

To: Gulf Coast Workforce Board Members

From: Rodney Bradshaw  
Mike Temple

Date: November 27, 2012

Subj: Board Meeting Materials for Tuesday, December 4, 2012

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, December 4, 2012**, in the second floor Conference Room A, 3555 Timmons, Houston.

**Chairman's and Committee Reports.** We always enjoy recognizing people that are doing good work in the system. The Board's Honeycomb Awards go to people that have been nominated by peers for exceptional service. Board member Tracie Holub will recognize two employees for their initiative and innovative services. Audit/Monitoring Committee Chair Garcia will present committee findings on career center reviews, contractor billing reviews, and TWC's annual monitoring review of the Board. Chair Barber will present a progress report on the Education Committee's work on expanding distribution of the Board's labor market information. The committee also gathered information on the region's capacity for adult basic education.

**Action Items.** Each year, the Board adopts a local standard for job search requirement for unemployment insurance recipients. Employer Service Chair Andrews will bring the committee's recommendation for Board consideration. Staff will follow with a presentation of the annual compliance plan required by the State. Our Board's work is driven by our strategic plan and the compliance plan is largely a description of our operating system.

**Information Items.** Included under this item is information on current performance and expenditures. Staff will also give an update on the transition of the offices and services previously provided under contract with Houston Works. The transition has gone relatively smoothly with no interruption in customer service and most employees working under a different contractor.

We look forward to seeing you Tuesday.

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, December 4, 2012 at 10:00 a.m.**

H-GAC Conference Room A

3555 Timmons Lane, Second Floor, Houston, Texas 77027

---

1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review September 2012 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Reports**
  - a. *Career office.* Presentation of the Honeycomb Awards to recognize Workforce Solutions staff.
  - b. *Audit/Monitoring.* The committee chair will present an update from the November 2012 meeting.
  - c. *Education.* The committee chair will present a brief summary of the October 2012 meeting.
7. **Take Action**
  - a. *Employer Service.* Consider the committee's recommendation on job search requirements for unemployment compensation claimants.
  - b. *State Compliance Plan.* Consider approving the Workforce Board's state compliance plan for 2013.
8. **Receive Information**
  - a. *System Performance.* Staff will summarize current performance against Board measures and grantor requirements.
  - b. *Expenditures.* Staff will report on current expenditures.
  - c. *Transition.* Staff will provide a brief update on the transition of the offices and units previously operated by Houston Works
9. **Look at the Economy**

Staff will discuss current economic data and trends in the Gulf Coast labor market.
10. **Adjourn**



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.

Texas Relay: 1.800.735.2989 (ITD) 1.800.735.2988 (Voice) or 711

**MINUTES OF  
THE GULF COAST WORKFORCE DEVELOPMENT BOARD  
TUESDAY, SEPTEMBER 11, 2012**

---

**MEMBERS PRESENT:**

Karlos Allen  
Betty Baitland  
Scott Buchel  
Sal Esparza  
Barbara Hayley  
Tracie Holub  
Tony Jones  
Ray Laughter  
Richard Shaw  
Joe Swinbank  
Sarah Wrobleski

Gerald Andrews  
Sara Bouse  
Stephanie Dees  
Joe Garcia  
John Hebert  
Eduardo Honold  
Sara Janes  
Linda O'Black  
Connie Smith  
Frank Thompson  
Madeleine York

Willie Alexander  
Carl Bowles  
Sophia Dubrevil-Berry  
Mark Guthrie  
Bobbie Henderson  
Guy Robert Jackson  
Jeffrey Labroski  
Allene Schmitt  
Gil Staley  
Evelyn Timmins

**H-GAC STAFF MEMBERS PRESENT**

Rodney Bradshaw  
Mike Temple

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, September 11, 2012, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

Mr. Thompson asked the Board to join him in a silent prayer for the victims and families of September 11, 2001.

**ADOPTION OF AGENDA**

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

**PUBLIC COMMENT**

No one signed up for public comment.

## **MINUTES FROM AUGUST 7, 2012**

Mr. Thompson asked if there were any additions or corrections to the minutes for the August 7, 2012 meetings. Mr. Mark Guthrie had a correction to page 5 of 10. The last paragraph at the bottom of the page reads “We are making” this should be stricken and the words “The Procurement Committee and staff make.” A motion was made and seconded to approve the minutes as corrected. The motion carried.

## **DECLARE CONFLICTS OF INTEREST**

Mr. Sal Esparza declared a conflict of interest with item 6a.

## **TAKE ACTION**

- a. Procurement. Consider amending 2013 Workforce Solutions operations contracts with Neighborhood Centers, Inc. to \$150,977,521 and Interfaith of the Woodlands to \$12,435,335.

Mr. Mark Guthrie explained that at its August 2012 meeting, the Workforce Board approved contracts for 2013 Workforce Solutions operations and authorized the staff to negotiate with existing contractors concerning the eight career offices and two financial aid units formerly operated by Houston Works. Recommendations to the Board for the operation of those offices and units will be presented by staff.

Mr. Bradshaw explained our procurement process and usually we have a procurement every five years and set the contracts annually with an initial contract and up to four 1-year renewals based on performance and availability of funding. We recommend that current contractor, Neighborhood Centers, Inc. assume responsibility for eight career offices in 2013 -- Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena, and Southwest – and the approximately 175 staff employed by Houston Works in those offices.

Neighborhood Centers (NCI) currently runs the Workforce Solutions Financial Aid Payment Office; however, the organization has also operated local general social service centers in Harris County, as well as early childhood education, Head Start, charter school, and senior services locations. NCI has served Houston and Harris County residents for more than a century.

- NCI is a large and financially stable community-based organization with a significant history of service in Houston and Harris County. NCI has also been a Workforce Solutions contractor since 1998, initially managing child care financial aid for the system and currently managing the payment of all forms of financial aid.

- NCI has considerable experience running local office facilities of comparable size to the career offices.
- Recently NCI transitioned employees and services of Sheltering Arms, formerly a Houston-based senior services organization, as it assumed responsibility for that organization's operations.

With the Board's approval, NCI would assume management responsibilities for the eight career offices and transition former Houston Works staff currently working in those offices to NCI as early as September 19, 2012.

There are two recommendations for funding (1) add \$448,001 to NCI's 2012 contract for this transition and (2) add \$15,169,000 to NCI's 2013 contract for the operation of the eight centers.

NCI will manage the career office operations and the payment office operations separately.

