	- 1,800,000	-4.4%
Special Projects	1,841,900	2,441,900	0.9%	- 600,000	-24.6%
Adult Education	14,719,612	14,219,612	6.9%	500,000	3.5%
Subtotal, System Operations	206,590,194	203,601,079	97.5%	2,989,115	1.5%
<b>Total</b>	<b>211,862,043</b>	<b>208,830,718</b>	<b>100.0%</b>	<b>3,031,325</b>	<b>1.5%</b>

<b>GULF COAST WORKFORCE BOARD</b>		
<b>PROPOSED 2016 BUDGET REVISION</b>		
<b>BUDGET DETAIL</b>		
	<b>Board Operations</b>	
	<b>2016 Revision</b>	<b>2016</b>
<b>Consultants &amp; Contract</b>	<b>906,210</b>	<b>864,000</b>
Legal Services	15,000	15,000
Audit	33,500	33,500
Financial Monitoring	357,710	299,500
Public Information & Outreach	500,000	516,000
<b>Other</b>	<b>584,296</b>	<b>584,296</b>
Supplies	16,000	16,000
Meeting Expenses	19,000	19,000
Outside Printing	1,750	1,750
Books & Publications	2,000	2,000
Maintenance & Repair	5,000	5,000
Software	5,000	5,000
Licenses & Permits	1,000	1,000
Communications	52,000	52,000
Postage & Delivery	16,000	16,000
Subscriptions & Dues	20,000	20,000
Expendable Equipment	25,200	25,200
Legal Notices	15,000	15,000
Employee Development	10,500	10,500
Network Services	222,170	222,170
Personnel Services	83,312	83,312
Purchasing	17,720	17,720
Print Shop	40,812	40,812
Facility	31,832	31,832

**Gulf Coast Workforce Board**  
**System Performance**  
October 2015 to June 2016

## Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

We report on the Board measures for Workforce Solutions at each meeting.

## More Competitive Employers

<b>Measure</b>	<b>Annual Target</b>	<b>Current Performance</b>	<b>Performance Last Year</b>
<u>Employers Receiving Services</u> (Market Share) We expect to provide services to 25,757 employers this year. We provided services to 19,616 employers through June 2016	25,757	19,616	27,292
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,147 employers, 11,583 returned to Workforce Solutions for additional services through June 2016	63%	48.0%	61.5%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> New jobs created in the region as a result of Workforce Solutions partnering with economic development organizations. This information is captured quarterly and reflects a two-year average through June 2016.	3,000	1,289	2,446
<u>Customers employed by the 1st Qtr. after exit</u> 177,095 of the 219,892 customers who exited service in the three quarters ending June 2015 were employed by the quarter after exit.	75%	80.5%	78.1%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Earnings Gains of at least 20%</u> 75,044 of the 217,405 customers who exited in the three quarters ending December 2014 had earnings gains of at least 20%.	36.0%	34.5%	33.8%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> 1,077 of 1,596 customers pursuing an education diploma, degree or certificate attained a diploma, degree or certificate by the end of the quarter after exit.	62%	67.5%	70.1%

## Production

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

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

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

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

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

	<b>Target</b>	<b>Year to Date Actual</b>
<b>Total Enrollments</b>	<b>N/A</b>	<b>26,674</b>
12+ Hour Enrollments	25,151	24,649
Transitions	1,257	1,023
Career Pathways	1,377	881

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

<b>Measure</b>	<b>Target</b>	<b>Year to Date Actual</b>
Adult Basic Education – Beginning Literacy	75%	51.6%
Adult Basic Education – Beginning Basic Education	63%	42.2%
Adult Basic Education – Intermediate Low	63%	42.4%
Adult Basic Education – Intermediate High	56%	35.0%
English as a Second Language – Beginning Literacy	64%	42.2%
English as a Second Language – Beginning Low	70%	46.1%
English as a Second Language – Beginning High	72%	49.1%
English as a Second Language – Intermediate Low	74%	50.1%
English as a Second Language – Intermediate High	64%	36.9%
Advanced English as a Second Language	66%	33.3%
Adult Secondary Education	64%	40.9%

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

	<b>ANNUAL BUDGET</b>	<b>BUDGET YEAR TO DATE</b>	<b>ACTUAL YEAR TO DATE</b>	<b>DOLLAR VARIANCE</b>
<b>WORKFORCE REVENUES</b>				
WORKFORCE REVENUES	<b>211,862,043</b>	<b>105,931,021</b>	<b>101,873,054</b>	<b>4,057,968</b>
<b>WORKFORCE EXPENDITURES</b>				
BOARD ADMINISTRATION	<b>5,271,849</b>	<b>2,635,925</b>	<b>2,300,435</b>	<b>335,490</b>
SYSTEM IT	<b>360,000</b>	<b>180,000</b>	<b>183,141</b>	<b>(3,141)</b>
EMPLOYER SERVICES	<b>8,249,167</b>	<b>4,124,584</b>	<b>3,760,844</b>	<b>363,740</b>
RESIDENT SERVICES	<b>197,981,027</b>	<b>98,990,513</b>	<b>95,628,634</b>	<b>3,361,879</b>
OFFICE OPERATIONS	38,975,400	19,487,700	18,026,811	1,460,889
FINANCIAL AID	142,444,115	71,222,057	70,017,543	1,204,514
SPECIAL PROJECTS	1,841,900	920,950	685,094	235,856
ADULT EDUCATION	14,719,612	7,359,806	6,899,186	460,620
<b>TOTAL WORKFORCE EXPENDITURES</b>	<b>211,862,043</b>	<b>105,931,021</b>	<b>101,873,054</b>	<b>4,057,968</b>

**VARIANCE ANALYSIS**

Note: Except for Special Projects that are currently funded through September 30, 2016, the "Budget Year to Date" column reflects straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year.

**For the Six Months Ended June 30, 2016**

	<b>budget ytd</b>	<b>actual ytd</b>
Workforce Revenues	105,931,021	101,873,054
Total Revenues	105,931,021	101,873,054
Board Administration	2,635,925	2,300,435
System IT	180,000	183,141
Employment Services	4,124,584	3,760,844
Resident Services	98,990,513	95,628,634
Office Operations	19,487,700	18,026,811
Financial Aid	71,222,057	70,017,543
Special Projects	920,950	685,094
Adult Education	7,359,806	6,899,186
Total Expenses	105,931,021	101,873,054

**FY16 YTD Workforce Revenues**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Jan-16	16,105,685		16,105,685
Feb-16	15,174,831		15,174,831
Mar-16	16,448,421		16,448,421
Apr-16	16,716,256		16,716,256
May-16	16,758,872		16,758,872
Jun-16	18,367,386		18,367,386
Jul-16			0
Aug-16			0
Sep-16			0
Oct-16			0
Nov-16			0
Dec-16			0
Totals	<u>99,571,452</u>	<u>0</u>	<u>99,571,452</u>

Remarks: ES program revenue \$2,301,602.00 from TWC FS-9 report not included in Workforce Board revenue journal.



Labor Market Information  
MAY 2016 Employment Data

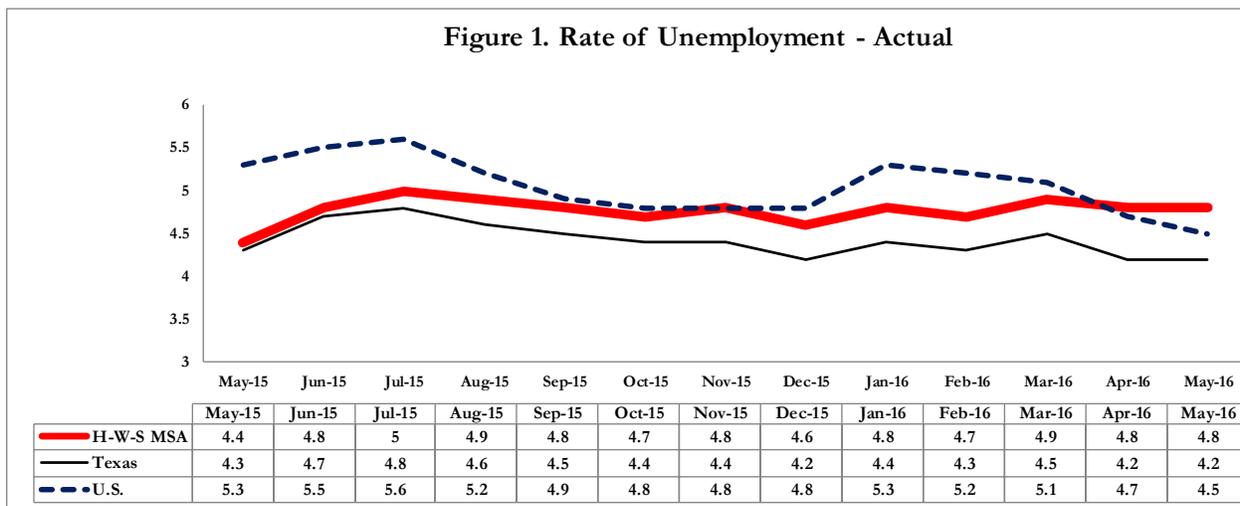
HOUSTON-THE WOODLANDS-SUGAR LAND METROPOLITAN STATISTICAL AREA  
(H-W-S MSA)

Visit our website at [www.wrksolutions.com](http://www.wrksolutions.com)

The rate of unemployment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (H-W-S MSA) was unchanged at 4.8 percent in May. The current rate of unemployment was four-tenths of a percentage point higher than one year earlier driven by an increase of nearly 15,000 unemployed. The local rate of unemployment was higher than the state's 4.2 percent rate and the nation's 4.5 percent rate.