Mr. Temple explained that we are recommending that current contractor Interfaith of the Woodlands assume responsibility for the financial aid processing centers at Northline and Southwest and the 25 staff positions associated with those units.

Interfaith operates nine local career offices and a financial aid call center for Workforce Solutions and has been an operator of local offices since 1988. Interfaith is a well-established social service organization in The Woodlands/South Montgomery County area, providing service there for more than 40 years. In addition to the nine Workforce Solutions offices it operates in Austin, Colorado, Harris, Montgomery, Walker and Waller counties, Interfaith also has an early childhood education center; provides financial assistance, counseling and other help for families; and operates a community health clinic.

- Interfaith's financial aid call center currently processes more applications for assistance than either of the other two career office contractors and accomplishes this with a smaller number of staff.
- Combining Houston Works' processing centers with the Interfaith call center will help improve customer service and simplify customers' experience with Workforce Solutions' financial aid process

With the Board's approval, Interfaith will assume management of the financial aid processing centers and staff located at Northline and Southwest as early as September 19, 2012. To add staff before October 1, we are proposing to increase Interfaith's 2012 contract by \$35,000 and an additional \$1,900,000 to the 2013 contract.

## 2013 Proposed Contract Summary

	2012	Proposed 2013
Employment and Training Centers	5,545,954	5,490,494
Houston Works	16,951,714	-
Interfaith of the Woodlands	10,676,753	12,435,335
ResCare	8,174,701	8,092,954
Neighborhood Centers, Inc.	3,848,001	18,535,000
Collaborative for Children	1,119,547	1,800,000
Subtotal, Operations	46,316,670	46,353,783
Financial Aid	133,780,324	132,442,521
Total	180,096,994	178,796,304

Several Board members had questions and discussion followed.

The Board asked to hear from NCI before voting on the issue and Mr. Rene Solis, Vice President of Emerging Public Initiatives for Neighborhood Centers, Inc. addressed the Board members concerns and answered questions.

Dr. Bobbie Henderson made a motion to approve the amendmentss presented –

Amend 2013 Workforce Solutions contracts for Neighborhood Centers, Inc. and Interfaith of the Woodlands in total amounts not to exceed \$150,977,521 and \$12,435,335 respectively.

Amend 2012 Workforce Solutions contracts for Neighborhood Centers, Inc. and Interfaith of the Woodlands in total amounts not to exceed \$3,848,001 and \$10,676,753 respectively.

Mr. Mark Guthrie seconded the motion. The motion carried.

Mr. Sal Esparza declined to vote.

Mr. Thompson welcomed new Board members – Karlos Allen, Tony Jones, Sarah Janes, Joe Swinbank and Madeleine York.

The next Workforce Board meeting will be held Tuesday, December 4, 2012

### **ADJOURN**

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

## **Career Office Committee**

---

### **Honeycomb Awards**

## **Background**

Workforce Solutions' Honeycomb Service Excellence Awards recognize exemplary work by staff throughout the system. Twice a year, a committee composed of contractor and Board staff makes awards from nominations received in two categories: Innovation/Initiative and Teamwork.

*Innovation/Initiative* awards recognize individual staff who go beyond prescribed job duties to implement new ideas and make Workforce Solutions a better place in which customers get the help they want and need more efficiently.

*Teamwork* awards recognize cooperation among contractors representing at least two of the three parts of our system to improve service for our customers.

For fall 2012, the committee received nine nominations for Innovation/Initiative, but none for Teamwork. We are presenting two Honeycomb Awards for Innovation and Initiative.

## **Innovation and Initiative**

❖ **Loretta Jones**  
(Neighborhood Centers, Inc.)

Customers working with the Personal Service Representatives (PSRs) in our career offices face many challenges as they pursue new or better jobs. These customers often have simple questions that if not answered can delay their progress. Most customers work in environments where they must limit phone calls to specific times of the day.

To improve customer service, Loretta Jones devised a process to ensure that customers speak to a live person at any time during the business day. As a result, customers are less frustrated because they get immediate answers and know how to proceed.

Both customers and staff enjoy the streamlined efficiency the process provides.

❖ **Jessica Smith**  
(ResCare)

The twelve local initiative contracts between the Gulf Coast Workforce Board and area colleges and school districts allow Workforce Solutions to provide child care financial assistance to over 1,500 customers. Each contract is unique and requires special attention for each customer along with expanded reporting for contract partners. Jessica Smith took ownership of the challenge and developed a process to ensure both quality customer service and open communications with contract partners.

Because of Jessica's efforts, contract partners now receive real-time electronic updates on the status of financial aid requests from their current students.

## Audit/Monitoring Committee

---

### December 2012 Update

#### Recent Activity

- The regional team has completed reviews of the Astrodome (above average), East End, Hobby and Northshore (average) career offices operated by NCI/Houston Works.
- For ResCare the team reviewed Bay City, Liberty, Texas City and Wharton (average.) We also reviewed Lake Jackson and Winnie (below average.) Lake Jackson has been placed on a performance improvement plan and Baytown will improve their oversight of the Winnie office's work. ResCare has recently changed office managers in some of their offices.
- The Interfaith of The Woodlands offices we reviewed are Huntsville, Westheimer and Willowbrook, all average.
- The outstanding billing reviews from Interfaith, ResCare and Neighborhood Centers, Inc. have all responded. Interfaith and ResCare provided information that lowered the questioned costs and have provided reimbursement. NCI had no questioned costs and has responded to their findings.
- ResCare's annual financial review found minor miscoding and procurement issues that have all been corrected.
- We received The Texas Workforce Commission annual report from their June visit. We were reporting some costs on the wrong line items (this is a common finding across the state), some of the child care vendors had possession of the customer's swipe cards, our offices need to improve their IT security, we had one disabled child in care that lacked the proper verification for the higher rate paid to the vendor and some customers in our data base did not have their services closed timely. We have responded to the report and the state accepted our response.

## Education Committee

---

### October 2012 Meeting

The Board's Education Committee met on October 17, 2012 with Elaine Barber presiding and members Richard Shaw, Betty Baitland, Eduardo Honold, David Joost, Allene Schmitt, Ganesh Betanabhatla, and Jeff Labroski attending.

Members heard a presentation from Michelle Ramirez of the staff about expanding marketing efforts for the Board's career and labor market information. Ms. Ramirez discussed how the Board's curriculum about high-skill, high-growth jobs – When I Grow Up – is being promoted and used in pre K-12 schools in the region, including the development of a middle school segment of this curriculum. Members provided feedback and asked questions about how we could measure progress in distributing the career/labor market information. Staff will provide data at the next committee meeting.