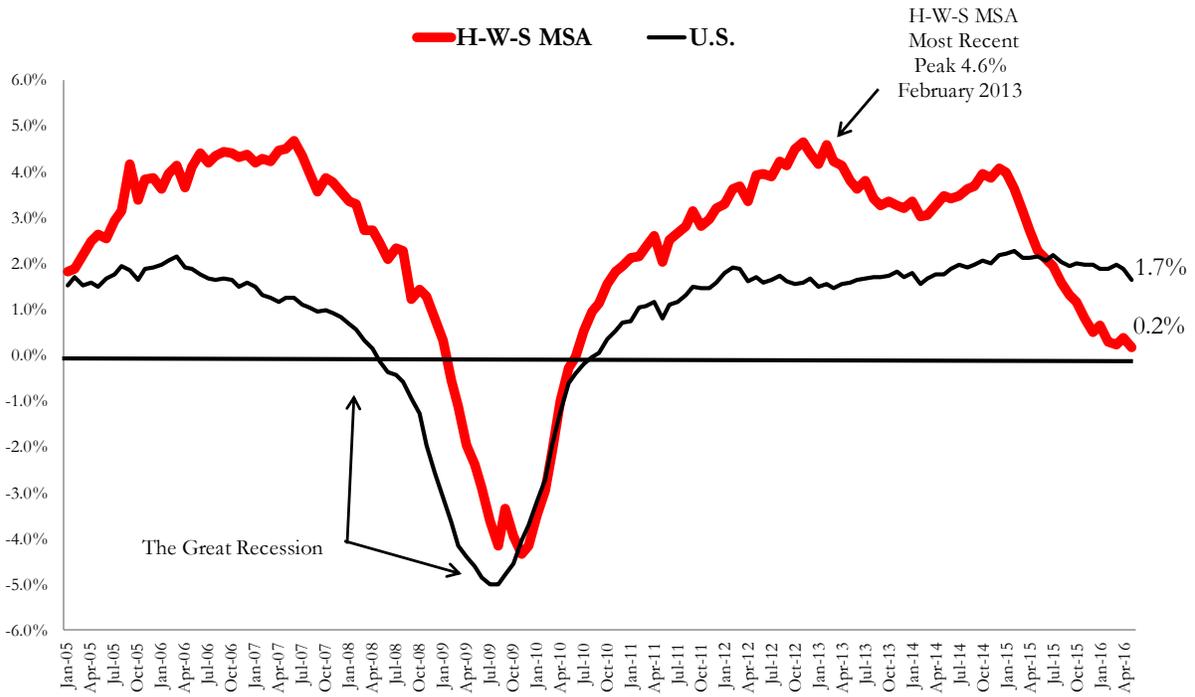
**Unemployment Rate (Actual)**

	MAY 2016	APR 2016	MAY 2015
<b>Civilian Labor Force</b>	3,264,908	3,269,143	3,254,887
<b>Total Employed</b>	3,107,667	3,111,888	3,112,505
<b>Unemployed</b>	157,241	157,255	142,382
<b>Unemployment Rate</b>	4.8%	4.8%	4.4%

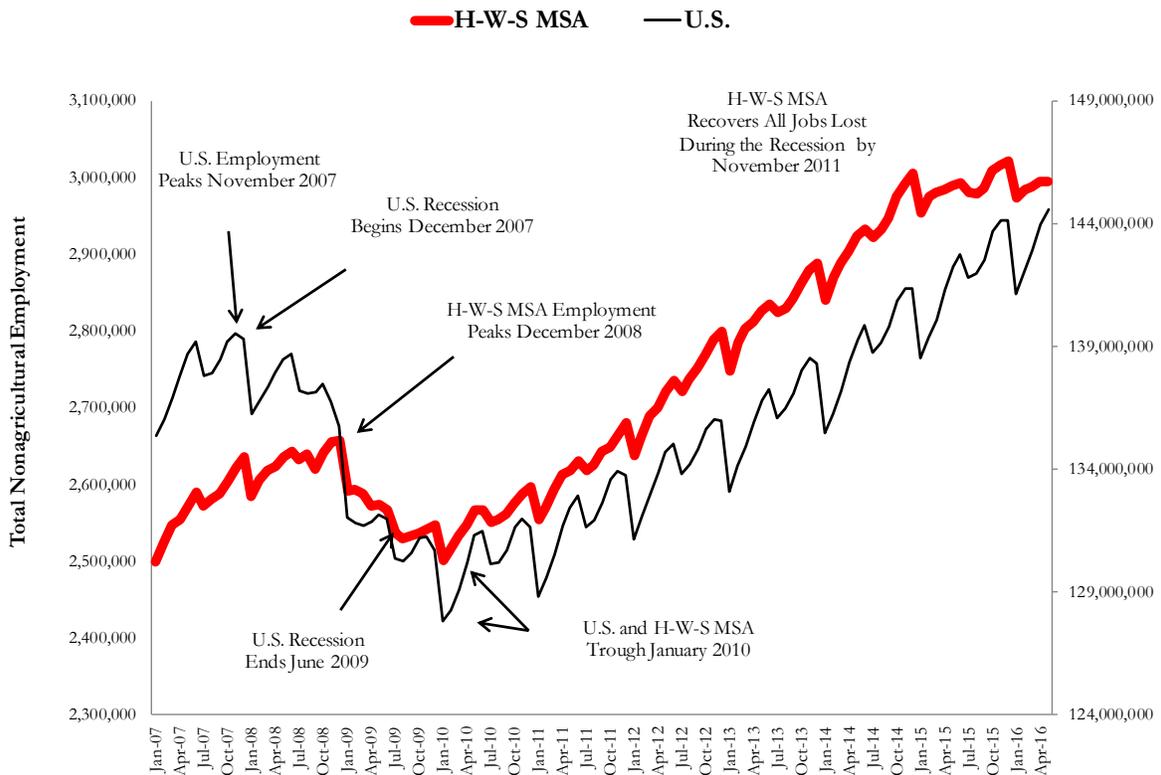


Total nonagricultural employment in the Houston-The Woodlands-Sugar Land MSA was unchanged in May. This was the first time payrolls did not rise in the month of May according to records dating back to 1990. The pace of job growth fell to 0.2 percent, an increase of 5,100 jobs over the year. Job gains in industry sectors that serve the H-W-S MSA's growing population have managed to offset declines in industries with ties to oil and gas exploration and production thus far. The largest numbers of new jobs created have been in industry sectors such as Leisure & Hospitality, Educational & Health Services, Retail Trade, and Government. Job losses in several sectors have been rising with deepest declines in Mining & Logging, Manufacturing, and Professional and Business Services. The overall outlook for 2016 is for continued weakness in sectors supporting the energy industry with a slowing trend spreading across other sectors as consumers are forced to reduce discretionary spending. Additional comments by super sector can be found beginning on page 3. Detailed data can be viewed on pages 8 & 9.

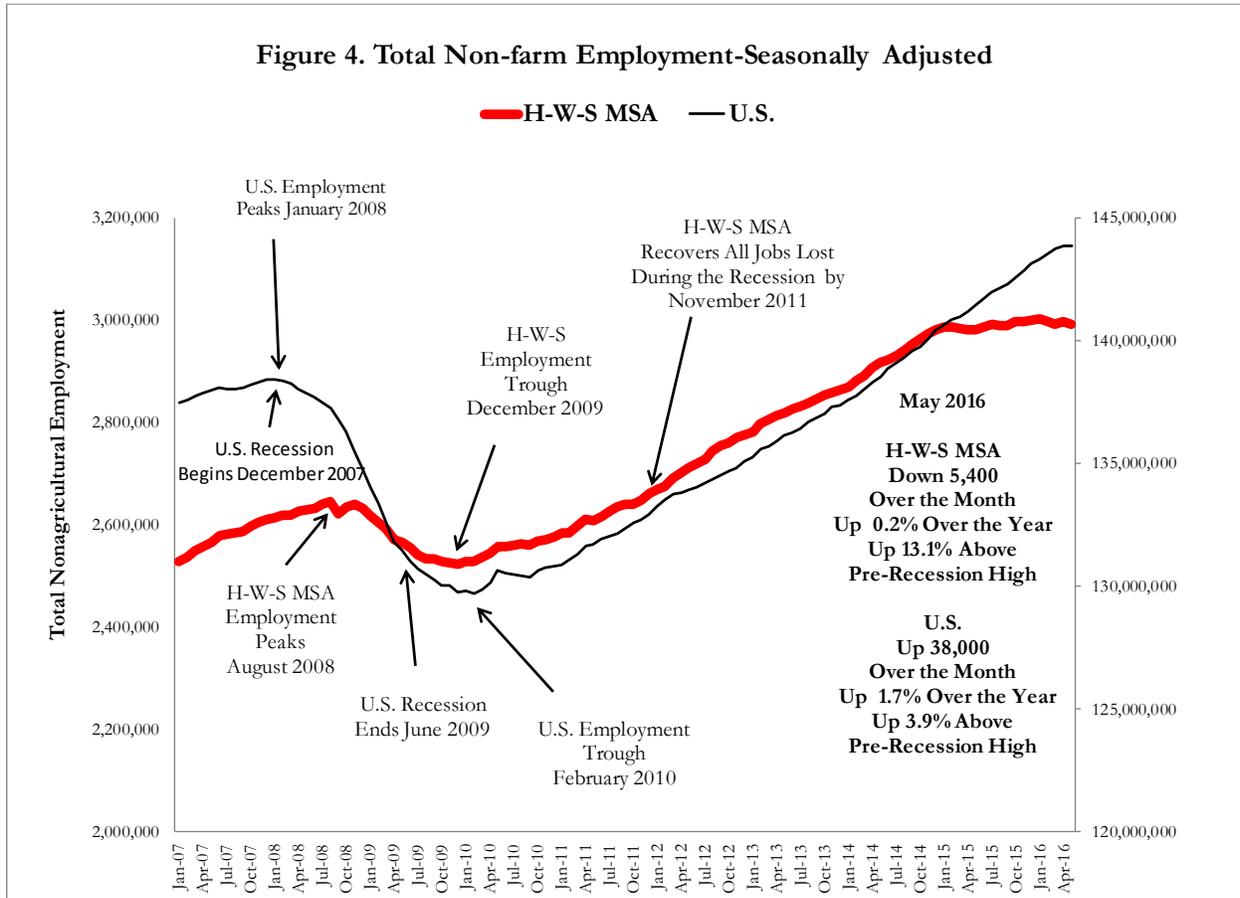
**Figure 2. Current Employment Statistics  
Actual Over-The-Year Increase/Decrease**



**Figure 3. Total Non-farm Employment-Actual**



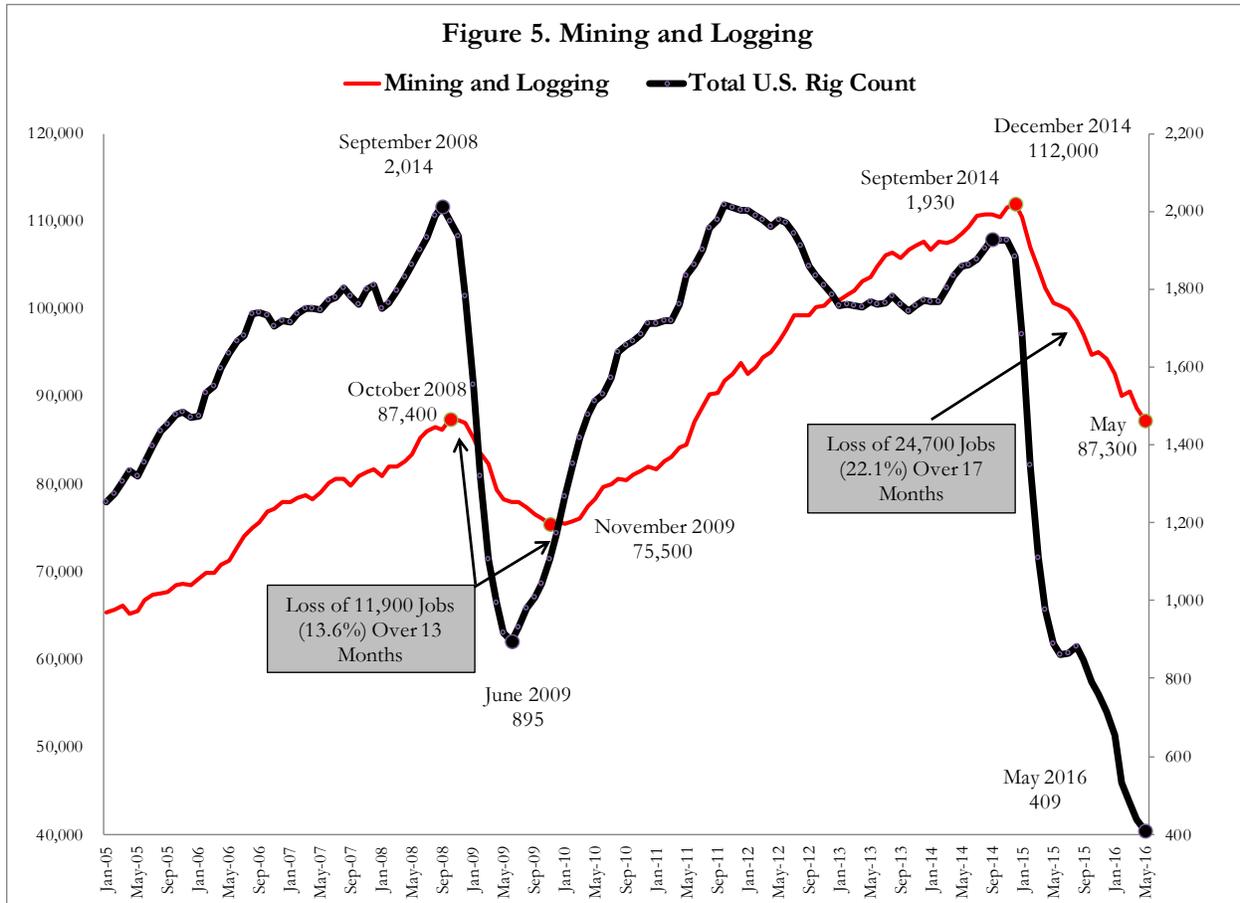
Seasonally adjusted data for the H-W-S MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. Seasonally adjusted job growth in the H-W-S MSA remained strong until early 2015 but has since stalled. The pace of job growth at the national level surpassed that of the H-W-S MSA in July 2015, currently up 1.7 percent over the year compared to the H-W-S MSA's increase of 0.2 percent.