Board member Eduardo Honold made a presentation about the adult basic education system in the region from his perspective as a provider, noting successes and challenges. Board member David Joost also contributed to the discussion about the system and its services.

The committee did not set a date for its next meeting, but planned to get together in advance of the February 2013 Board meeting.

## Employer Service Committee

---

### Work Search Requirement Update for 2013

#### Background

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

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

In 2011, upon recommendation of its Employer Services Committee, the Board approved the work search requirement for Gulf Coast claimants at three job contacts per week for 2012.

#### Current Situation

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

This year we contacted employers across the region to assess the economic and future employment conditions. In addition, we have analyzed the data from multiple sources including our current and projected outplacement activities, job postings and available unemployment insurance data.

Following is a summary of that analysis:

- Companies in the region continue to layoff.
  - Over the past 11 months, we have received 65 requests for rapid response services. Aerospace, engineering, and manufacturing businesses were among the industries reporting losses. The number of layoffs across industries topped 5,000 in 2012.
  - Future projections for 2013 reported by employers include an additional 1,000 plus in aerospace and 400 in manufacturing IT systems.

- On the job posting side, between 10/1/11 through 9/30/12, 11,282 employers posted 45,405 times with 100,508 openings.
  - Additional year-over-year analysis of supply/demand data shows a steady increase in job postings and openings by occupational categories with the exception of one category (Production) where the number of postings is lower but the number of openings is higher (fewer employers with more jobs).
  - Job seekers by category has decreased except for military specific which is showing an increase as more Veterans return from overseas.

From January through September 2012, the average monthly continued unemployment insurance claims for our region are 33,133. Using the current requirement for job searches, we estimate that results in more than 99,399 required contacts per week to the region's employers from unemployed individuals.

As in previous years, we continue to point out that our region's employers have said they prefer to see fewer, higher quality candidates from us. Our employers have also said they would prefer that we do a better job of matching candidates to their specifications and make sure our candidates know how to interview well for the job on which we've sent them. Our employers would prefer to see better matching rather than a higher volume of applicants for their open jobs.

Labor market data continues to support employer requests for adequate screening, matching and referrals as the jobs posted in our region more and more require specific prior industry experience and/or higher level education credentials or certifications.

For these reasons, we continue to recommend that the committee set the required number of job searches at three per week.

## **Action**

Recommend to the Board that it require unemployment compensation claimants make at least three job contacts per week in order to continue their eligibility for benefits.

## State Compliance Plan

---

### Background

We prepare a compliance planning document for the Texas Workforce Commission each year to ensure continued flow of funds for operating the region's workforce system. Again this year, the Commission has asked the Board to prepare a document that addresses both the Board's strategic vision and its operations.

### Current Situation

The Board's strategic plan stands as the organizing and driving force for the workforce system in this region. The strategic plan includes statements of the Board's core values, mission and vision that explain what its members value most, why they exist as a board, and where they want to be at some point in the future. The results statements for the regional workforce system, both that which we control and for the larger world, along with the measures, baselines, annual and long-range targets, track our progress towards those strategic results statements.

We put the information from your plan into the state's compliance document format when we send it to them.

The bulk of the compliance plan document is a description of our operations – our system of career offices and the employer service division, our collaboration with community partners, the financial aid we provide customers, our approach to measuring performance and, customer feedback processes.

We also assure in the compliance plan that

- We will abide by all federal and state laws and regulations that apply to the taxpayer dollars we use in our system
- We will follow the Commission's directives
- We will have joint service and referral agreements with various other public partners (agencies that work with welfare recipients, ex-offenders, developmentally disabled or delayed individuals, veterans, seniors, and others)
- We will make sure what we do is aligned with the Texas Workforce Investment Council's strategic goals for the entire state

Using our current experience as a guide, we expect to serve about 25,000 employers and more than 400,000 residents this coming year. Initially we expect to have about \$179 million in total resources available for the year.

Following is a brief summary of key operations information:

Employers

▪ Employers served	25,000
▪ Market share	17%
▪ Repeat customers (loyalty)	13,340
▪ Job orders filled	11,000
▪ 84 staff	

People

▪ Individuals served	400,000
▪ Individuals entering employment	300,000
▪ New jobs created	2,000
▪ Individuals with 20% earnings gain	133,000
▪ Total financial aid	\$125,000,000
▪ Individuals receiving financial aid	51,000
▪ 25 career offices and 719 staff	

## Action

Approve state compliance planning document for submission to the Texas Workforce Commission

**Gulf Coast Workforce Board**  
**System Performance**  
**Year End Report**  
October 2011 to September 2012

## 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 Workforce Solutions measures at each Board 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 expected to provide services to 21,806 employers this year which is about 16% of the 134,604 employers identified for the Gulf Coast area. We provided services to 22,962 employers.	16.2%	17.1%	11.7%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 16,431 employers, 8,840 returned to Workforce Solutions for additional services.	55%	51.6%	54.5%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average.	2,000	2,671	2,236
<u>Customers employed by the 1st Qtr after exit</u> Reporting for the year ending September 2011, 275,987 of the 399,884 customers who exited from services were employed in the quarter after exit.	79%	69.0%	66.8%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for year ending March 2011, 131,495 of the 425,541 customers who exited had earnings gains of at least 20%.	41%	30.9%	25.5%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Through September 2012, 1,480 of the 4,770 customers pursuing an education diploma, degree or certificate achieved one.	36%	31.0%	40.8%

## Production

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 receive from the Texas Workforce Commission.

For the performance year that began October 1, 2011, we met or exceeded the target for all ten measures.

We continue to work closely with our contractors to improve performance on all measures.

**Gulf Coast Workforce Board**  
**System Performance**  
October 2012

## 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 Workforce Solutions measures at each Board 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 24,591 employers this year which is 17.8% of the 138,150 employers identified for the Gulf Coast area. In October, we provided services to 8,364 employers.	17.8%	6.1%	17.1%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 22,979 employers, 6,665 returned to Workforce Solutions for additional services.	55%	29%	51.6%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average. We will report the first quarter at our February meeting.	2,000	N/A	2,671
<u>Customers employed by the 1st Qtr after exit</u> Reporting for one quarter (October 11 – December 12), 60,780 of the 85,830 customers who exited from services were employed in the quarter after exit.	79%	70.80%	69%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for one quarter (April 11 – June 12), 30,987 of the 98,969 customers who exited had earnings gains of at least 20%.	41%	31.3%	31%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> In October, 98 of the 1,946 customers pursuing an education diploma, degree or certificate achieved one.	36%	5.0%	31%

## Production

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 receive from the Texas Workforce Commission.