### DETAILS BY SUPER SECTOR

**Mining and Logging** continues to report losses with payrolls down another 1,300 jobs in May and a total of 13,400 jobs or 13.3 percent over the year. Strongest declines have been in Support Activities for Mining, where most oilfield jobs are found, down 9,500 jobs or 20.6 percent over the year.

Job losses in Mining and Logging continue to accumulate with payrolls down 24,700 jobs or 22.1 percent from its most recent peak in December 2014. The drop in payrolls exceeds the decline during 2008-2009 that resulted from The Great Recession, see figure 5. The average U.S. rig count was 409 in May, down 29 from April and 1,522, 78.9%, from the most recent peak of 1,930 in September 2014. The average Texas rig count was 182 in May, down 14 from April and 722, 79.9%, from the most recent peak of 904 in November 2014. With continued low drilling activity and WTI oil prices around \$50 per barrel additional declines in the super sector are anticipated to continue.

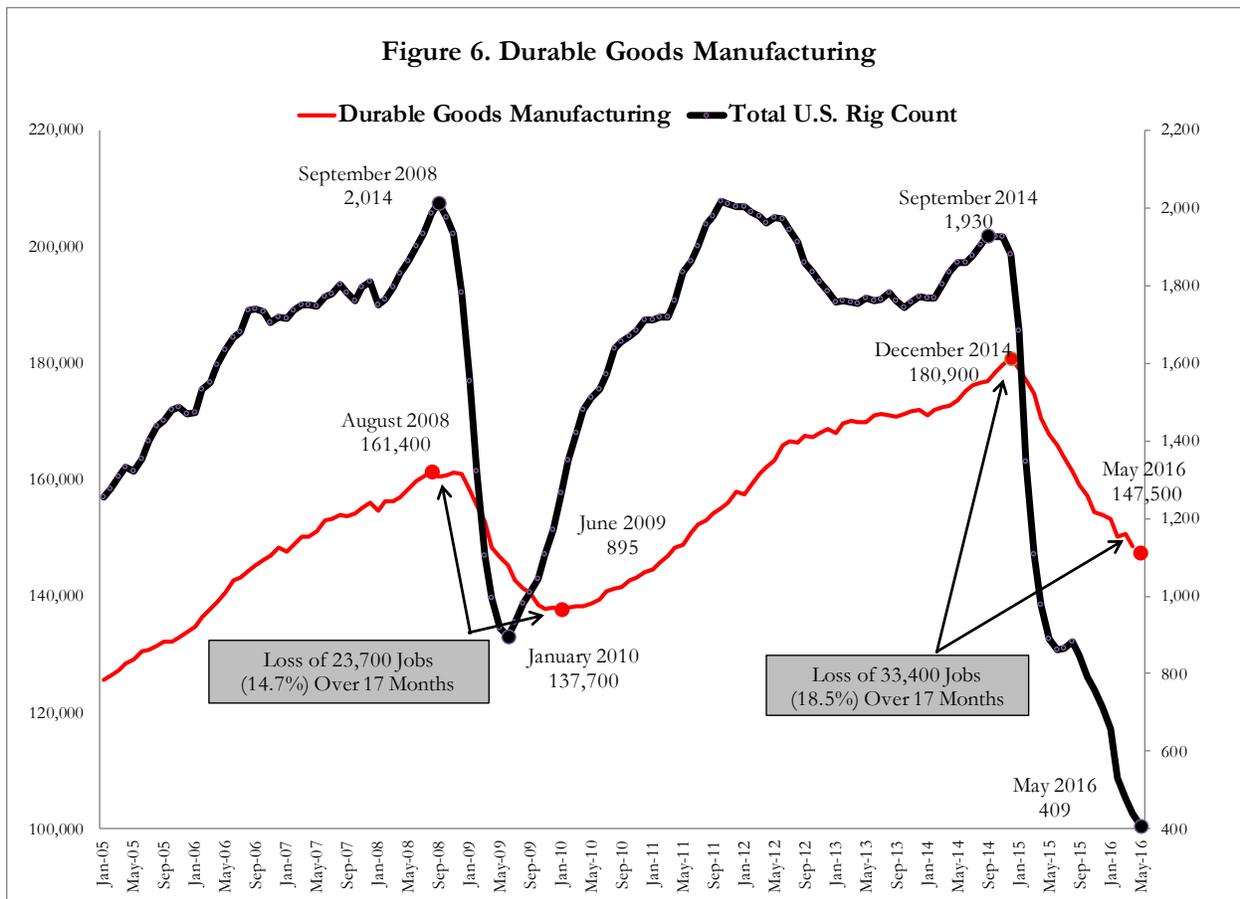


**Construction** reported a loss of 500 jobs in May. While Specialty Trade Contractors managed an increase 1,000 jobs it was offset by a combined loss of 1,500 jobs in Construction of Buildings and Heavy and Civil Engineering Construction. The pace of job growth fell from 2.4 percent in April to 1.2 percent with payrolls up 2,700 jobs over the year. Most of the growth has been in Heavy and Civil Engineering Construction which added 3,900 jobs over the year, up 8.1 percent. Specialty Trade Contractors also reported an increase, up 1,000 jobs or 0.9 percent over the year. Construction of Buildings, however, was reporting a loss of 2,200 jobs over the year, down 3.7 percent. While slowdowns are expected in some areas of construction, especially housing construction, heavy industrial projects are under way in the region's petrochemical complex and that are expected to continue throughout 2016 and well into 2017.

**Manufacturing** reported a loss of 1,300 jobs in May, down 0.7 percent, due to declines in Durable Goods Manufacturing where demand remains weak. Payrolls in the super sector were down 17,300 jobs or 7.0 percent over the year. While most of the declines have been related to plummeting activity in support of oil and gas exploration and production, Computer and Electronic Product Manufacturing was also reporting an 8.2 percent decline of 1,400 jobs over the year.

Payrolls in Durable Goods Manufacturing were down 33,400 jobs or 18.5 percent over the last seventeen months surpassing declines incurred as a result of The Great Recession when payrolls fell 23,700 jobs or 14.7 percent over a seventeen-month period, see figure 6.

Nondurable Goods Manufacturing added 3,000 jobs over the year, up 3.7 percent, largely due to strong fourth quarter gains in 2015. The Houston Purchasing Managers Index rose slightly from 44.2 in April to 45.8% in May. Any index below 50 generally indicates contraction near term.