For the performance year that began October 1, 2012, we are meeting or exceeding the target for three of ten measures. The seven measures we are not meeting are:

- Total Job Postings Filled. The target for this measure is 32.1%. Our performance in the first quarter (1/12-3/12) was 26.8%.
- Total Employer Success Rate. The target for this measure is 49%. Our performance in the first quarter (1/12-3/12) was 37.1%.
- Total Education Achievement. The target for this measure is 80%. Our performance for October was 66.1%.
- Youth Placement in Employment or Education. The target for this measure is 64.9%. Our performance for October was 51%.
- Youth Literacy/Numeracy Gains. The target for this measure is 50.5%. Our performance in the first quarter (7/11 – 9/11) was 29.5%.
- Choices Partial Work Rate. This measure looks at the percent of customers receiving TANF benefits who are employed. The target for this measure is 55.7%. Our performance for October was 44.2%.
- Average Number of Children Served per Day (Child Care). The target for this measure is 23,439. We are about 4,000 children under enrolled and are working to clear the wait list for services.

Later this year, the state will add another Choices Work Rate participation rate measure that will focus on how many customers receiving TANF benefits meet their participation requirement through employment.

We continue to work closely with our contractors to improve performance on all measures.

**GULF COAST WORKFORCE DEVELOPMENT BOARD  
FINANCIAL STATUS REPORT  
For the Ten Months Ended October 31, 2012**

	<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	189,571,001	157,975,834	160,944,162	(2,968,328)
<b>WORKFORCE EXPENDITURES</b>				
BOARD ADMINISTRATION	4,129,929	3,441,608	3,330,422	111,186
SYSTEM IT	752,035	626,696	214,703	411,993
EMPLOYER SERVICES	5,670,954	4,725,795	4,425,929	299,866
RESIDENT SERVICES	179,018,083	149,181,736	152,973,108	(3,791,372)
OFFICE OPERATIONS	38,300,352	31,916,960	36,758,271	(4,841,311)
FINANCIAL AID	139,842,731	116,535,609	115,442,123	1,093,486
SPECIAL PROJECTS	875,000	729,167	772,714	(43,547)
<b><i>TOTAL WORKFORCE EXPENDITURES</i></b>	<b>189,571,001</b>	<b>157,975,834</b>	<b>160,944,162</b>	<b>(2,968,328)</b>

**VARIANCE ANALYSIS**

Note 1: Except for the Special Projects budget, the "Budget Year to Date" column reflects the straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year. The Special Projects budget is a straight-line estimate of the budget over the six month period January to June 2012.

Note 2: The Office Operations expenditure amount includes \$\$4,442,101 in salaries and benefits paid at the state level for Texas Workforce Commission employees located in Career Offices.

## Update on Transition to NCI and Interfaith Career Offices and Call Center

### Background

At the Workforce Board's direction, staff negotiated contracts with Neighborhood Centers Inc. and Interfaith of the Woodlands for the continuation of Workforce Solutions services at Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena and Southwest career offices which were formerly operated by Houston Works USA.

On September 18<sup>th</sup>, Houston Works stopped delivering services to customers through its Workforce Solutions contract. On September 19<sup>th</sup>, NCI and Interfaith began employing 151 staff members who previously worked for Houston Works and operating the offices and financial aid call center.

### Career Offices

On September 19, 2012, Neighborhood Centers, Inc. assumed responsibility for career office operations at Astrodome, East End, Hobby, Northeast, Northline, Northshore, Pasadena and Southwest. NCI hired 126 staff previously employed by Houston Works. NCI posted an additional 34 positions in Work-in-Texas and through the interview and selection process, NCI hired an additional 29 employees. Currently, NCI has 5 vacant positions. This is approximately the same staffing level as last year. NCI completed lease agreements for five locations and is finalizing agreements for the three others.

All eight of the offices were continuously open during regular business hours, and staff was available to help customers. No offices closed or were unavailable to customers during the transition.

### Call Center

Before the transition, customer requests for Workforce Solutions' financial aid were processed by each of the three career office contractors.

In September, the Workforce Board approved staff's recommendation to contract with Interfaith of the Woodlands to continue handling financial aid processing through its call center for the nine career offices that it operates as well as the eight offices which are being operated by Neighborhood Centers Inc. ResCare continues to manage a call center for the eight offices it operates.

On September 19<sup>th</sup>, Interfaith received 25 additional positions as a result of the transition, which increased Interfaith's call center positions to 44.

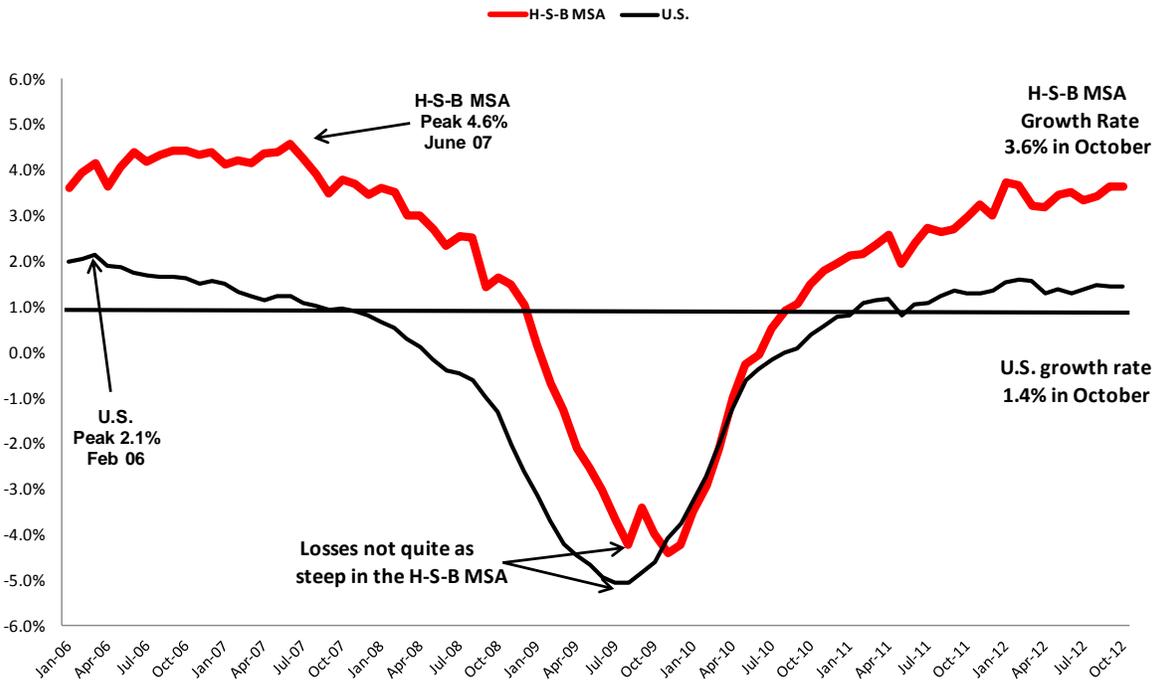
In October, Interfaith has not reported a back log for applications and is reportedly current in processing customer requests for financial aid in a timely manner.