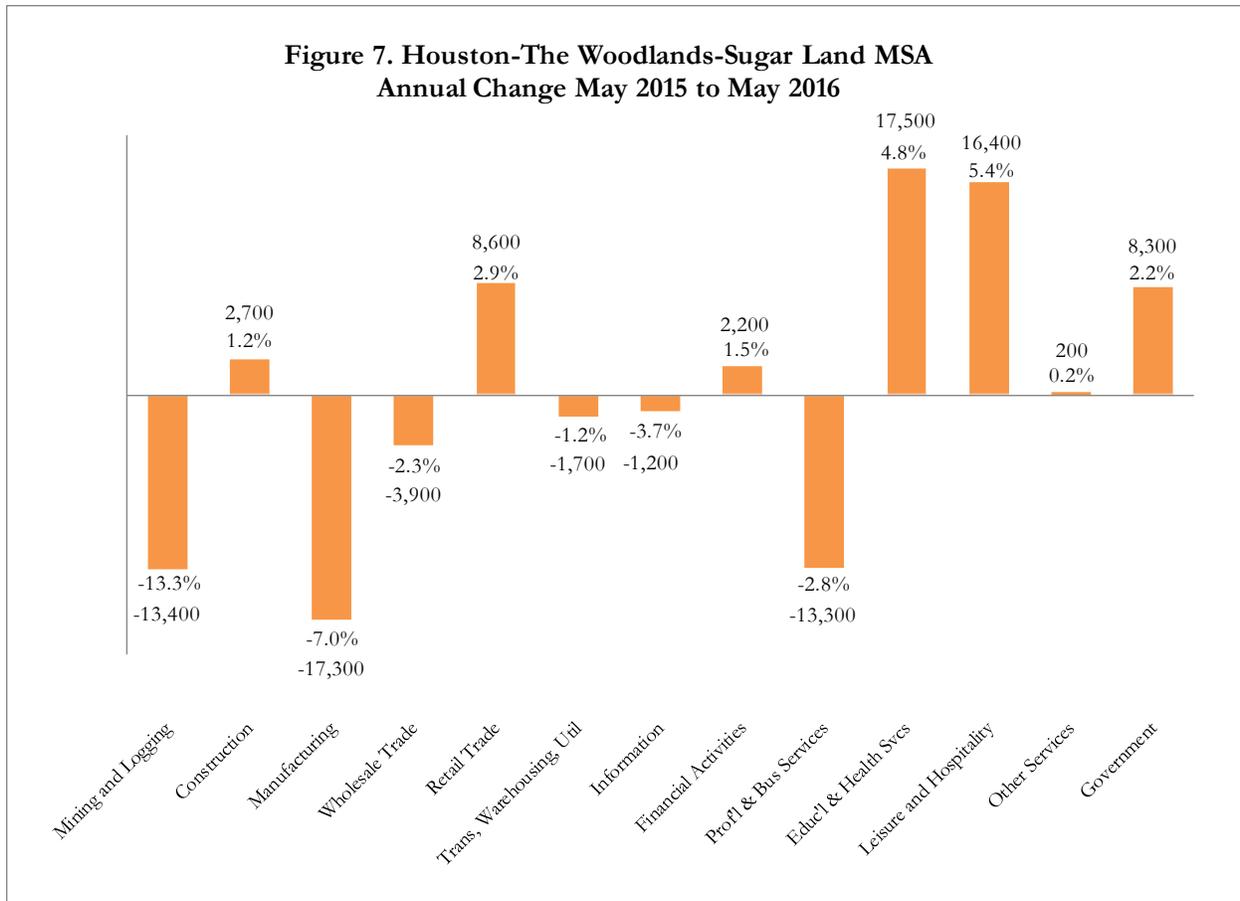


**Trade Transportation & Utilities** reported its first May loss since 2009, down 100 jobs. Wholesale Trade was hardest hit posting a loss for the fifth consecutive month, down 3,700 jobs so far in 2016. The pace of job growth dropped to one-half of a percent, an increase of 3,000 jobs over the year. All of the job growth was due to gains in Retail Trade, up 8,600 jobs or 2.9 percent. More than half of the new jobs have been at General Merchandise Stores and Food and Beverage Stores which have added a combined total of 5,500 jobs over the year. Fastest growth has been at Building Material and Garden Equipment and Supplies Dealers, up 1,700 jobs or 7.7 percent. Weak global demand and a strong dollar has impacted Wholesale Trade, down 3,900 jobs or 2.3 percent over the year, and Transportation, Warehousing, and Utilities, down 1,700 jobs or 1.2 percent over the year. Truck transportation companies have been hit particularly hard with payrolls down 1,000 jobs or 3.8 percent over the year.

**Information** reported a slight loss of 100 jobs in May with payrolls down 1,200 jobs or 3.7 percent over the year. About half of the MSA's employment in information resides in telecommunications where payrolls were up 100 jobs over the year. The remainder of jobs in the industry sector are found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

**Financial Activities** reported a strong increase of 1,300 jobs in May resulting from hiring in Real Estate and Rental and Leasing. The super sector added 2,200 jobs over the year representing a 1.5

percent increase. Job gains were found throughout most of the super sector with the exception of Credit Intermediation and Related Activities where payrolls were down 900 jobs or 2.0 percent. The largest increases were in Insurance Carriers and Related Activities, up 700 jobs or 2.1 percent, and Real Estate and Rental and Leasing, up 1,500 jobs or 2.7 percent.



**Professional and Business Services** continues to experience job losses in sectors affected by the decline in oil and gas exploration and production with payrolls down 3,100 jobs or 0.7 percent over the month. While several industry sectors managed increases they were offset by losses in various areas of Professional, Scientific, and Technical Services. The pace of declines in the super sector increased from 2.5 percent in April to 2.8 percent, a loss of 13,300 jobs over the year. The sectors most heavily impacted by the current slump in the energy industry have been Architectural, Engineering and Related Services, down 6,200 jobs or 8.6 percent, and Employment