**Interfaith:**

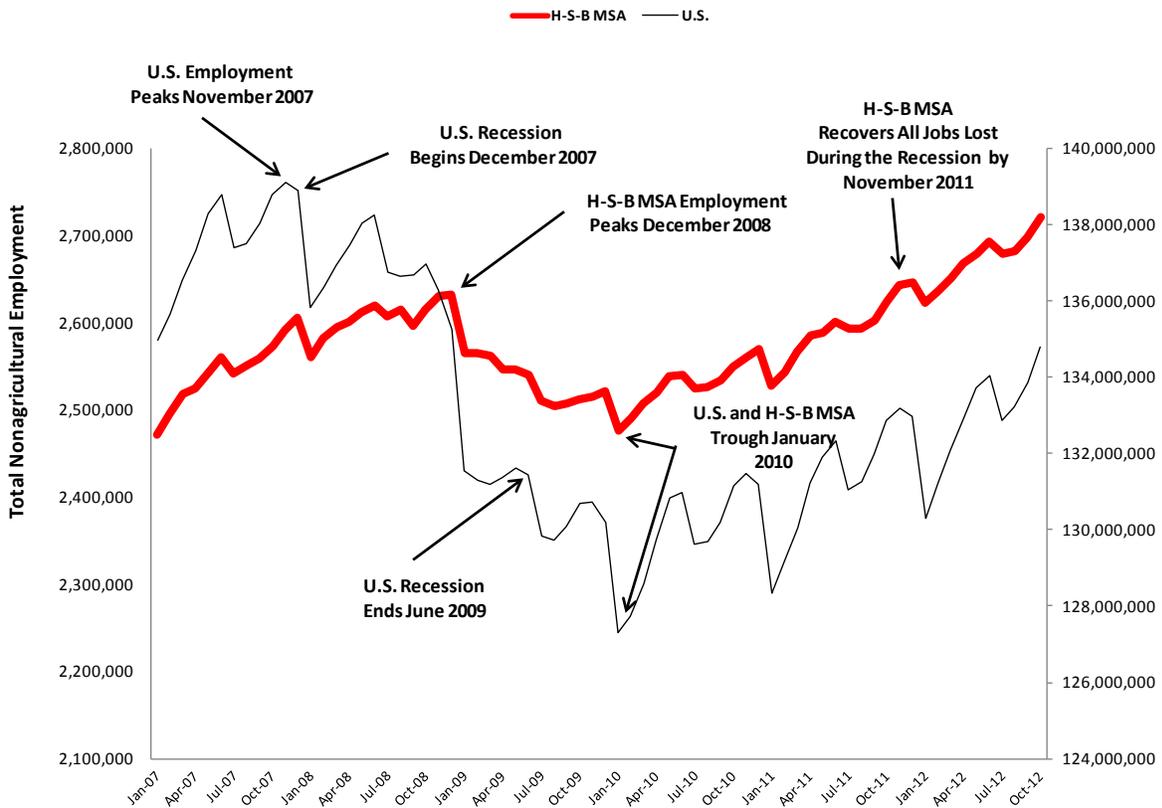
- Is currently processing financial aid for customers with staff resources and equipment located at Southwest, Northline and Westheimer.
- Oversees the call center operations from its central location at Westheimer.
- Is researching equipment and software enhancements which will allow staff to handle a higher volume of anticipated calls more efficiently.



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

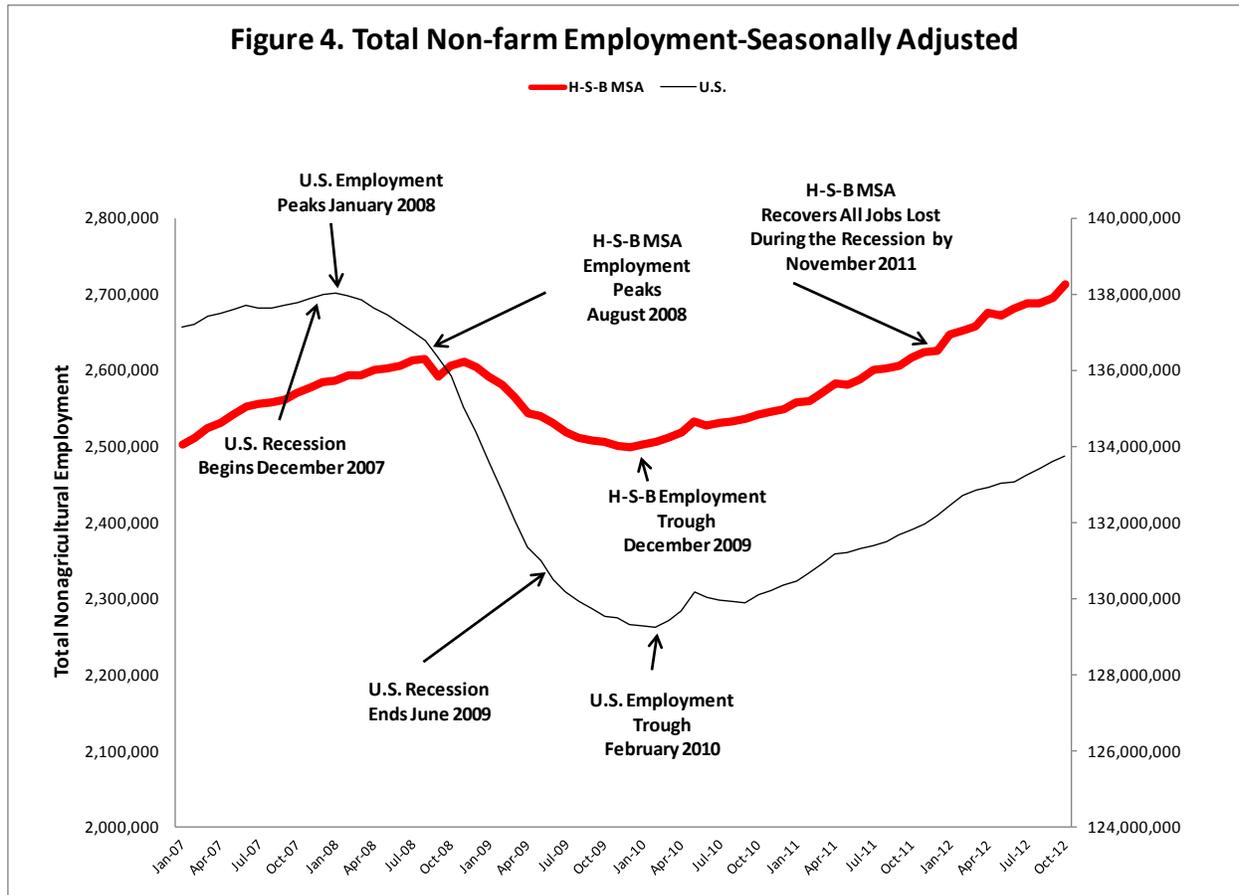


**Figure 3. Total Non-farm Employment-Actual**



Seasonally adjusted data for the H-S-B MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. Note that the H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. The U.S. still needs to recover 4,268,000 jobs to reach pre-recession levels.

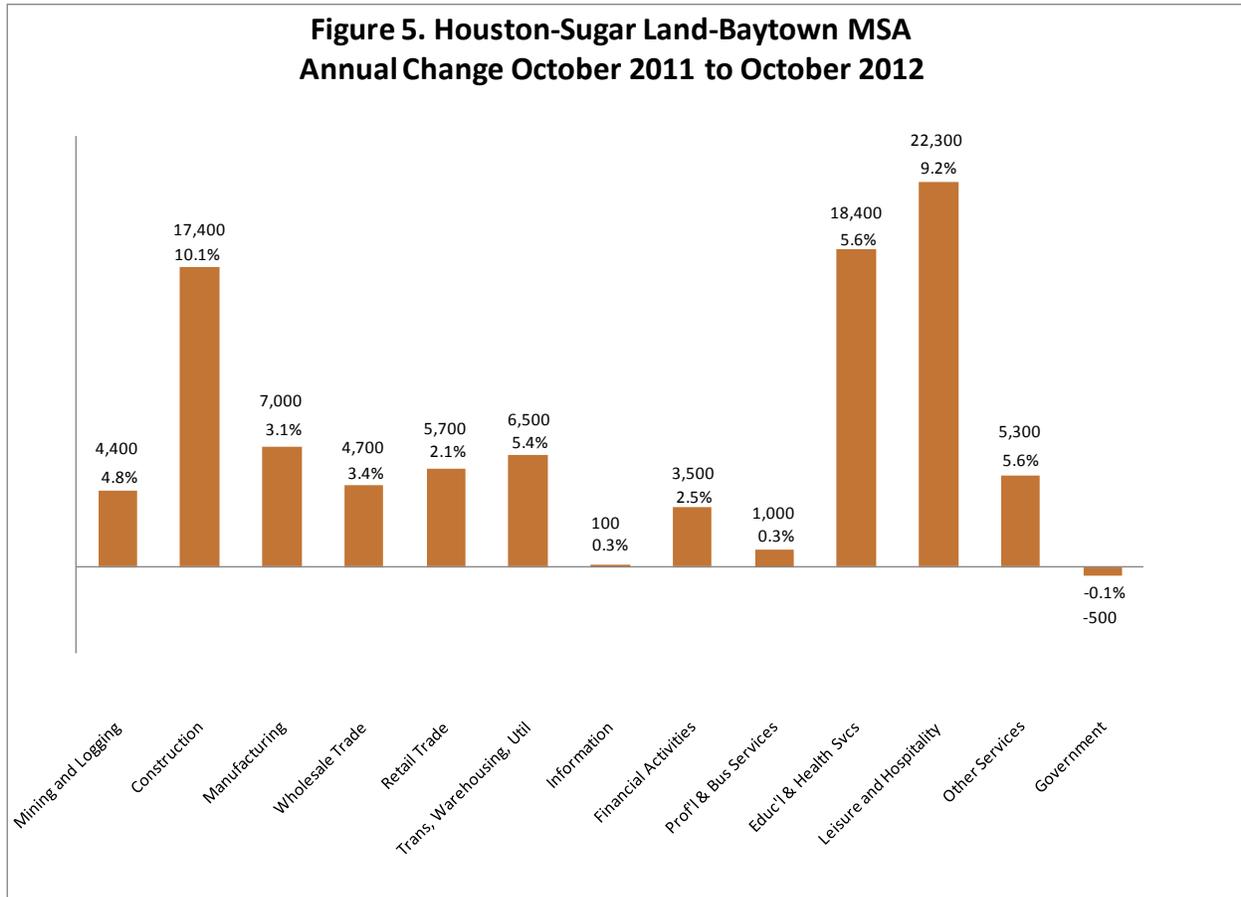
Additional details by super sector provided below.



**Mining and Logging** reported a loss for a second consecutive month, down 300 jobs in October. This is the first time the super sector has reported two consecutive months of declines since 2009 and is a result of falling U.S. rig counts over the past several months. Over-the-year job growth in the super sector remains healthy although it has weakened recently, up 4,400 jobs or 4.8 percent over the year, see figure 5. Oil and Gas Extraction was up 3,100 jobs or 6.2 percent over the year and Support Activities for Mining was up 1,100 jobs or 2.8 percent over the year. The average weekly U.S. rig count fell to 1,834 in October as gas rigs were idled due to weak prices. Oil drilling continues to displace gas drilling with 76.7 percent of the U.S. rig count seeking oil. The Eagle Ford Shale, Barnett Shale, and Permian Basin regions have been major sources of robust activity. Outlooks in the mining sector are basically flat with small chance of further improvement through the end of the year.