Services, down 4,600 jobs or 5.7 percent. The only substantial job growth in the industry sector has been in Services to Buildings and Dwellings, where businesses perform services such as extermination and pest control, cleaning, landscaping and carpet and upholstery cleaning, up 2,500 jobs or 4.8 percent, and Accounting Tax Preparation Bookkeeping and Payroll Services, up 1,100 jobs or 4.9 percent. Declines in Professional and Business Services are expected to continue in the up and coming months as demand for services decline and businesses continue to restructure.

**Education and Health Services** added 1,100 jobs to payrolls in May, up 0.3 percent. Most of the increase was in Ambulatory Health Care Services, where employment in all types of physician's offices, medical clinics, and outpatient centers is found. The super sector replaced Leisure and

Hospitality as the largest contributor of new jobs to the H-W-S MSA in May with payrolls up 17,500 jobs or 4.8 percent over the year. All subsectors were reporting healthy over-the-year increases with strongest gains at Hospitals, up 5,800 jobs or 7.2 percent.

**Leisure and Hospitality** added 2,100 jobs over the month. The 0.7 percent increase was the weakest on record for the month of May according to records dating back to 1990. Monthly gains have been weaker than in 2015 for the last four consecutive months. Despite the recent slowing trend, Leisure and Hospitality continues to be the fastest growing super sector in the H-W-S MSA with payrolls up 16,400 jobs or 5.4 percent over the year. The super sector fell to the number two position in contribution of new jobs this month behind Education & Health Services. While all subsectors were reporting increases, most of the new jobs are found in Food Services and Drinking Places, up 13,200 jobs or 5.4 percent.

**Other Services** reported its strongest over-the-month increase since last June adding 1,300 jobs in May. After two consecutive months of reporting over-the-year losses the super sector was up 200 jobs or 0.2 percent from May 2015. Other Services is partially comprised of various repair service companies (industrial equipment, mining machinery and equipment, and many others related to the oil and gas industry). Additional establishments in this category include personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** added 600 jobs in May as a result of gains in Local Government. Government payrolls were up 8,300 jobs or 2.2 percent over the year. Most of the increase has been in Local Government Educational Services with payrolls up 6,100 jobs or 3.1 percent over the year.