**Construction** companies continued to add strong numbers to payrolls for a third month in October, up 3,500 jobs. Employment in Construction bottomed out at 167,300 in March 2012 and has since entered a strong period of growth adding 22,200 jobs to payrolls. Construction is up 17,400 jobs or 10.1 percent over the year. Strongest job growth has been in Construction of

Buildings, up 6,600 jobs or 13.8 percent, and Heavy and Civil Engineering Construction, up 6,500 jobs or 15.9 percent. Specialty Trade Contractors are currently reporting an increase of 4,300 jobs or 5.1 percent over the year. Single family housing starts have been on the rise and are up more than 20 percent from a year ago. Multifamily housing construction has also been up with outlooks optimistic for 2013. With the H-S-B MSA being both a business and people destination due to its healthy economy the outlook for construction is positive.



**Manufacturing** added 900 jobs in October, up 0.4 percent, with slight gains found both in the durable goods and nondurable goods sectors. The super sector has increased payrolls by 7,000 jobs or 3.1 percent over the year, see figure 5. Most of the increase was at manufacturers of durable goods with the largest gain found in Fabricated Metal Product Fabricating where many companies that support the energy sector are found, up 4,700 jobs or 9.2 percent. Although Nondurable Goods Manufacturing was reporting a loss of 500 jobs over the year, down 0.6 percent, Petroleum and Coal Products Manufacturing and Chemical Manufacturing posted gains of 600 jobs and 500 jobs respectively. The outlook for Manufacturing remains positive but slightly less optimistic than earlier in the year. Demand for high-tech products have been declining due to weakened international demand. Demand for oil field and gas equipment continues to be strong but some businesses report backlogs are declining. Petrochemicals producers have been reporting that demand has remained basically flat. The Houston Purchasing Managers index has fallen but remains well above 50 at 57.7. Any index over 50 indicates production gains over the near term.

**Trade Transportation & Utilities** added 1,300 jobs in October, up 0.2 percent, with most of the increase found in Wholesale Trade. Retail Trade posted its first October loss since 2009 as retailers delayed seasonal hiring to help increase their bottom line for the 2012 holiday season, down 800

jobs or 0.3 percent. The Trade Transportation & Utilities super sector was up 16,900 jobs or 3.2 percent over the year, see figure 5. Retail Trade reported weaker over-the-year gains as a result of this month's decline, up 5,700 jobs or 2.1 percent over the year compared to a 4.2 percent increase in the previous month. Wholesale Trade was up 4,700 jobs or 3.4 percent over the year. Transportation, Warehousing and Utilities was up 6,500 jobs or 5.4 percent over the year. Two areas of job growth that continue to stand out in Transportation, Warehousing, and Utilities are Utilities, up 1,200 jobs or 7.4 percent, and Truck Transportation, up 1,100 jobs or 4.9 percent.

Employment in **Information** was up 500 jobs or 1.6 percent in October with payrolls up 100 jobs over the year, see figure 5. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Employment estimates for **Financial Activities** have reflected a series of large ups and downs since the beginning of 2012 and continued this pattern in October. While new estimating procedures performed by the Bureau of Labor Statistics have resulted in more volatile month-to-month changes the overall trend has remained positive and the super sector is reporting an increase of 3,500 jobs over the year, up 2.5 percent, see figure 5. All of the increase was in Finance and Insurance, up 3,500 jobs or 3.9 percent. Commercial real estate activity continues to be strong where trends in lease rates and occupancy for industrial, office, and retail properties have been healthy. Outlooks were positive in the financial industry with strong demand for auto loans and energy-related lending.

**Professional and Business Services** experienced a loss for the second consecutive month in October, down 4,700 jobs or 1.2 percent. Losses were limited to businesses that provide administrative and support services such as general management, personnel administration, clerical activities, and cleaning activities. The rate of over-the-year job growth in Professional and Business Services suffered as a result of this month's decline reporting a meager increase of 1,000 jobs over the year, up 0.3 percent. Many areas within the super sector are reporting over-the-year increases but by far the largest increase was in Employment Services, up 5,500 jobs or 7.6 percent. The most significant over-the-year decline was in Architectural, Engineering, and Related Services, down 2,100 jobs or 3.3 percent.

**Education and Health Services** added 5,100 jobs in October, up 1.5 percent. For the second consecutive month Education and Health Services reported the largest increase on record according to data dating back to 1990. October's job gains were found both in Educational Services, up 400 jobs or 0.9 percent, and Health Care and Social Assistance, up 4,700 jobs or 1.6 percent. The Education and Health Services super sector was up 18,400 jobs or 5.6 percent over the year, see figure 5. More than half of the increase was in Ambulatory Healthcare Services where employment in all types of medical offices is found, up 9,400 jobs or 6.9 percent. Educational Services is reporting positive but much weaker growth, up 300 jobs or 0.7 percent over the year. An aging population and a population growth rate that more than doubles that of the nation is responsible for growth in the super sector.

**Leisure and Hospitality** experienced an increase of 3,600 jobs over the month, up 1.4 percent. The super sector normally experiences a seasonal decline in October but this was the second consecutive year for Leisure and Hospitality to report an increase. The super sector continues to report a strong over-the-year increase of 22,300 jobs, up 9.2 percent, see figure 5. Most of the job growth has been in Food Services and Drinking Places, up 20,200 jobs or 10.3 percent. Accommodation was reporting an increase of 600 jobs over the year, up 2.9 percent, and Arts, Entertainment, and Recreation was up 1,500 jobs or 5.8 percent over the year. Like many other industries in the H-S-B MSA, population growth continues to be the driving factor to job gains in the super sector.

**Other Services** experienced a slight loss of 200 jobs in October, down 0.2 percent. The super sector was up 5,300 jobs or 5.6 percent over the year, see figure 5. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** experienced a seasonal increase of 11,900 jobs over the month, up 3.3 percent. Most of the increase was in Local Government Educational Services, up 9,100 jobs or 5.0 percent, as educational institutions continued to increase staff for the 2012-2013 school year. The rate of over-the-year losses in Government fell to 0.1 percent, a loss of 500 jobs, see figure 5. Most of the decline was in Local Government, down 1,200 jobs or 0.4 percent. While employment levels in Local Government Educational Services have seen some stabilization they remain well below what they were two years ago.

## NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	OCT 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,720,800	23,600	0.9%	95,800	3.6%
Total Private	2,345,700	11,700	0.5%	96,300	4.3%
Goods Producing	521,900	4,100	0.8%	28,800	5.8%
.Mining and Logging	95,900	-300	-0.3%	4,400	4.8%
...Oil and Gas Extraction	53,000	200	0.4%	3,100	6.2%
...Support Activities for Mining	40,600	400	1.0%	1,100	2.8%
.Construction	189,500	3,500	1.9%	17,400	10.1%
..Construction of Buildings	54,300	1,900	3.6%	6,600	13.8%
..Heavy and Civil Engineering Construction	47,300	1,800	4.0%	6,500	15.9%
..Specialty Trade Contractors	87,900	-200	-0.2%	4,300	5.1%
.Manufacturing	236,500	900	0.4%	7,000	3.1%
..Durable Goods	159,400	500	0.3%	7,500	4.9%
...Fabricated Metal Product Manufacturing	55,800	200	0.4%	4,700	9.2%
...Machinery Manufacturing	51,300	400	0.8%	2,600	5.3%
....Agriculture, Construction, and Mining Machinery Manufacturing	37,300	0	0.0%	1,600	4.5%
...Computer and Electronic Product Manufacturing	19,200	-100	-0.5%	-300	-1.5%
..Non-Durable Goods	77,100	400	0.5%	-500	-0.6%
...Petroleum and Coal Products Manufacturing	12,700	400	3.3%	600	5.0%
...Chemical Manufacturing	35,000	200	0.6%	500	1.4%
Service Providing	2,198,900	19,500	0.9%	67,000	3.1%
.Private Service Providing	1,823,800	7,600	0.4%	67,500	3.8%
..Trade, Transportation, and Utilities	547,200	1,300	0.2%	16,900	3.2%
...Wholesale Trade	142,000	1,500	1.1%	4,700	3.4%
....Merchant Wholesalers, Durable Goods	84,200	900	1.1%	4,100	5.1%
....Professional and Commercial Equipment and Supplies Merchant	10,200	0	0.0%	-200	-1.9%
....Merchant Wholesalers, Nondurable Goods	39,200	0	0.0%	0	0.0%
...Retail Trade	278,200	-800	-0.3%	5,700	2.1%
....Motor Vehicle and Parts Dealers	33,400	-300	-0.9%	800	2.5%
....Building Material and Garden Equipment and Supplies Dealers	19,600	-100	-0.5%	900	4.8%
....Food and Beverage Stores	57,200	-300	-0.5%	1,000	1.8%
....Health and Personal Care Stores	17,700	200	1.1%	300	1.7%
....Clothing and Clothing Accessories Stores	31,500	400	1.3%	1,500	5.0%
....General Merchandise Stores	58,900	800	1.4%	-1,500	-2.5%
....Department Stores	21,800	200	0.9%	-1,600	-6.8%
....Other General Merchandise Stores	37,100	600	1.6%	100	0.3%
...Transportation, Warehousing, and Utilities	127,000	600	0.5%	6,500	5.4%
...Utilities	17,500	100	0.6%	1,200	7.4%
....Air Transportation	19,200	-100	-0.5%	-500	-2.5%
....Truck Transportation	23,700	100	0.4%	1,100	4.9%
....Pipeline Transportation	10,700	0	0.0%	300	2.9%
..Information	31,400	500	1.6%	100	0.3%
...Telecommunications	15,600	400	2.6%	-200	-1.3%
..Financial Activities	142,100	2,000	1.4%	3,500	2.5%
...Finance and Insurance	93,300	2,200	2.4%	3,500	3.9%
....Credit Intermediation and Related Activities	42,400	-200	-0.5%	-100	-0.2%
....Depository Credit Intermediation	29,200	-100	-0.3%	200	0.7%
....Securities, Commodity Contracts, and Other Financial Investment	13,500	0	0.0%	200	1.5%
....Insurance Carriers and Related Activities	30,100	100	0.3%	100	0.3%
...Real Estate and Rental and Leasing	48,800	-200	-0.4%	0	0.0%

## NONAGRICULTURAL EMPLOYMENT

### Houston-Sugar Land-Baytown MSA

	OCT 2012	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	387,600	-4,700	-1.2%	1,000	0.3%
...Professional, Scientific, and Technical Services	185,300	1,800	1.0%	-100	-0.1%
....Legal Services	23,400	200	0.9%	200	0.9%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	16,900	0	0.0%	-400	-2.3%
....Architectural, Engineering, and Related Services	60,700	800	1.3%	-2,100	-3.3%
....Computer Systems Design and Related Services	27,100	200	0.7%	1,300	5.0%
....Management of Companies and Enterprises	21,300	0	0.0%	300	1.4%
....Administrative and Support and Waste Management and Remediation Services	181,000	-6,500	-3.5%	800	0.4%
.....Administrative and Support Services	170,200	-7,100	-4.0%	-400	-0.2%
.....Employment Services	78,000	-400	-0.5%	5,500	7.6%
.....Services to Buildings and Dwellings	41,400	-1,500	-3.5%	400	1.0%
..Educational and Health Services	349,100	5,100	1.5%	18,400	5.6%
...Educational Services	44,600	400	0.9%	300	0.7%
...Health Care and Social Assistance	304,500	4,700	1.6%	18,100	6.3%
....Ambulatory Health Care Services	146,600	1,800	1.2%	9,400	6.9%
....Hospitals	78,200	200	0.3%	3,100	4.1%
..Leisure and Hospitality	265,900	3,600	1.4%	22,300	9.2%
...Arts, Entertainment, and Recreation	27,500	-400	-1.4%	1,500	5.8%
...Accommodation and Food Services	238,400	4,000	1.7%	20,800	9.6%
....Accommodation	21,400	200	0.9%	600	2.9%
....Food Services and Drinking Places	217,000	3,800	1.8%	20,200	10.3%
..Other Services	100,500	-200	-0.2%	5,300	5.6%
Government	375,100	11,900	3.3%	-500	-0.1%
.Federal Government	27,400	0	0.0%	-400	-1.4%
.State Government	73,700	1,300	1.8%	1,100	1.5%
..State Government Educational Services	39,900	600	1.5%	300	0.8%
.Local Government	274,000	10,600	4.0%	-1,200	-0.4%
..Local Government Educational Services	191,900	9,100	5.0%	300	0.2%

### UNEMPLOYMENT RATE

	OCT 2012	SEP 2012	OCT 2011
H-S-B MSA	6.2	6.3	7.7
Texas (Actual)	6.3	6.3	7.6
United States (Actual)	7.5	7.6	8.5

**Houston-Sugar Land-Baytown MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. Houston-Baytown-Sugar Land MSA CES data series are benchmarked to March 2011 levels and are estimated by the U.S. Department of Labor, Bureau of Labor Statistics. All Data is Subject To Revision.

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