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

**Month Change**  
**Net Percent**  
**Year Change**  
**Net Percent**

	MAY 2016	Net	Percent	Net	Percent
Total Nonfarm	2,995,100	0	0.0%	5,100	0.2%
Total Private	2,601,000	-600	0.0%	-3,200	-0.1%
Goods Producing	537,500	-3,100	-0.6%	-28,000	-5.0%
..Mining and Logging	87,300	-1,300	-1.5%	-13,400	-13.3%
...Oil and Gas Extraction	50,400	0	0.0%	-2,800	-5.3%
...Support Activities for Mining	36,600	-500	-1.3%	-9,500	-20.6%
..Mining, Logging, and Construction	306,300	-1,800	-0.6%	-10,700	-3.4%
..Construction	219,000	-500	-0.2%	2,700	1.2%
...Construction of Buildings	57,700	-600	-1.0%	-2,200	-3.7%
...Heavy and Civil Engineering Construction	52,200	-900	-1.7%	3,900	8.1%
...Specialty Trade Contractors	109,100	1,000	0.9%	1,000	0.9%
..Manufacturing	231,200	-1,300	-0.6%	-17,300	-7.0%
...Durable Goods	147,500	-1,000	-0.7%	-20,300	-12.1%
...Fabricated Metal Product Manufacturing	52,600	300	0.6%	-7,200	-12.0%
...Machinery Manufacturing	45,500	-900	-1.9%	-9,500	-17.3%
....Agriculture, Construction, and Mining Machinery Manufacturing	31,600	-800	-2.5%	-7,800	-19.8%
...Computer and Electronic Product Manufacturing	15,600	-100	-0.6%	-1,400	-8.2%
..Non-Durable Goods	83,700	-300	-0.4%	3,000	3.7%
...Petroleum and Coal Products Manufacturing	9,800	100	1.0%	200	2.1%
...Chemical Manufacturing	37,500	-100	-0.3%	200	0.5%
Service Providing	2,457,600	3,100	0.1%	33,100	1.4%
..Private Service Providing	2,063,500	2,500	0.1%	24,800	1.2%
..Trade, Transportation, and Utilities	612,200	-100	0.0%	3,000	0.5%
...Wholesale Trade	169,100	-700	-0.4%	-3,900	-2.3%
....Merchant Wholesalers, Durable Goods	97,300	200	0.2%	-2,400	-2.4%
.....Professional and Commercial Equipment and Supplies Merchant Wholesalers	13,100	0	0.0%	500	4.0%
....Merchant Wholesalers, Nondurable Goods	44,600	-100	-0.2%	-600	-1.3%
...Retail Trade	306,000	800	0.3%	8,600	2.9%
....Motor Vehicle and Parts Dealers	42,000	200	0.5%	1,800	4.5%
....Building Material and Garden Equipment and Supplies Dealers	23,700	200	0.9%	1,700	7.7%
....Food and Beverage Stores	67,800	500	0.7%	3,100	4.8%
....Health and Personal Care Stores	19,200	100	0.5%	400	2.1%
....Clothing and Clothing Accessories Stores	25,700	0	0.0%	-2,400	-8.5%
....General Merchandise Stores	62,400	900	1.5%	2,400	4.0%
.....Department Stores	23,400	200	0.9%	800	3.5%
.....Other General Merchandise Stores	39,000	700	1.8%	1,600	4.3%
...Transportation, Warehousing, and Utilities	137,100	-200	-0.1%	-1,700	-1.2%
...Utilities	16,100	0	0.0%	300	1.9%
....Air Transportation	21,800	0	0.0%	-100	-0.5%
....Truck Transportation	25,000	200	0.8%	-1,000	-3.8%
....Pipeline Transportation	10,900	100	0.9%	400	3.8%
..Information	31,300	-100	-0.3%	-1,200	-3.7%
...Telecommunications	14,100	0	0.0%	100	0.7%
..Financial Activities	153,300	1,300	0.9%	2,200	1.5%
...Finance and Insurance	96,200	300	0.3%	700	0.7%
....Credit Intermediation and Related Activities	43,200	200	0.5%	-900	-2.0%
.....Depository Credit Intermediation	28,700	0	0.0%	-100	-0.3%
....Securities, Commodity Contracts, and Other Financial Investments and Related Activities	19,100	100	0.5%	900	4.9%
...Insurance Carriers and Related Activities	33,700	0	0.0%	700	2.1%
..Real Estate and Rental and Leasing	57,100	1,000	1.8%	1,500	2.7%

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

..Professional and Business Services	457,000	-3,100	-0.7%	-13,300	-2.8%
...Professional, Scientific, and Technical Services	211,500	-5,500	-2.5%	-6,000	-2.8%
....Legal Services	23,400	-300	-1.3%	-900	-3.7%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	23,600	-2,300	-8.9%	1,100	4.9%
....Architectural, Engineering, and Related Services	65,600	-900	-1.4%	-6,200	-8.6%
....Computer Systems Design and Related Services	33,200	-300	-0.9%	-100	-0.3%
...Management of Companies and Enterprises	35,100	-100	-0.3%	-1,300	-3.6%
...Administrative and Support and Waste Management and Remediation Services	210,400	2,500	1.2%	-6,000	-2.8%
....Administrative and Support Services	198,700	2,500	1.3%	-6,500	-3.2%
.....Employment Services	76,500	500	0.7%	-4,600	-5.7%
.....Services to Buildings and Dwellings	54,800	900	1.7%	2,500	4.8%
..Educational and Health Services	383,600	1,100	0.3%	17,500	4.8%
...Educational Services	58,400	-200	-0.3%	2,500	4.5%
...Health Care and Social Assistance	325,200	1,300	0.4%	15,000	4.8%
....Ambulatory Health Care Services	151,500	1,000	0.7%	4,400	3.0%
....Hospitals	86,900	200	0.2%	5,800	7.2%
..Leisure and Hospitality	319,200	2,100	0.7%	16,400	5.4%
...Arts, Entertainment, and Recreation	35,000	2,000	6.1%	2,500	7.7%
...Accommodation and Food Services	284,200	100	0.0%	13,900	5.1%
....Accommodation	26,200	300	1.2%	700	2.7%
....Food Services and Drinking Places	258,000	-200	-0.1%	13,200	5.4%
..Other Services	106,900	1,300	1.2%	200	0.2%
Government	394,100	600	0.2%	8,300	2.2%
..Federal Government	28,300	200	0.7%	500	1.8%
..State Government	73,700	-900	-1.2%	800	1.1%
..State Government Educational Services	40,500	-500	-1.2%	500	1.3%
..Local Government	292,100	1,300	0.4%	7,000	2.5%
..Local Government Educational Services	205,700	400	0.2%	6,100	3.1%

**UNEMPLOYMENT RATE****MAY 2016****APR 2016****MAY 2015**

H-W-S MSA	4.8	4.8	4.4
Texas (Actual)	4.2	4.2	4.3
United States (Actual)	4.5	4.7	5.3

**Houston-The Woodlands-Sugar Land MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. All Data is Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Institute for Supply Management, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas.